Year 2012

Year 2012

Raisio plc is an international specialist in plant-based nutrition. Raisio's main products include foods, Benecol product ingredient plant stanol ester, feeds, feed protein and vegetable oils. The company employs some 1,900 persons and operates in 10 countries.

Our key markets include Finland, the UK, Sweden, Russia, Ukraine, Poland, Estonia and the Czech Republic. Raisio's most recognised brands are Benecol, Honey Monster, Elovena, Sunnuntai, Nordic, Fox's and Juicee Gummee. Raisio's operations are divided into two divisions: Brands and Raisioagro.

Raisio Group is an innovative expert in grain products and a forerunner of ecology. We were the first in the world to label a consumer product package with carbon and water footprints.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd in the Mid Cap segment. Moreover, Raisio is the most profitable and international listed food company in Finland. At the end of 2012, the company had over 35,000 shareholders. Foreign ownership amounts to some 10%.

Year 2012

KEY FIGURES	2011	2012
Net sales, M€	552.6	584.1
EBIT, M€*	31.8	34.6
Result before tax, M€	27.0	15.6
Earnings per share, €	0.16	0.18
Dividend per share, €	0.11	0.12**
Equity per share, €	2.13	2.10
Equity ratio, %	60.2	64.1
Market capitalisation, M€	372.3	479.3

* EBIT excluding one-off items
** The Board's dividend proposal

Chief Executive's review

Raisio is growing profitably

2012 was the third year of Raisio's growth phase. During 2010-2012, the Group's net sales have increased by EUR 240 million. At the same time, EBIT has doubled. I am particularly pleased that even though we have grown strongly, the Group's balance sheet is as strong as before. In addition to growth and improved profitability, we have paid dividends for EUR 48 million. Moreover, total accumulated investments including acquisitions on debt free basis amounted to EUR 206 million.

Higlights in 2012

For 2012, I would like to mention three highlights:

- Our Brands Division performed well. Although the overall performance is good, there is still room for improvement in our operations.
- Raisioagro delivered a break-even result, which was not in line with the target. We have taken steps to improve the situation.
- In Finland, we launched Benemilk feeds that are based on Raisio's innovation. We have succeeded to develop a feed concept improving the efficiency rate of milk production by 13 per cent. This is really a massive improvement.

Good overall performance for the brands

The overall performance of the Brands Division was good. Net sales increased by over five per cent and EBIT improved by 20 per cent. The performance was very good for Western Europe, especially the UK, Eastern Europe and Benecol. Only Northern Europe did not achieve the targets. We have already taken corrective actions in Northern European operations and the situation will improve.

Raisio's long hard work for Benecol-related authorisations is starting to pay off. It was an important achievement for us when the European Food Safety Authority, EFSA, issued a positive opinion for Raisio's health claim application, which showed that the cholesterol-lowering effect is enhanced with a higher daily intake (3 grams). Moreover, the US Food and Drug Administration, FDA, granted us a new GRAS status for a wider range of food products.

Despite the difficult economic situation in Europe we believe that sales in Benecol products will grow if our partners invest in consumer communication. To give you an example, in Finland we have managed to double our sales of Benecol minidrinks by investing in traditional consumer communication. In addition, we took the sale of Benecol margarines back into our own hands in Finland and Poland. I believe that we will hear more good news about Benecol.

First full year as Raisioagro

Raisioagro's slightly negative EBIT was not in line with the target. There are, however, three positive elements in the situation. First of all, the Division's net sales increased six per cent. Raisioagro grew faster than the Brands Division. Secondly, Raisioagro grew through improved efficiency and we introduced an online store that is gradually taking its place as a shopping channel. Thirdly, we have already taken steps to improve the profitability of feed protein business. In 2013, our target for feed protein business is to make a break-even result, which will clearly affect Raisioagro's profit-making ability.

Guidance for 2013

Raisio's outlook for 2013 looks positive. We expect moderate growth in net sales. At least for the first semester, we will focus on the Group's synergistic benefits and on streamlining of our operations. As a result, we will be stronger and we expect solid EBIT growth in 2013. We continue the implementation of our growth phase and will make new value-added acquisitions if opportunities arise.

At the beginning of 2012, we filed an international patent application on the Benemilk feeds. The process is an ordinary patenting process and it will take at least a year before we know if we are granted the patent.

Matti Rihko
Raisio plc

Operating environment

In three years, Raisio has grown to become a truly international company. The Group's main operations can be divided into two divisions: Brands and Raisioagro. The Brands Division showed net sales growth and improved profitability in 2012. For Raisioagro, 2012 was the first year with a new structure and a new way of operating. Raisio's feed innovation, Benemilk, was launched in Finland.

Growth both organically and through acquisitions

strong track record in acquisitions

During the company's growth phase 2010-2012, Raisio has carried out four acquisitions, the last two in Central Europe in 2012. All acquisitions have rapidly proven to be profitable also in practice and the acquired companies have been systematically integrated into the Raisio Group. We have worked with determination and managed to buy good companies at a good price. At the moment, all the acquired companies are in better shape than at the time of acquisition and Raisio has grown to become a truly international company with a foothold in the Nordic Countries, the UK, continental and Eastern Europe.

Growth in tough consumer market

UK is the largest market area of Raisio brands

The economic situation in Europe except for Russia is unstable and the ability to maintain margins is increasingly challenging. Weak growth and rising costs have forced companies in different industries to intensify their operations. Although the strongest pressure is not on grocery trade, Raisio has responded by stepping up its operations and reducing costs. Despite the weak market conditions, profitability remained good especially in the UK, the largest market of Raisio brands, and in Russia.

Raisio's feed innovation - Benemilk

Benemilk provides higher contents of milk

Raisio's new feed innovation Benemilk has attracted great interest. Not only milk producers, but also investors and potential partners have shown interest in the feeds that increase milk yield and improve fat and protein contents. Dairy farmers benefit from higher milk income and healthy animals. The first feed developed on the basis of the new innovation was known as Maituri 12000 E. After the name change, it is now called Benemilk Black. At the end of 2012, the new feed was used at about 600 dairy farms in Finland.

Feeds in the Benemilk product line were launched in January 2013 and, for the being, are sold in Finland only. Raisio wants to build a strong home market for the innovation before entering international markets. Finland is an important test and home market for Benemilk feeds. Raisio filed an international patent application at the beginning of 2012. The patent process is not transparent and, therefore, our best estimate is that within a year we will know whether we have the patent.

Finnish feed market

The competitive situation in the Finnish feed market changed considerably when 60 per cent of Hankkija Agriculture Ltd, owned by Finnish cooperatives, was sold to the Danish DLA Group. At the same time, Raisioagro became the largest Finnish-owned feed producer. In 2012, Raisioagro maintained its strong market position in the Finnish feed market despite the intensifying competition. Raisio continues to be the market leader in dairy cattle feed. Finnish milk producers have shown strong interest in the new Benemilk feeds.

Despite the increased demand for poultry feeds, feed producers' margins have not reached a satisfactory level and there is plenty of excess capacity in the field. In 2012, Raisioagro continued to use only the non-GMO (not genetically modified) soy as protein source in feed mixes. The Finnish milk and fish chains are completely non-GMO, which is unique at the European level.

In Finland, the poultry and pork chains are already GMO contaminated by some feed companies. Like its competitors, Raisio is considering the use of GMO soy now that the price difference between non-GMO and GMO soy has become unsustainable. Moreover, as the area under GMO soybean cultivation is diminishing, it is becoming more and more difficult for Raisio to find non-GMO soy satisfying the quality criteria of poultry and pig feeds. The EU approved GMO varieties are found safe by authorities.

Operating environment

Risks and sources of uncertainty in the near future

Uncertainty in the international economic development will continue. European economic growth continues to be slow and unemployment is growing. Seeking sustainable solutions to the sovereign debt problems is likely to maintain the uncertainty. Despite the general situation, we believe that the grocery trade will remain relatively stable compared to many other industries.

Volatility in raw material prices is estimated to remain at a high level. Slowing economic growth and possibly good harvests may calm down the price development but, on the other hand, extreme weather events resulting from climate warming may cause sudden changes in harvest expectations and price levels of different agricultural commodities. Importance of risk management, both for value and volume, will remain significant in terms of profitability also in future.

Raisio's growth phase is a period of changes, during which several of the company's activities are developed and business management is considerably more challenging than in ordinary circumstances. The growth and rationalisation projects may still cause substantial costs in relation to the company size.

raisio's growth continues

Financial review

KEY FIGURES, RESULT EXCLUDING ONE-OFF ITEMS	Q4/2012	Q3/2012	Q2/2012	Q1/2012	2012
NET SALES					
Brands, M€	76.5	86.2	85.6	81.1	329.5
Raisioagro, M€	61.3	75.0	65.3	54.1	255.7
Other operations, M€	0.5	0.5	0.5	0.5	2.0
Interdivisonal net sales, M€	-0.8	-0.7	-0.8	-0.7	-3.1
Total net sales, M€	137.5	161.0	150.6	135.0	584.1
EBIT					
Brands, M€	7.6	9.7	11.0	9.0	37.4
Raisioagro, M€	-0,.1	1.2	0.4	-1.8	-0.3
Other operations, M€	-0.9	-0.3	-0.7	-0.6	-2.5
Eliminations, M€	0.0	0.0	0.0	0.0	0.0
Total EBIT, M€	6.6	10.7	10.6	6.6	34.6
% of net sales	4.8	6.6	7.1	4.9	5.9
Financial income and expenses, net, M€	-0.4	-1.2	-0.6	-0.3	-2.5
Share of the result fo associates, M€	0.0	-0.1	0.0	0.0	-0.1
Result before taxes, M€	6.2	9.4	10.0	6.3	32.0
Income taxes, M€	-0.9	0.0	-2.5	-1.6	-5.0
Result for the financial period, M€	5.4	9.3	7.6	4.7	27.0
Earnings per share, €	0.04	0.06	0.05	0.03	0.18

Financial review

KEY FIGURES, BALANCE SHEET	31.12.2012	30.9.2012	30.6.2012	31.3.2012
Return on equity (ROE), %	3.5	4.0	1.4	5.8
Return on investment (ROI), %	4.5	5.1	3.7	6.7
Interest-bearing liabilities at period-end, M€	78.0	91.8	123.6	116.2
Equity ratio, %	64.1	62.0	58.1	57.2
Net gearing, %	4.9	2.4	2.4	0.4
Equity per share, €	2.10	2.10	2.05	2.05

Key figures 2010-2012

KEY FIGURES, RESULT EXCLUDING ONE-OFF ITEMS	2012	2011	2010
NET SALES			
Brands, M€	329.5	314.6	236.4
Raisioagro, M€	255.7	241.1	188.8
Other operations, M€	2.0	1.4	0.9
Interdivisional net sales, M€	-3.1	-4.6	-2.5
Total net sales, M€	584.1	552.6	423.6
EBIT			
Brands, M€	37.4	31.2	20.0
Raisioagro, M€	-0.3	2.9	1.9
Other operations, M€	-2.5	-2.4	-2.8
Eliminations, M€	0.0	0.0	0.0
Total EBIT, M€	34.6	31.8	19.2
% of net sales	5.9	5.8	4.5
Financial income and expenses, net, M€	-2.5	-1.5	-1.9
Share of the result of associates, M€	-0.1	0.0	0.0
Result befoe taxes, M€	32.0	30.3	17.4
Income taxes, M€	-5.0	-5.7	-5.1
Result for the financial period, M€	27.0	24.6	12.3
Earnings per share, €	0.18	0.16	0.08

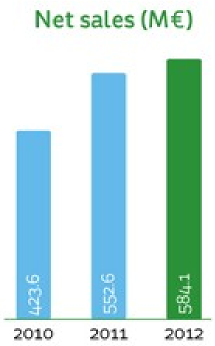
KEY FIGURES, BALANCE SHEET	31.12.2012	31.12.2011	31.12.2010
Return on equity (ROE), %	3.5	6.5	3.8
Return on investment (ROI), %	4.5	7.3	5.0
Interest-bearing liabilities at period-end, M€	78.0	115.7	67.2
Equity ratio, %	64.1	60.2	67.6
Net gearing, %	4.9	-7.5	-22.5
Equity per share, €	2.10	2.13	2.06

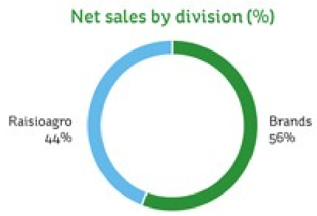
Net sales

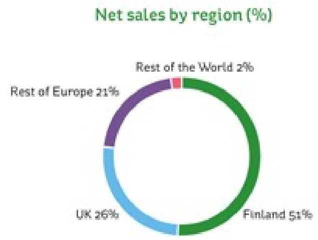
Click the graph to open it in a larger size.

Group net sales

Raisio's net sales increased by 6 per cent over 2011.The Brands Division accounted for some 56 per cent and Raisioagro 44 per cent of the Group's net sales. Net sales from outside Finland represented 49.3 (43.3) per cent of the Group's total, amounting to EUR 288.0 (239.0) million.







Net sales of the Brands Division

Brands Division's net sales were increased through acquisitions, good sales performance in the UK confectionery and increased food sales in Eastern Europe.

Net sales of the Raisioagro Division

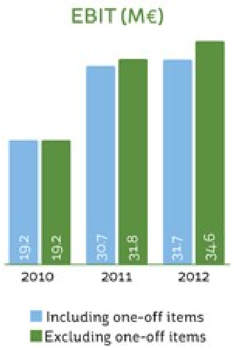
Raisioagro's net sales were boosted by the impact of increased raw material prices on product prices, good sales performance in farming supplies and increased fish feed exports.

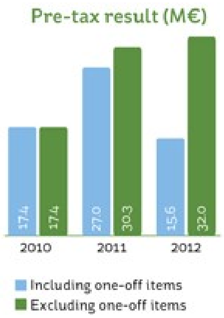
Profitability

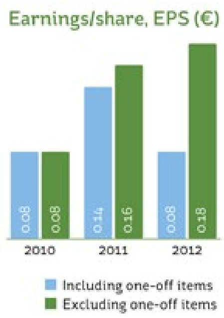
Click the graph to open it in a larger size.

Group EBIT

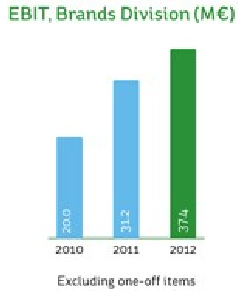
Raisio Group's EBIT improved by 9 per cent from 2011. EBIT excluding one-off items was 5.9 (5.8) per cent of net sales.







Profitability



EBIT of the Brands Division

Brands Division's 2012 EBIT excluding one-off items was 11.3 (9.9) per cent of net sales. As a result of improved profitability in confectionery, breakfast and snack products, adjustment of production, improved cost-effectiveness and the acquisition completed, EBIT for Western European operations improved by over 40 per cent on the comparison year. Profitability in Northern European food operations was not satisfactory against the target. Raisio has already taken steps to improve profitability. EBIT for Eastern European operations was clearly profitable. Benecol's EBIT was at its ordinary good level.

EBIT of the Raisioagro Division

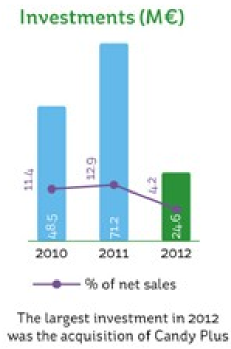
Raisioagro's full-year 2012 EBIT was slightly negative due to the loss of approximately EUR -2.5 million in feed protein business. Profitability in feeds and farming supplies remained satisfactory.

Others

Click the graph to open it in a larger size.

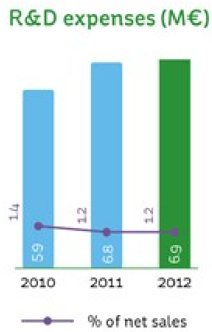
Investments

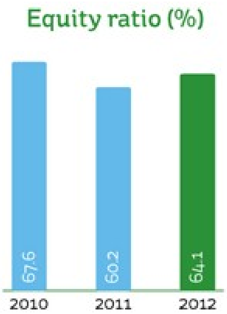
The Group's gross investments totalled EUR 24.3 and, excluding acquisitions 8.3 (71.2 and, excluding acquisitions, 7.9) million. Gross investments of the Brands Division were EUR 21.0 and, excluding acquisitions 6.9 (67.8 and, excluding acquisitions, 4.5) million, those of Raisioagro EUR 2.0 (2.5) million and those of other operations EUR 1.4 (0.8) million.

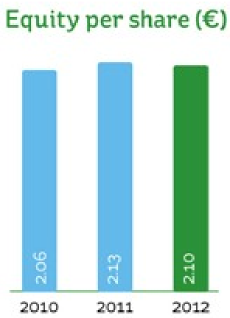


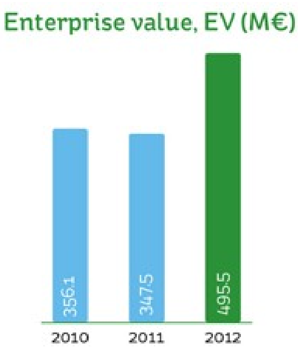
Research and development

Raisioagro's research and development activities focused on the expansion of Benemilk product line. New breakfast and snack products were actively developed in the UK and will be launched in the first half of 2013. In Finland, R&D in foods focused on the development of healthy, ecological and natural snacks. It was an important achievement for Raisio when the European Food Safety Authority, EFSA, issued a positive opinion for Raisio's health claim, which showed that the cholesterol-lowering effect is enhanced with a higher daily intake (3 grams) of plant stanol ester.

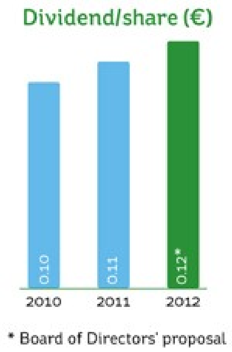






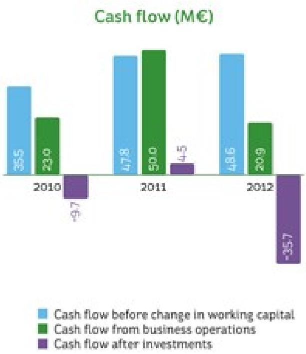


Others

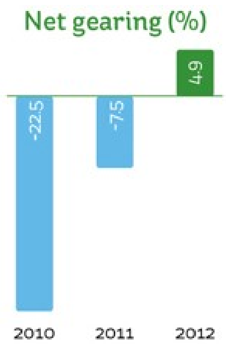


Dividend/share (€)
0.10
0.11
0.12*
2010
2011
2012
* Board of Directors' proposal

Return on investment, ROI (%)
5.0
7.3
4.5
2010
2011
2012



Cash flow (M€)
35.5
23.0
-9.7
47.8
50.0
4.5
48.6
20.9
-35.7
2010
2011
2012
Cash flow before change in working capital
Cash flow from business operations
Cash flow after investments



Net gearing (%)
-22.5
-7.5
4.9
2010
2011
2012

> Year 2012 > Brands

Brands

Raisio's Brands Division is divided into two units: Consumer brands and Licensed brands. Consumer brands unit includes all food operations in the Western, Northern and Eastern European market areas. Licensed brands unit includes Benecol and the IPR of the new Benemilk feed innovation.

The product range of Raisio's Brands Division includes breakfast, snack and baking products as well as Benecol product ingredient plant stanol ester. In addition, the range is complemented with confectionery. Raisio's recognised food brands are Benecol, Elovena, Honey Monster, Sunnuntai, Harvest Cheweee and Nordic while Fox's, Poppets and Juicee Gummee are the company's best-known confectionery brands.

The company's key markets for consumer products include Finland, UK, Czech Republic, Sweden, Russia, Ukraine, Poland and Estonia. The UK is the largest market area of Raisio's Brands Division. In 2012, its net sales increased to over 45 per cent of the Division's total. Confectionery company Candy Plus is included in the Western European figures from 13 November 2012. Sulma's pasta and grits business became part of the Eastern European operations on 20 March 2012.

Benecol is the original expert in cholesterol-lowering and plant stanol ester of Benecol products has been chosen one of the world's most significant nutritional innovations. Benecol products are sold in 30 countries on five continents. Benecol® is Raisio's trademark and plant stanol ester the company's widely patented ingredient of Benecol products.

Brands

KEY FIGURES FOR THE BRANDS DIVISION		2012	2011
Net sales	M€	329.5	314.6
Consumer brands	M€	286.1	269.2
Licensed brands	M€	45.0	45.7
EBIT, excluding one-off items	M€	37.4	31.2
EBIT, excluding one-off items	%	11.3	9.9
One-off items	M€	-2.5	-1.1
EBIT	M€	34.9	30.1
Investments*	M€	21.0	67.8
Net assets	M€	271.7	245.8

*Including acquisitions

Year 2012 > Brands > Consumer brands, Western Europe, Breakfast and snack products

Consumer brands, Western Europe, Breakfast and snack products

Main events in 2012

Raisio invested in the development of new products, which will be seen in launches of new innovative products in 2013.

- Enhancement and adjustment of production continued. Raisio was also aiming to further improve general cost-effectiveness and production efficiency.
- The UK operations showed improved profitability in breakfast and snack business.

Operating environment

In 2012, competition remained intense in the UK market of retail products. There were significant differences in the sales development of retail chains. For example, retailers selling premium products showed increased sales while low-cost chains, delivering significant sales growth earlier, have been affected by the market conditions. In Raisio's case, the situation was balanced with our wide but targeted customer base and product range that the company has been able to quickly develop to meet specific customer needs.

Given the economic instability, we expect the situation to remain challenging in the UK market also in 2013. Consumer interest in healthier products enhancing well-being is estimated to continue.

2012

In Raisio's breakfast and snack products, our own and licensed brands accounted for around 60% of net sales, partners' brands for approximately 30% and private labels for the remaining 10%. Our portfolio mainly consists of children's products while weight management and slimming products have the second place.

In children's breakfast products, Honey Monster cereals held a number 5 position and in children's snack bars, Harwest Cheweee came second. Raisio's ranking in these highly competitive categories can be considered very good.

Consumer brands, Western Europe, Breakfast and snack products

Sales in snack bars developed well in 2012. Our diverse product range includes, for instance, snack bars rich in grain, fruit and berries, bars for weight management as well as low-fat and functional snack bars.

Raisio produces about 550 million snack bars a year.

Higher raw material costs slowed down sales growth in premium nuts and savoury snacks sold under the Dormen brand. Dormen product sales to airlines fell temporarily since many airlines are renewing their product selections by cycling different brands more frequently.

BRANDS	
Breakfast and snack products	Honey Monster, Harwest Cheweee, Dormen, Good Grain Company
Manufacturing with several partners' brands	E.g., Weight Watchers
Pasta-based children's snacks sold under licensed brands (private label)	Bob the Builder, Fireman Sam, Thomas the Tank Engine

Targets

- Profitability improvement
- Successful launches of new products

Consumer brands, Western Europe, Confectionery

Main events in 2012

- New packaging format of the Poppets products raised consumer interest and increased sales by 24%.
- Product range of Fox's was extended with the launch of traditional confectionery.
- Raisio won a number of major new manufacturing contracts with private label brands.
- Sales increased as a result of a successful change of activities with discount and major retail channels.
- For the second consecutive year, customers chose Raisio to be a winner of The Grocer magazines's 'Own Label Confectionery Supplier of the Year' award, which is an indication of customer confidence.

Operating environment

The UK confectionery market remained highly competitive and the competition for shelf space became harder. Promotional sale remained at a high level but changed its shape. Previously, promotional sale focused on multi-buy deals at low price. Instead of quantity, customers are now generally offered one pack for a discounted price and products that cost one pound.

Raisio is the UK's second largest supplier of private label sugar and chocolate based confectionery. Raisio's customers include all major retailers, which provides us a wide customer base. Raisio's own branded sales in confectionery accounts for about 60% and private labels for about 40% of net sales. Raisio exports products to over 30 countries. Special products for bakery, dessert, ice-cream and confectionery manufacturers account for the major part of our exports.

Year 2012

As a result of winning major new contracts, Raisio increased sales of private labels. Sales in our own brands also showed growth. New Poppets doy packs raised consumer interest and increased sales by 24%. Launch of the Fox's product range with traditional confectionery also increased sales.

In the UK, Raisio makes confectionery in four factories. High-quality products, customer service and innovative new products will continue to be the fundamental factors of confectionery business in the future.

Targets

- To increase net sales.
- To improve profitability.

FOX'S CONFECTIONERY

Consumer brands, Northern Europe

Main events in 2012

Consumer awareness and the need for a healthier lifestyle increased consumer demand for healthy and ecological foods.

- Sales in cholesterol-lowering Benecol products were up in Finland.
- Sales in healthy Elovena breakfast and snack products increased.
- Strong price rise and volatility in raw materials of grain products as well as increased price competition weakened the competitiveness of traditional grain products.
- In the autumn 2012, Raisio began to adjust its business model to meet the intensifying competition and changed operating environment.

Operating environment

The operating environment was still very challenging for Raisio's Northern European operations.

In the Finnish grocery market, the operating environment remained stable and Raisio's comparable sales were at the previous year's level. Consumer demand for cholesterol-lowering functional products grew, which was seen in good sales performance of Benecol products. Consumer demand for healthy breakfast and snack products also developed well and sales in Elovena products increased in these categories. For traditional grain products, rise in raw material prices resulted in a strong upward pressure on product prices.

Increased price competition in the Finnish industrial and bakery sales as well as higher raw material prices and volatility considerably reduced the basic profitability of these customer segments. Especially in flour products with high volumes, maintaining profitable business operations was very challenging.

In Sweden and the Baltic Countries, there were no significant changes in Raisio's business environment. In Sweden, increased consumer interest continued in the product segments important to Raisio. In the Baltic Countries, price competition in all product categories continued intense.

Year 2012

Increased consumer demand for cholesterol-lowering functional products significantly increased sales in Benecol margarines and minidrinks compared to 2011. Particularly strong sales increase was seen in the last quarter of the year. As a strong Finnish brand, Benecol enabled the growth of the whole category by recruiting new consumers to the category. Furthermore, Benecol's market position gained strength.

> Significant sales growth for Benecol products

In the consumption of healthy breakfast and snack products, consumers were seen to switch from Raisio's traditional products to the added value products of higher degree of processing. Sales in Elovena Hetki porridges, snack drinks and snack biscuits increased compared to the previous year as consumers were looking for easier solutions for everyday consumption.

In terms of traditional grain products, rise in raw material prices led to a strong upward pressure on the customer and consumer pricing of products. Raisio's strong traditional brands were able to carry the price premium well.

Consumer brands, Northern Europe

In Finnish industrial and bakery sectors, profitability decreased due to intense competition and higher raw material prices. Raisio did not seek to maintain this market share of low profitability.

At the end of 2012, Raisio’s catering product sales were transferred to the company’s own organisation and the operations of Ateriamestarit Oy, which earlier managed sales, were discontinued.

In Sweden, sales in Raisio products developed positively especially for non-dairy products. Despite good sales development, Raisio did not achieve the desired profitability development.

Improved competitiveness and cost-effectiveness through change

2012 was a challenging year for Raisio’s Northern European operations as a whole. Intensified competition and considerable changes in the operating environment called for a change in the Northern European business model. Raisio began a reorganisation programme in the autumn 2012. The purpose of the programme is to improve competitiveness and cost-effectiveness and to renew the product portfolio.

As a result of the cooperation negotiations ended in November, the practices and organisation of Finnish food operations were streamlined by combining sales and marketing organisations into a single commercial organisation. At the same time, the resources of delivery chain, production and product development were adjusted to match the levels of current operations.

Benecol and Elovena are Raisio’s key brands

With the portfolio renewal, Raisio aims to increase consumer orientation, competitiveness and profitability. The key brands of Raisio's portfolio are Benecol and Elovena.

Raisio launched an efficiency programme aimed at greater effectiveness and improved profitability in Sweden and the Baltic Countries, where Raisio will replace its own organisation by an efficient distributor cooperation model.

Targets

Reorganisation programme 2013:

In 2013, things are done better

- Completion of the new organisation and policy change in Finland, Sweden and the Baltic Countries.
- Improvement of the overall profitability.
- Long-term development of Raisio’s key brands, Benecol and Elovena, with consumer-oriented product solutions and customer-oriented commercial solutions.
- Management of the price increase and volatility of grain raw materials.

Consumer brands, Eastern Europe

Main events in 2012

- Raisio's growth continued with the acquisition of Sulma's pasta and grit business in March 2012. With the Sulma acquisition, Raisio gained a foothold in the Polish pasta market.
- Sales of Benecol margarines in Poland returned to Raisio at the end of 2012.
- Provena pure oat products were launched in the Russian and Ukrainian markets.
- Net sales for Eastern Europe increased by more than 40%.

Operating environment

Russia, Ukraine and Poland are Raisio's key markets in Eastern Europe. Raisio has a solid track record in operating in these growing markets. In Russia and Ukraine, the Nordic brand is a market leader in the category of premium grain products. In Poland, Raisio strengthened its market position due to good sales growth in Elovena products and through the Sulma acquisition.

In Poland and Ukraine, Raisio's products are sold throughout the country, both in modern and traditional trade. In Russia, Raisio's products are sold in the regions of Moscow, St. Petersburg and Vladivostok.

2012

In 2012 , Raisio showed strong growth in Eastern European markets. Sales in branded products increased in all markets. For example, sales in premium grain products sold under the Nordic brand increased by about 30% on the comparison year in Russia and Ukraine. Nordic products account for over 80% of Eastern European net sales. Consumers in Russia and Ukraine trust the Finnish brand and value products largely made in Finland.

Raisio took sales of Benecol margarines in Poland back into its own hands at the end of 2012. This increases the company's opportunities for developing the Benecol brand comprehensively. Poland in one of the largest markets of effectively cholesterol-lowering Benecol products.

A strong year of growth

Sulma pasta and grit business was rapidly integrated into Raisio's Polish operations. With the Sulma acquisition, Raisio now has a foothold of the Polish pasta market. As part of Raisio, Sulma's products are sold in supermarkets across the country and also in the traditional trade in the western part of the country. Prior to the acquisition, Sulma's net sales of the last financial year ended were EUR 3.9 million.

BRANDS	
Russia and Ukraine	Nordic, Provena
Poland	Benecol, Elovena, Provena, Sulma, Sulechowski and Nadodrzański pasta products

Targets

Raisio aims at organic growth in its Eastern European market region and at improved profitability. In Poland, the focus is on the comprehensive development of the Benecol brand, proven for its cholesterol-lowering effects.

Focus on Benecol in Poland

Licensed brands

Main events in 2012

Benecol product range diversified in its largest market, the UK, with spoonable Benecol yoghurts.

- The product range expanded also in Asia. Benecol instant drink powders were launched in Thailand. A series of sugarfree Benecol minidrinks was launched in the Indonesian market.
- The share of non-European markets in Benecol product sales has increased to almost 10% of net sales.
- Raisio itself is again responsible for the sales and marketing of Benecol margarines in Finland and Poland.
- The European Food Safety Authority (EFSA) issued a positive opinion on added cholesterol-lowering benefit at 3 g daily intake of plant stanol of Benecol products.

Operating environment

Ageing population and the growing problem of high cholesterol, particularly in Asia and South America, together with a strong health trend are factors that can be estimated to increase the demand for cholesterol-lowering functional foods.

Globally, sales in cholesterol-lowering functional foods are divided between three strong brands, of which Benecol is one. Sales in private label products have increased but remain low compared to the overall market. It can be clearly seen that consumers value the quality of branded products and trust in their efficacy.

Significant market potential in Asia

Cholesterol-lowering Benecol products containing plant stanol ester are sold in about 30 countries world-wide. Benecol's growth strategy is based on increased sales in current markets and on new market entry. Raisio sees Asia as well as individual countries like Brazil, India and China as attractive markets in terms of the company's growth strategy.
In 2012, the markets for Benecol products grew the most in Asia, where the growth potential in cholesterol-lowering functional foods will remain high also in the future.

Year 2012

Sales and market position of Benecol products strengthened particularly in Asia and South America. Sales were up considerably in Chile as well as Indonesia and Columbia, where Benecol brand has only recently been launched.

There were considerable differences between geographic regions in 2012. The continuing difficult economic situation in several European countries affected the demand. For example in Greece and Spain, sales in Benecol products did not meet the comparison period level. On the other hand, in the largest market of Benecol products, the UK, the successful product line extension brought new users for Benecol products. Sales also increased in Ireland where consumer confidence in the brand is strong. More than 90% of Benecol's net sales come from Europe.

Licensed brands

Consumers have confidence in the Benecol brand

One of the most significant events in recent years has been the disease risk reduction health claim granted to plant stanol ester of Benecol products. This approval is granted by the European Commission and European Food Safety Authority (EFSA). Benecol was one of the first, and still one of the few recipients of the strong health claim.

Only Benecol products contain plant stanol ester

A meta-analysis on plant stanol ester in Benecol products was published in early 2011. The analysis showed that added cholesterol-lowering benefit can be achieved from higher than currently recommended daily intake of plant stanol ester. This further strengthens the image of Benecol products as effective cholesterol-lowering food products. In 2012, EFSA also issued a positive opinion on the same subject for plant stanol ester of Benecol products.

Link: R&D, Benecol

Strong partners

The Benecol business development is based on strong cooperation with the leading food companies. Benecol solution has three pillars:

- Benecol brand
  - Raisio owns the brand and licences it to the cooperation partners worldwide.
  - As a category forerunner Benecol has a strong credibility, allowing wider use of functional foods.
- Plant stanol ester, a unique ingredient
  - Widely patented ingredient, which is also one of the world's 10 most important nutritional innovations.
- Expertise in the category of cholesterol-lowering products has been acquired during 16 years in 30 countries
  - The company's strong expertise is available for Raisio's partners to be used in, for example, development of marketing strategies and planning communications for consumers and healthcare professionals.
  - Raisio's support for the partners also covers production and preparation of authorisations, scientific research plans as well as the support needed in the development of products and new product concepts.
  - Benecol partners also have an opportunity to share best practices.

Strategic targets

Benecol's strategic targets are related to the development and global expansion of the business by using the company's strong expertise in the successful commercialisation of functional foods.

Benecol is a unique innovation of Raisio

To ensure future competitiveness, it is important to further strengthen the market position of the Benecol brand and to contribute the expansion particularly in Asia. Furthermore, it is essential to have favourable development in authorisation procedures related to the Benecol ingredient, plant stanol ester, and to the category of other cholesterol-lowering products.

The strategic strength of Benecol business consists of three factors:

- Strong consumer brand
- Plant stanol ester, a unique ingredient
- Raisio's wide expertise in the functional food category

Consumers have confidence in the Benecol brand

Targets for 2013

- Growth in current markets
  - Benecol brand provides the credibility needed in order to obtain new consumers and to keep the current users of cholesterol-lowering functional foods worldwide. As an international brand, Benecol has the necessary credibility also in completely new markets. The global brand strategy is implemented in close cooperation with the Benecol licence partners.
- Expansion into new markets
  - Raisio is expanding into new markets by licensing the Benecol brand to locally strong food companies. The licence partners have access to the Raisio's widely patented cholesterol-lowering ingredient, plant stanol ester. Raisio works closely together with its new licence partners to launch Benecol products. Raisio continues negotiations worldwide to find new licence partners. With these partners, Raisio aims to expand especially to new growing markets in Asia.
- Tap into new research results
  - Raisio continues the cooperation with research institutes and universities to benefit from new research results. Recent research findings open new opportunities for business development.

Raisioagro

Raisioagro Division includes feeds, grain trade, protein meals and vegetable oils, farming supplies and bioenergy.

Raisioagro is a new generation agricultural trader and a familiar, reliable partner of livestock producers and contract farmers. Raisioagro's service concept covers the farm needs for feeds, fertilisers and seeds as well as production supplies. Raisioagro is also known for its expertise in animal nutrition and farming.

Finland is Raisioagro's largest market area. The key export market for our fish and farm feeds is Northwest Russia. Our market share in farm feeds in Finland is some 40% and in fish feed more than 50%. Raisioagro is the largest Finnish-owned feed producer.

Raisioagro has produced feed mixes since 1948. Raisio's feed plants are located in Raisio, Kouvola and Ylivieska. Cattle feed production is centralised in Ylivieska and Kouvola.

Main events in 2012

2012 was the first year of operation as Raisioagro.

- Feed factories specialised in feed production by animal species.
- At the beginning of 2012, Raisio filed an international patent application on its Benemilk feed innovation (initially known by the name Maituri 12000 E). The feed increasing both the milk volume and fat and protein contents was launched in Finland.
- Online store designed for professional farmers was introduced in early spring.
- The range of farming supplies was expanded and complemented.
- Raisioagro began resale of Neste Oil's fuels to farms.
- Cooperation with dairy cooperatives expanded into new product categories and feed cooperation continued to develop favourably.
- Raisioagro was the first in Finland to launch the nationwide distribution of organic cattle feeds.
- Shortage of Finnish oilseed burdened the profitability of feed protein production, which also forced Raisio to adjust the production.
- Raisio invested in feed protein production in order to improve production flexibility and thus business profitability. In addition, the factory runtime is also adjusted to the availability of Finnish oilseed.

Operating environment

Global factors are increasingly influencing also Raisioagro's most important market area, Finland. Contrary to expectations, grain and protein plant prices did not begin to decline with the new harvest year and poor harvest news from around the world resulted in significant price increases in main raw materials. Prices continued to strengthen well into the late autumn.

Higher main raw materials prices resulted in higher feed mix prices. Prices of several farming supplies, such as fertilisers and energy, remained high. Passing on the higher livestock production costs to producer prices did not realise very well in Finland. Especially the profitability of pig farms decreased and in many cases, the situation resulted in financial difficulties. As the structural development in the Finnish agriculture is progressing, the number of farms will continue to decline and the average farm size to increase.

farm sizes in finland are increasing as the number of farms is decreasing.

RKEY FIGURES FOR THE RAISIOAGRO DIVISION

		2012	2011
Net sales	M€	255.7	241.1
EBIT, excluding one-off items	M€	-0.3	2.9
EBIT, excluding one-off items	%	-0.1	1.2
One-off items	M€	-0.4	0.0
EBIT	M€	-0.7	2.9
Investments	M€	2.0	2.5
Net assets	M€	74.3	63.1

Year 2012 > Raisioagro > Animal feeds

Animal feeds

The competitive situation in Finland changed considerably when 60% per cent of Hankkija Agriculture Ltd, owned by Finnish cooperatives, was sold to the Danish DLA Group. At the same time, Raisioagro became the largest Finnish-owned feed producer. Raisioagro and K-maatalous are the only Finnish operators in the main farming supplies trade.

In terms of both net sales and proceeds, milk production is the most significant branch in Finnish agriculture. Hundreds of dairy farms closed down during the year while milk production remained at previous year's level.

Milk producers′ investments in the dairy farming reflect their confidence in the future. In most of new cowsheds, milking is based on automation and the number of cows is clearly higher. Cattle feeds account for about 50% of the Finnish feed market. Raisioagro is the market leader in dairy cattle feed.

Pork production in difficulties, poultry production increasing

Inflexible producer prices affected pork producers the most. As a result of unbalanced pork market, producer prices did not rise in line with production costs. During the year, pork production reduced by almost 5% as the number of farms decreased by about 200. This accounts for almost 10% of Finnish pork farms. Reduced pork production resulted in a decline of similar size in the overall market of pig feeds.

Despite the increased feed costs, the year was considerably better for poultry farming than for pork farming. Demand for eggs increased by some 5% and for poultry meat by some 4%. The directive banning battery cages in poultry farming came into force at the beginning of 2012. This resulted in closures of many farms. Despite the brisk investment pace of the producers still operating, the market that had struggled with excess capacity of eggs turned into scarcity at Easter time. As supply and demand have now levelled off, the producer prices of eggs have increased. Chicken feeds account for some 5% of the total market of industrial feeds.

Poultry meat market consists of broiler and turkey feeds. Despite the increased demand for poultry feed, feed producers' margins are not at a satisfactory level. There is still plenty of excess capacity in the poultry feed production. In 2012, Raisioagro used only non-GMO soy as protein source in feed mixes. Some of the competitors used cheaper GMO soy and got a significant price advantage in tough competitive situation. Broiler feed market will be further tightened in Finland at the end of 2013 as a new operator is starting production. Turkey accounts for almost 10% of the total poultry meat and demand has remained stable.

Use of gmo soy in poultry feed gave a significant price advantage to competitors

Year 2012

In 2012, Raisioagro divided its feed production activities. At the moment, Kouvola and Ylivieska factories make only cattle feed while the Raisio-based plant specialises in pig, poultry and fish feed production. With this arrangement, we achieved longer production series, improved production efficiency and even more uniform product quality.

Benemilk – Raisio′s top innovation

In dairy cattle feeding, Raisio strongly focused on the company′s new innovation, Benemilk feeds. Benemilk feeds provide increased milk yield and higher fat and protein contents of milk. In the end of 2012, already some 600 Finnish dairy farms were using Benemilk feeds. Benemilk feed users have reported positive experiences. Farmers are interested in feeds that provide higher milk income.

Based on the research results and farmers′ user experience, Raisioagro provides a satisfaction guarantee for Benemilk customers. Raisio continues to invest strongly in the Benemilk innovation. We also aim to achieve a strong market position in Finland. International patent process is not transparent and Raisio will use the time by conducting feeding studies with different cattle breeds and feeding models as well as by assessing international business models.

Dairy farms reporting good experiences of benemilk feeds

Link: More about Benemilk feeds

Animal feeds

Organic feeds across the country

Raisioagro started the national distribution of organic cattle feed in the autumn 2012. Feeds are manufactured under contract in the Liperi-based cooperative ItäMaito's feed factory. The factory is the only Finnish plant that produces only organic feeds. Organic feeds account for only a fraction of the total market, but the demand is expected to grow as more and more farmers are starting organic production.

Raisioagro is the market leader in fish feed

Conditions in 2012 were favourable for fish farming in Finland and Russia. Feed use increased since there were no breaks in fish feeding due to hot weather. Raisioagro retained its market-leading position in Finland and Russian Karelia. In 2012, Raisioagro supplied more than half of the fish feed used in Finland.

The most used fish feed in Finland is the low-phosphorus feed Hercules LP launched in 2009. By the end of 2012, a total of 15 million extra kilos of fish were grown with LP product series feeds, since the fish are able to fully utilise the feed for their growth. Furthermore, Hercules LP feed lowers the phosphorous load of rainbow trout farming as much as 26%. Thus, the use of fish feed developed by Raisio has played a significant role in the clearly decreased loading from fish farming industry.

raisioagro is the only finnish fish feed producer

Raisio will invest in the sale of the Hercules LP product line both in Finland and abroad. Also Russia is now paying more attention to the environmental friendliness of fish farming.

Grains

Price level of grains, oilseeds and protein plants remained high during the whole 2013. Areas under cultivation grew globally, but poor circumstances especially in the USA decreased production volumes considerably.

Severe drought in the USA decreased crops of all grains. This particularly affected the feed grain market, since corn crop was significantly below normal. Growing season was more favourable in Europe and the Black Sea region, but this could not compensate for the low-volume US harvest. Feed grain and oil plant consumption increased significantly.

The growing season in Finland was exceptional due to the rainy and cold summer, which delayed the threshing of grains and oil plants. Threshing was delayed until late October because of extremely rainy conditions. Harvest was delivered on the market about a month later than usual.

Finnish grain yield was only 3,686 million kilos although the cultivation area clearly increased over previous year. Yields per hectare varied considerably. Oilseed harvest was 74 million kilos (Tike, Information Centre of the Ministry of Agriculture and Forestry), so self-sufficiency further weakened. Despite the wet summer and difficult harvest season, the quality of grains was reasonably good. The number of Raisioagro′s farming contracts remained at a good level. Contracts are signed for all the grains, but especially for milling wheat, malting barley, oil plants and hulled oats.

Online store

2012 was Raisioagro's first year of operations. Raisioagro was created when feed and feed protein business was combined into a single entity with contract farming and grain trade operations. Raisioagro is a modern agricultural trader with competitive prices.

Best prices always from online store

Customer services were complemented with an online store for professional farmers. Contract customers can visit the online store 24/7 using their own user accounts and ordering farming supplies with their personal contract terms. Because of the online store discounts, this service is the most affordable option for our customers. The online product range has expanded and our target is to provide service covering Raisioagro's whole range. Net sales for the online store increased steadily during 2012 and the company is investing strongly in the development of the service.

Sales of farming supplies increasing

As Raisioagro was formed, the company decided to focus on grain and feed trade, but also in sales of other farming supplies. Partnerships and representations became clearer during the year and the product range is already quite extensive. Raisioagro operates with a lighter cost structure than traditional agricultural trade and the company's intermediary product sales are showing strong growth.

New product lines include such products as fuels, wrap films, net wraps and preservatives. The product ranges were complemented in other product categories, such as plant protectants and seeds. Some of the products are under Raisioagro's sole distribution agreement, but the majority of intermediary products are made by well-known manufacturers and thus also sold by our competitors.

Raisioagro and Yara in cooperation for the best of environment

Yara is Raisioagro's main partner in fertiliser trade. Raisioagro and Yara Finland started a joint project with the aim of a significant reduction in environmental impact of field cultivation. The starting point for the activities is better nutrient utilisation and improved harvest levels, both in quantity and quality.

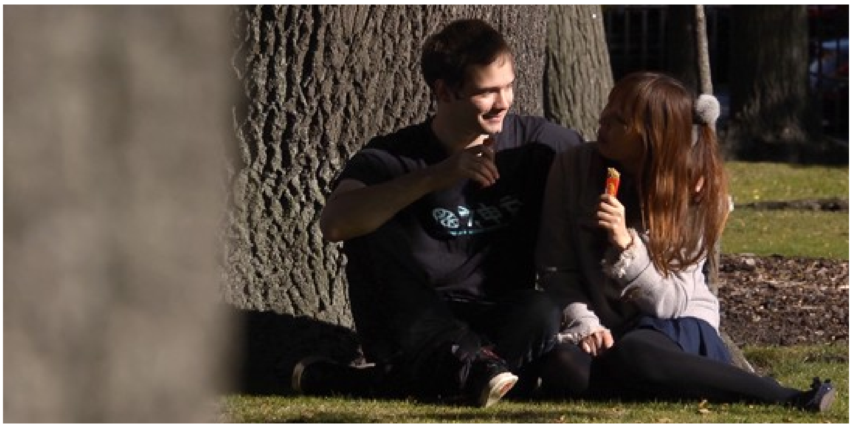
Research and Development

Raisio's activities are based on tasty, healthy, ecological and safe products that meet the customer need. In all our operations, the emphasis is placed on sustainable development and continuous improvement.

R&D in Raisio's foods focuses on the development of healthy and ecological snacks.
Feeding know-how and cultivation expertise are at the core of Raisioagro's activities. These are ensured by R&D that is based on strong research inputs and solid practical experience.

The importance of ecological, environmentally friendly products and solutions as part of the company's responsible operations continues to increase. Consumers want more and more information on the origin, safety, production methods and environmental impacts of raw materials and products. We actively participate in the development of the Finnish grain chain and provide our customers with tools to improve their own operations including environmental aspects.

Innovative and responsible development



Strategy

Raisio's growth phase 2010-2012

- Net sales increased almost 240 M€
  - 350 M€ → 584 M€
- EBIT doubled
  - 17.4 M€ → 34.6 M€ *
- Dividends paid: 48 M€
- Investments and acquisitions (debt free): 206 M€
- Equity ratio: 64%
- Company's net debt is 16 M€

* Excluding one-off items

Business strategy

During the company's growth phase 2010-2012, Raisio has carried out four acquisitions, the last two in Central Europe in 2012. All acquisitions have rapidly proven to be profitable also in practice and the acquired companies have been systematically integrated into the Raisio Group. With determination, the Group has managed to buy good companies at a good price. At the moment, all the acquired companies are in better shape than at the time of acquisition and Raisio has grown to become a truly global company with a foothold in the Nordic Countries, the UK, continental and Eastern Europe.

Raisio is a truly international company

Strong growth

Raisio's net sales have increased by about EUR 240 million over three years during the Group's growth phase. At the same time, EBIT has doubled. The company has maintained its balance sheet strong, is almost net debt free and the equity ratio is 64 per cent. Total accumulated investments including acquisitions on debt free basis amounted to EUR 206 million.

Group's EBIT 2007 – 2012

Ilman kertaeriä

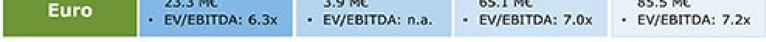
Raisio seeks growth both through acquisitions and organic growth. Raisio's strong balance sheet and ability to acquire good companies at a good price provide a sound basis for the continued growth phase implementation. The company is small and agile, and has an ability to make quick decisions if necessary. Currently, the company has approximately EUR 400 million to use for acquisitions.

Strong track record in acquisitions

With the divestments and acquisitions completed, Raisio is now more clearly focused on grain-based products. Raisio's strategic focus is on ecological and healthy snacks. Raisio is interested in companies that comply with its strategy and represent small and growing product segments as well as new market areas.

Strong track record in acquisitions

	Candy Plus (CZ) 11/2012	Sulma (PL)* 3/2012	Big Bear (UK) 2/2011	Glisten (UK) 4/2010
A Applications	• Confectionery	• Pasta • Groats	• Ready to eat cereals and snacks • Confectionery	• Snacks • Confectionery
B Brands	• Juicee Gummee • Fundy • Pedro • Cuksy	• Sulma • Ideal • Makaron Nadodrzański	• Honey Monster • Harvest Cheweee • Poppets, Just, XXX	• The Dormen • Under license: Weight Watchers, Sun Maid
C Customers	• Retail trade • Large international confectionery brands	• Retail trade • Majority of product range branded	• Retail trade • Majority of product range branded	• Retail trade, impulse channel • Major European food manufacturers
E	• Price: 20.5 M€ • Net sales 2011:	• Price: 2.4 M€ • Net sales 2011:	• Price: 95.3 M€ • Net sales 2010:	• Price: 59.6 M€ • Net sales 2009:



* Assets

Criteria for acquisitions

All potential acquisitions have to meet Raisio's strict criteria. These four criteria are related to product applications, consumer brands, customer base and purchase price.

M&A criteria

Strategic targets

Raisio's vision is to be a forerunner in ecological and healthy snacks with leading brands as well as an active developer of sustainable food chain. The company's strategic targets are based on this vision.

Over the last few years, Raisio has grown to become the most profitable and international listed food company in Finland. There has been steady improvement in profits despite the considerably changed operating environment. This improvement in the constantly changing environment shows that we have chosen the right path and been able to implement our strategy successfully.

To be a forerunner in the branded products means the innovations of healthy and ecological snacks meeting consumer needs. Growth is best achieved through acquisitions, but also through organic growth.

Steady profit improvement

With the completed acquisitions, we have gained a solid foothold in the UK breakfast and snack market. In addition, we also have confectionery activities in the UK and Czech Republic. Confectionery is not in Raisio's strategic core, but provides a growth business with solid profitability. EBIT percentage of net sales measuring profitability of the Brands Division bears comparison even with large multinational food companies.

In the Raisioagro Division, the forerunner's role is seen in the company's ability to increase the food chain profitability by providing customers with comprehensive services at competitive price while also reducing the ecological footprint in livestock production and farming with ethically sustainable solutions. Raisioagro seeks organic growth through modern agricultural trade and the new comprehensive service concept.

Ambition at the end of the growth phase

At the end of the growth phase, the Brands Division's ambition is to achieve net sales of EUR 500 million and EBIT of 10% of net sales. The target is to become the leading snack company in Europe. The Raisioagro Division's ambition is to gradually improve EBIT to total EUR 10 million and to achieve net sales of approximately EUR 500 million at the end of the growth phase.

Raisio's strategic phases

Raisio's last few years fall into three strategic phases. In 2010, following the phases of turnaround and improved profitability, Raisio moved to the growth phase that is still continuing.

From 2010 onwards: Growth

Raisio's main objective is profitable growth. During the three strategic phases, Raisio has faced very different challenges. However, all successful phases have had common factors: the ability to detect opportunities, to benefit from them efficiently and to adapt rapidly in response to significant changes in the business environment.

Raisio has shown its ability to complete successful acquisitions. During the growth phase, Raisio has carried out four acquisitions, two largest in the UK, one in Poland and one in the Czech Republic.

Successful acquisitions

Acquisitions in 2012

On 20 March 2012, Raisio acquired Polish Sulma sp. z o.o.'s pasta and grits operations, its intellectual property rights as well as fixed and current assets. The value of the deal was EUR 2.4 million (PLN 9.8 million). Raisio paid the purchase price in cash and Raisio did not assume liabilities. With the Sulma acquisition, Raisio strengthens its position both in the Polish market and in pasta products.

On 13 November 2012, Raisio acquired a Czech confectionery company, Candy Plus. The purchase price amounted to EUR 20.5 million on a debt-free basis including liabilities arising from a new capital investment of EUR 2.3 million in fruit-liquorice capability. Raisio paid the consideration from its cash reserves. The acquisition complements Raisio's existing and successful confectionery activities in the UK.

2008-2009: Profitability

During the profitability phase of 2008 and 2009, Raisio focused on the profitability improvement. Main measures to achieve this included the renewal of product range to better meet consumer needs and enhancement of business processes. In addition, Raisio launched new products in the Finnish market and prepared to enter into new market areas and product categories. Moreover, the company's Eastern European operations were rationalised to improve profitability.

In 2009, Raisio sold its margarine business to Bunge. With this divestment, Raisio strategically focused more clearly on grain-based products and gained additional resources for the development of the company's other businesses. At the end of the profitability phase, Raisio had become the most profitable listed food company in Finland.

The most profitable listed food company in Finland

2007: Turnaround

During the turnaround phase of 2007, Raisio divested its unprofitable operations, such as potato and diagnostics businesses, and sold the company manufacturing special feeds as well as its share in the Polish dairy company. The organisation was also streamlined and operations were enhanced.

When Raisio got back the rights related to the Benecol brand and plant stanol ester from its long-term partner McNeil, the company had an opportunity to focus on the development of its operations and product applications.

Business risks

Uncertainty in the international economic development will continue. European economic growth continues to be slow and unemployment is growing. Seeking sustainable solutions to the sovereign debt problems is likely to maintain the uncertainty. Despite the general situation, we believe that the grocery trade will remain relatively stable compared to many other industries.

Volatility in raw material prices is estimated to remain at a high level. Slowing economic growth and possibly good harvests may calm down the price development but, on the other hand, extreme weather events resulting from climate warming may cause sudden changes in harvest expectations and price levels of different agricultural commodities. Importance of risk management, both for value and volume, will remain significant in terms of profitability also in future.

Raisio′s growth phase is a period of changes, during which several of the company's activities are developed and business management is considerably more challenging than in ordinary circumstances. The growth and rationalisation projects may still cause substantial costs in relation to the company size.

Risk management

Risk management is an activity that aims to identify and assess significant external and internal uncertainties that may threat strategy implementation and achievement of the targets. Raisio′s risk management policy defines the targets, principles and responsibilities of risk management.

Raisio′s risks fall into strategic, operational, damage and financial risks. Damages caused by products with inadequate safety and liability risks related to them are a key issue in the risk management of the Group producing foods, food ingredients and feeds. Identified risks are eliminated, reduced or transferred to the extent possible.

Risk management is part of the Group′s day-to-day operations. Special emphasis is placed on preventive action and its development. Each division is responsible for conducting its own practical risk management in compliance with the risk management policy and Group guidelines. Operative responsibility is held by the management of each division and function. The divisions survey and identify risks in connection with annual planning, for example. The Group is prepared for operations in crises and for crisis communication.

External advisors are also used to develop risk management activities. Risk management function is responsible for Group-wide insurance schemes. Their scope is assessed, for example, in conjunction with risk surveys carried out at company sites.

Risk management function reporting to the CFO coordinates, develops and monitors risk management. Similarly, the business controller functions report to the CFO in matters related to risk management. Divisions and service functions, including financing, report on their main risks to the Management Team. Observations of internal control and business risks are reported to the Board as part of monthly financial reporting.

A look ahead at 2013

In its outlook for 2013, Raisio anticipates a moderate growth in net sales and expects solid EBIT improvement from 2012.

Raisio continues the implementation of its growth phase both through organic growth and acquisitions.

Responsibility

Responsibility

As a food producer and significant plant-based raw materials user, Raisio has the desire and opportunity to further strengthen the sustainability of the food chain. Raisio's sustainable food chain is based on good nutrition, safe products, well-being at work, animal welfare and locality as well as good management of environmental and financial responsibility in the company's own operations.

Consumer information and guidance

Significance of nutrition and locality were emphasised in the corporate responsibility trends of 2012. In addition to the improvement of our own production chain, we provide our customers with tools to develop their operations paying special attention to environmental aspects.

- In 2012, Raisio continued to work on promoting more environmentally friendly cultivation. The competition Huippufarmari haussa (Raisio's Next Top Farmer) will make Raisio's Closed Circuit Cultivation CCC® concept more widely known. By means of Raisioagro's farming guidance service and CCC®, we are looking for better and more environmentally friendly ways to produce a good harvest.
- Raisio's new online cook book for the Finnish market was published at the end of 2012. The new website provides consumers with easy access to Raisio's recipes and production information of Raisio's products sold in Finland.
- Raisio's website www.ekologia.fi was renewed in January 2013. The site was established in 2008 to provide information about carbon and water footprints. Now the site communicates about Raisio's food chain's sustainability and ecology topics all year round. The renewal was prepared in 2012 and the English version of the site will be published in spring 2013.
- Raisio saw that ecologically responsible business has become such an established part of Raisio's daily business that the separate stategic ecology working group was put to an end.

Renewed Corporate Responsibility report

We renewed Raisio's corporate responsibility reporting for 2012. Read more about the renewal .

Projects

Raisio was involved in several corporate responsibility related projects in 2012. Most of the projects will continue in 2013.

Locality

Raisio professions

A group of media students from Turku Polytechnic produced videos for Raisio about different kinds of professions and professionals working for Raisio.

Environment and locality

NUTS – Transition towards sustainable nutrient economy

This unique three-year project conducted by Lappeenranta University of Technology is building a sustainable nutrient economy.

FOOTPRINTBEEF

The extensive study of MTT Agrifood Research Finland examines environmental impacts of beef production and ways to reduce these impacts.

Bio-economy adding value to agricultural production

The project examines cost-effective collection and recovery technologies of field biomasses. The aim is to enhance the use of nutrients by bringing Raisio's environmental indexes into the everyday life of the farms. The project is part of the Ministry of the Environment's Programme to promote the recycling of nutrients and to improve the status of the Archipelago Sea.

Climate Communication II

This project of MTT Agrifood Research Finland aims to identify/clarify a common will of environmental labels within the Finnish food industry, potential launch and harmonisation of labels in Finland and to prepare a roadmap related to the common will.

SustFoodChoice – Towards sustainable food choices

The project of MTT Agrifood Research Finland aims to promote knowledge of food sustainability and to improve consumer information on the nutritional and environmental impacts of food.

Development of biorefinery skills/competence and business operations

- Cursor Oy - Bio Refine Tech, a project with partial implementation

KESTI – Sustainable and climate friendly food chain at regional level

The Finnish Environment Institute's project creates a forum for the region of South-West Finland. The forum aims to develop a more sustainable food chain from the field to table. The aim is to bring operators of the industry together and to launch experiments reducing food chain emissions and increasing regional well-being.

Responsibility > Nutrition & product safety

Nutrition & product safety

Raisio's sustainable food chain is based on good nutrition, safe products, well-being at work, animal welfare and locality as well as good management of environmental and financial responsibility in the company's own operations. Significance of oat and plant stanol ester's new health claims and Raisioagro's new feed innovation Benemilk were emphasised in nutrition and product safety in 2012.

Health claims

Strong health claims for plant stanol ester and oat beta-glucan.

- Cholesterol-lowering plant stanol ester of the Benecol products and oat beta-glucan were among the first to have the approval to use the strong disease risk reduction health claim. The European Food Safety Agency decides on health claims.
- Benecol products contain plant stanol ester which effectively lowers cholesterol. High cholesterol is a heart-disease risk factor.
- The regulation of health claims made on foods varies considerably in different parts of the world. At a European level, the regulation of health claims was harmonised in 2012.
- In Europe, health claims fall into two categories: functional claims and the strongest possible health claims.
- The strongest possible health claims concern reduction of disease risk (risk factor) or claims referring to children's development and health.
- Functional claims concern growth, development and the functions of the body, psychological and behavioural functions as well as weight-control.

Nutrition and product development

In 2012, Raisio launched several new products in Finland suitable for consumers on gluten-free diet, for example. New products were also developed to make consumers' nutritional choices easier. For example:

- The range and packages of Elovena Hetki instant porridges were renewed. The porridges were divided into four categories, so that consumers can more readily identify right products for each moment of the day. AamuHetki instant porridges are a good way to start your day. Porridges with fruit and berries give you fibre and good energy. LounasHetki instant porridges are more substantial porridges with flavours from, among others, root vegetables and seeds. HerkkuHetki instant porridges are for the moments when you feel like something delicious and healthy. PuhtiHetki instant porridges contain more protein. They provide strength and energy for active life.
- Breakfast cereals containing sugar was discussed in the media in Finland, the UK and Sweden. Raisio's range of cereals includes both wholemeal cereal products low in sugar and more sugary delicacies. For example, Raisio's Elovena whole grain oat cereal and Elovena whole grain rye cereal have been granted the Heart Symbol of the Finnish Heart Association.
- Raisioagro started the organic feed supply throughout Finland in October 2012. Consumer interest in organic products is growing rapidly in Finland and the trend is expected to continue. More and more Finnish farms are joining the organic control system. Legislation regarding organic farming requires the use of organic feed in animal nutrition, so the organic feed demand has increased and more capacity is needed in its production. Raisioagro is constantly signing new agreements for organic raw materials, such as field beans, wheat, hulled

oats, rye and oil plants. Raisioagro’s organic feeds are manufactured in the Liperi-based cooperative ItäMaito’s feed factory, which is the only Finnish mill moved exclusively to organic production.

Product withdrawals

Raisio did not make any product withdrawals in 2012.

Personnel

- At the end of 2012, Raisio employed 1885 (1,432) persons, 22% (31%) of whom worked in Finland, 48% (62%) in the UK, 22% (0%) in the Czech Republic and 8% (7%) in other countries. Raisio has personnel in ten countries.
- Raisio's continued growth phase is also implemented from the personnel's perspective.
- In March, Raisio acquired a Polish Sulma sp. z o.o's pasta and grit operations and in November, a Czech confectionery company Candy Plus. With these acquisitions, a total of 85 people in Poland and over 400 in the Czech Republic joined the Raisio Group. Comparison figures for the years before 2012 do not include the staffs at Sulma and Candy Plus. In addition, Candy Plus personnel are only included in the graphs showing the total number of employees.
- In August, Raisio reorganised its Brands Division by dividing it into two entities: Consumer brands and Licensed brands.
- In the autumn, Raisio adjusted its Finnish food, feed protein and support functions to meet the market situation. When the cooperation negotiations ended in November, the company reduced 56 employments in Finland of which 40 were terminated. Other reduction took place through natural attrition.
- The company regularly reviews market salaries in order to maintain its competitiveness. In 2012, Raisio's wages and fees from continuing operations totalled EUR 66 (62) million including other personnel expenses.

Results 2012

- In the spring, Raisio together with the University of Turku conducted a four-day coaching for Finnish and UK employees responsible for commercial operations, product development, control functions and finances. The coaching aimed to deepen the vision and knowledge of the Raisio Group’s strategy and operations model as well as of the retail market characteristics of Finland and the UK and the operational cultures between these two countries.

- Strengthening of the role of superiors and internal communication continued. Training and informative events were arranged for superiors; the focus was on Raisio’s topical issues and the development of the company from the viewpoint of responsibility.

- The trainee programme, used in Finland for several years, was extended to include the UK. The programme is for recent graduates or persons just finishing their studies, who are qualifying for their role at Raisio through on-the-job learning and job rotation. Most of the trainees continue to work at Raisio after the trainee period.
- Internal long-term superior and expert training continued, for example in the Leading Raisio programme that started at the end of 2011. Moreover, the participation in the eMBA programmes supported business and management skills of the persons working in expert or managerial positions. A 360-degree assessment was conducted in Management Teams.

Finland

- Age Programme was prepared for Raisio’s Finnish personnel. The programme aims to extend working lives and work well-being through, for example, vocational rehabilitation and part-time work.

- A new working time management and access control system was introduced and remote work was established as part of personnel processes in Finland.

- New idea system InnoWay was taken into use in Finland.

- Innovativeness was increased for example in the workshops guided by internal workshop instructors/leaders. The instructors/leaders led participatory think tanks as well as problem solving and planning meetings and trainings.

Targets

The key measures and operative activities related to Raisio's personnel.

Key measures

- Improvement of employee satisfaction
- Status of performance appraisals 100%
- Employee turnover
- Declining trend of absences due to illness
- Investments of training per employee

Operative activities

- Performance appraisals in the whole Group
- Continuous competence development
- Identification of internal resources (HR-review)
- Acquisition of new / complementary competence by recruiting
- Trainee programs

Competence

A company presentation video on Raisio's business operations was made in order to facilitate internal training and communication. The video "Raisio - Our journey" focuses mainly on Raisio's business in England and a shorter version of it was published also in Vimeo:

http://player.vimeo.com/video/48735015

Performance appraisals

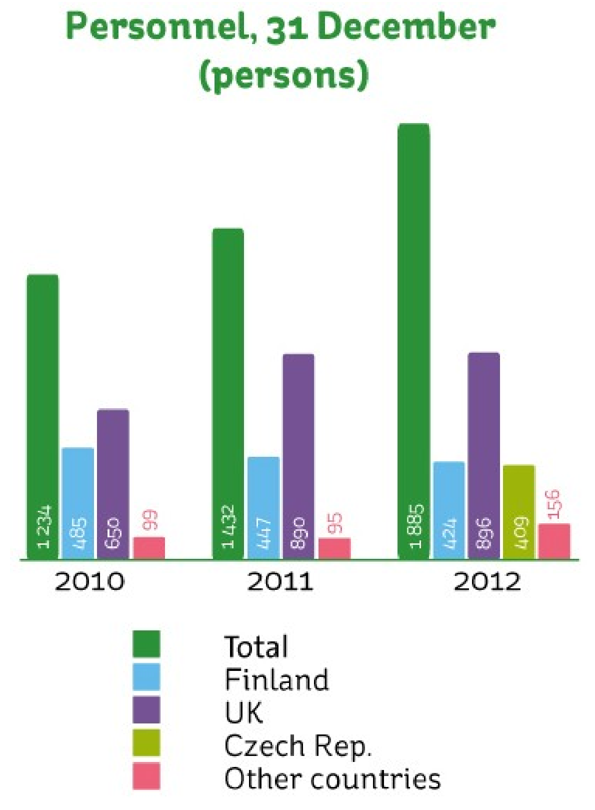
In 2012, the coverage of performance appraisals was xx% (42%) while the target was 100%. At Raisio's Finnish sites, the was 100%. RaiTalk performance appraisals were started in the UK operations in 2011.

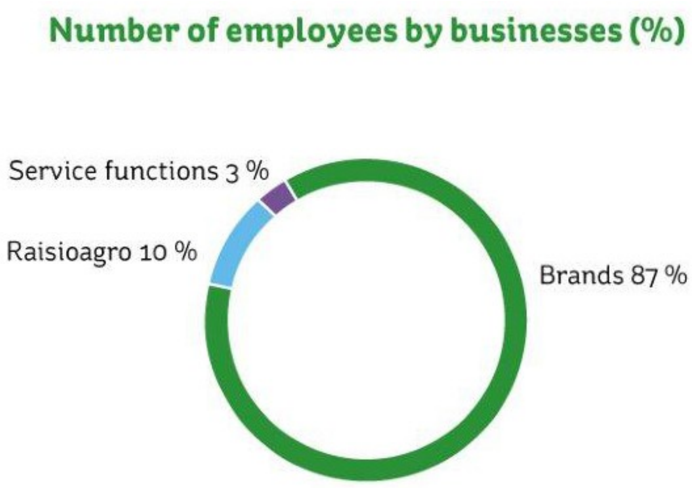
Personnel training

- Competence development focused on occupational training and internal operations. Additionally, employees were provided with communication, work safety, first aid and IT as well as quality and environmental related trainings.
- The seventh group in the Leading Raisio management training continued their studies until the autumn 2012. The training aims to implement the vision and strategy in practice, to enhance strategic business competence as well as to develop communication, managerial and cooperation skills. Topics such as future, influencing and communications are emphasised in the training.
- By improving superior-subordinate communications, among other things, the company invested in the planning of change projects and in the development of communication and change management skills.
- Cooperation with schools continued particularly through joint projects with the schools sponsored by the company.
- For company visits not dependent on time or place, Raisio prepared a virtual visit/tour package consisting of company presentation videos and materials as well as introduction videos of occupations. The theme will be continued in 2013.
- Raisio invested EUR xxx,000 (339,000) in personnel training. Internal trainings are not included in the figure.

Personnel as figures

Years 2010 and 2011 do not include the personnel of Sulma and Candy Plus. Candy Plus personnel is included only in the number of employees graphs.

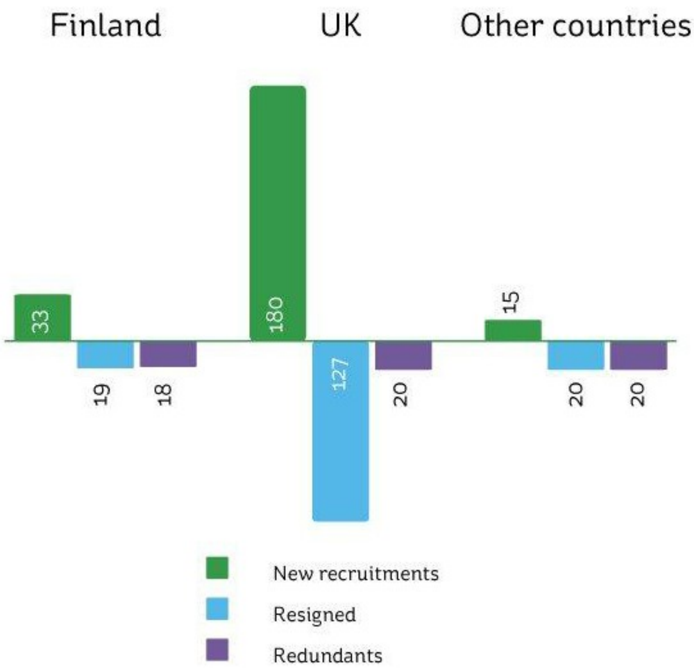




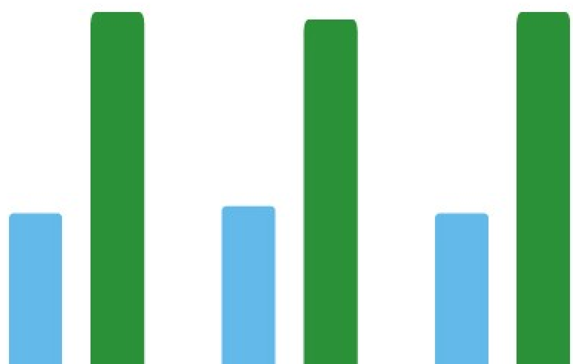
Total 1885 persons

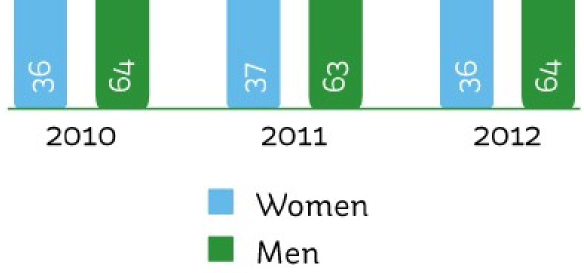
Personnel by region

Personnel turnover, entered / left 2012

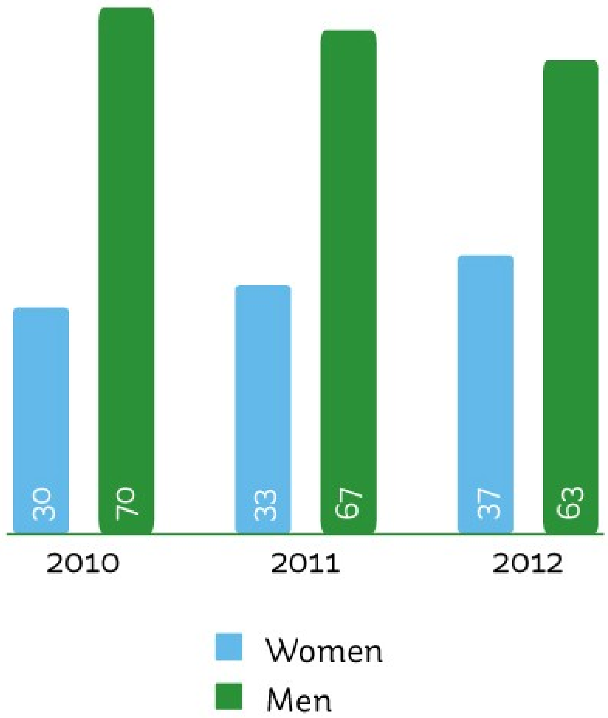


Gender distribution of personnel (%)

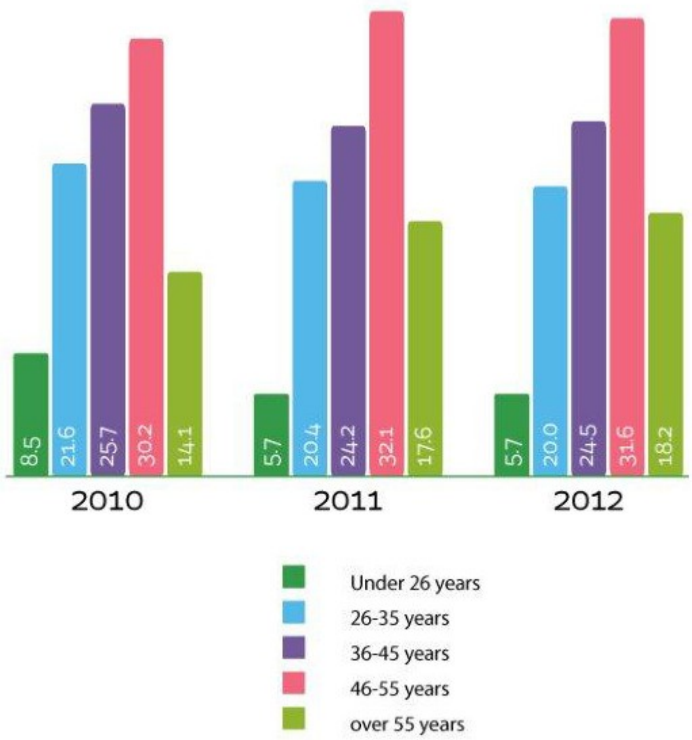




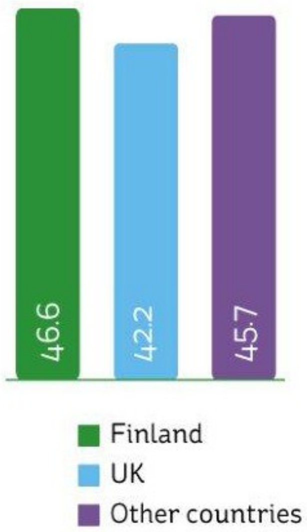
Gender distribution in managerial positions (%)



Age distribution of personnel (%)

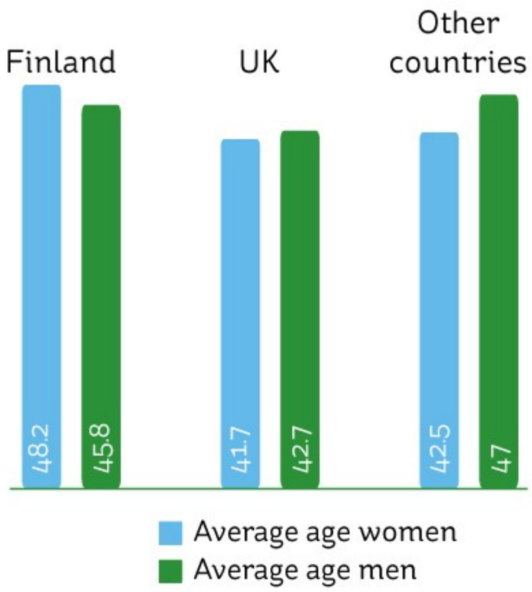


Average age of personnel (years)



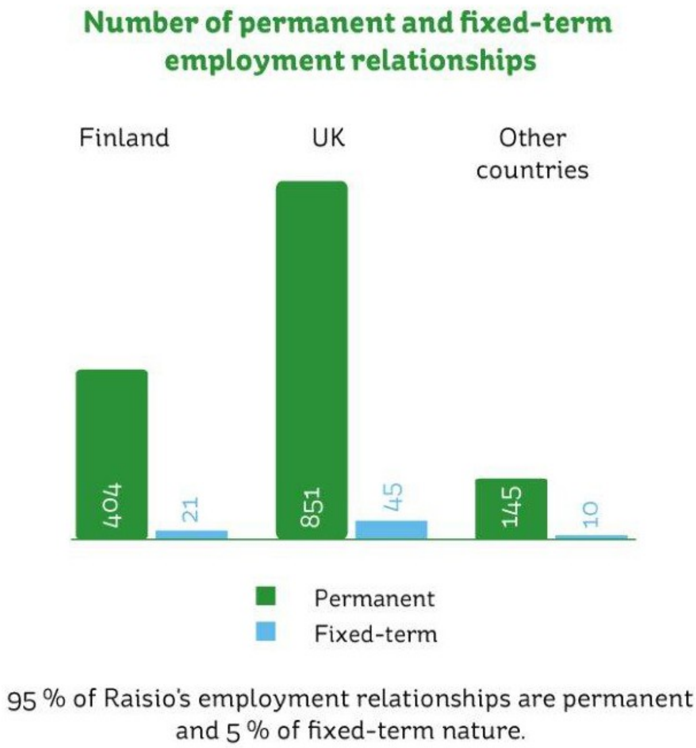
The average age of Raisio Group personnel is 43.9 years.

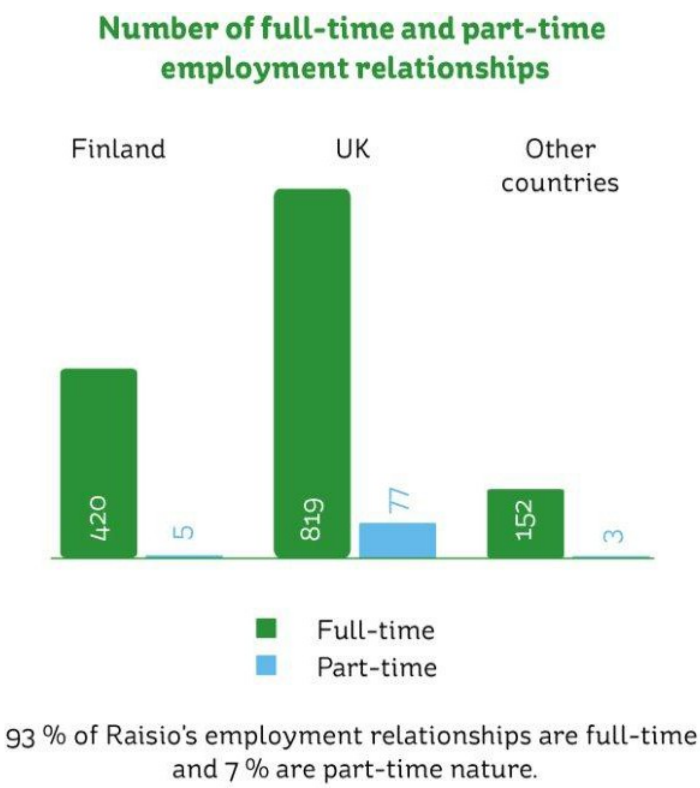
Average age of personnel by gender (years)



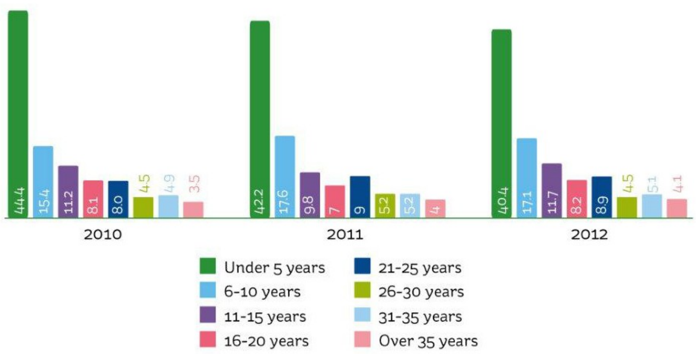
The average age of women working for Raisio Group is 43.5 and that of men 44.0 years.

Employment relationships





Lengths of employment relationships (%)



The average length of employment is 11.6 years.

Occupational safety

- Zero accidents is Raisio's main long-term goal in occupational health and safety programme.
- Labour intensive production is one reason for high occupational accident rates in the UK. All accidents are thoroughly investigated and corrective actions are taken to help prevent similar incidents.
- Several occupational safety card and hot work card events as well as trainings in first aid and preliminary fire extinguishing were held in Finland.
- The Zero Accident Forum organised a seminar trip to Raisio in the autumn 2012. The seminar covered issues related to occupational safety from a food industry perspective. Over 40 occupational safety specialists from various industrial, service and municipal sectors attended the event.

Idea activity scheme

In 2012, Raisio's initiative activity was renewed and also renamed as idea activities. Raisio has systematic idea activities only in Finland. The aim is to create new and improved practices, products or processes that add value to Raisio, its customers and employees. At best, ideas can generate new business and growth, but even small and everyday improvements can develop Raisio's current operations. In 2012, Raisio had systematic idea actitvity operations only in Finnish units.

Social idea system InnoWay

Raisio's Finnish initiative activity scheme was renewed in 2012 by introducing an electronic idea system called InnoWay. The use of the idea system working on Raisio's intranet allows real-time and interactive processing of ideas as well as rewarding. In the new operating model, ideas are processed directly in business units and employees also have an opportunity to comment the ideas made by others, since ideas are public to all Raisio employees. In Finland, idea activities are developed by InnoTeam, employees' working group.

Idea activities crop in 2012

In the plan of action for idea activities in 2012, Raisio aimed to introduce a new practice and system. About a quarter of Finnish employees showed active interest; some of them presented their own ideas, some gave idea evaluations and some developed the system. In connection with the implementation, several induction sessions were organised. In the autumn, Raisio also carried out an idea campaign, which generated 114 development ideas.

- In 2012, the company recorded a total of 158 ideas of which 89% were processed by the end of the year and of these, Raisio decided to carry out approximately 33%.
- 23% of all ideas focused on environmental, health and work safety issues.
- A total of EUR 8,190 was paid as idea rewards.
- The most active participation was seen in the Benecol division as its employees recorded on average one idea per person. Further, staff at Raisioagro's Ylivieska feed factory were particularly active; they presented almost 37% of all ideas given.

Environment

- Raisio reports on its environmental responsibility in compliance with the international Global Reporting Initiative guidelines (GRI) on sustainable development.
- In March 2012, Raisio acquired of a Polish company Sulma's pasta and grits operations, now included in Raisio's environmental reporting.
- For Raisio's newest production plants in the UK and Poland, the company has reported their main environmental impacts. The UK production plants are included in the reporting from 2011 and Sulma factory in Poland from 2012. The reporting of these plants will be expanded as monitoring data is accumulated.
- Raisio's feed innovation Benemilk generates environmental benefits: it enhances nutrient utilisation and decreases greenhouse gas emissions by 6%. In 2012, Benemilk was test marketed as Maituri 12000E.
- In the autumn of 2012, a noise measurement was conducted at Raisio's site. The noise level had remained unchanged and was below the limit values set for both day and night times in the authorisations.
- No serious environmental damages were recorded during 2012. In August 2012, some rapeseed oil leaked on the asphalt area and into the rainwater drains in Raisio. A vacuum truck collected the oil and oil leakage to the environment was avoided. Two minor fire incidents occurred at Raisio's feed factory. In March, as a result of an incipient fire in the meal storage silo, odour problems occurred in the immediate surroundings. In October, a small fire broke out in the pellet machine cooler.

Results 2012

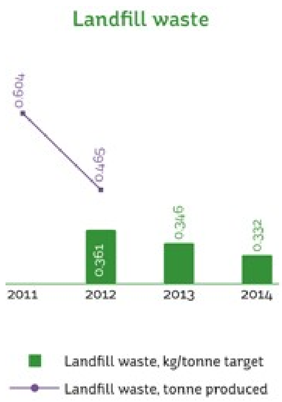
- In 2012, Raisio's most significant environmental, health and safety investments, totalling above EUR 0.5 million for Finnish operations, were related to energy efficiency, to minimising of environmental impact of production processes as well as to work and product safety.
- The investments improved, for example, the exhaust air recycling of the drying system and energy-efficiency of lighting (by replacing fluorescent tube lights with LED lights). In addition, the amount of waste was reduced and the use of chemicals in process washing was optimised.
- To pay attention to the environmental load during the product's whole lifecycle is a central part of Raisio's activities. Significant work is being done continuously in, for example, product development.
- Mineral and trace element levels of the feeds were optimised. Animal welfare is on our focus, but also the effect of manure on the environment is taken into account.
- For example, organic zinc was introduced in poultry and sow feeds. In addition, the oxide forms of manganese and zinc were changed for sulphate forms in poultry feeds.
- Operating costs of environmental protection totalled some EUR 1 million in Finland.
- Raisio's energy supply is mainly based on purchased energy. The electricity acquired to the Finnish sites is eco-labelled and its production does not generate carbon dioxide emissions advancing climate change.
- A new transport reporting system was introduced in the Finnish food transports. With the system, Raisio can monitor load sizes, kilometres and emissions of mixed cargo transport. By optimising the routes and delivery days, it is possible to reduce both kilometres driven and emissions. To create a similar system for bulk cargo is already under way and the work will be completed during 2013. The system can be used to simulate alternative operating models.

🏠 > Responsibility > Environment > Objectives 2013-2014

Objectives 2013-2014

In 2011 Raisio Group set numerical environmental objectives for 2012-2014. At this stage, the objectives were set only for Finnish production plants, but the same will be done with our foreign plants as soon as enough monitoring data has been collected.

We continue to focus on reducing our key environmental impacts, i.e. energy and water use, and on preventing the generation of waste and wastewater. The targets have been set for the specific use of commodities per tonne of product. Environmental objectives are taken into consideration also in the design of new process building and process changes.

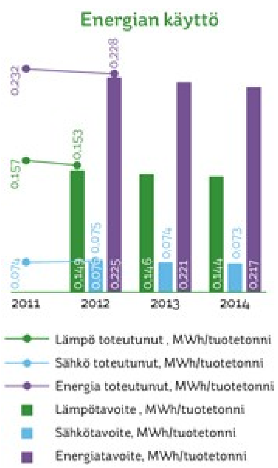


Landfill waste

In waste, the target is to reduce the landfill waste volume instead of increasing the recovery proportion of current waste. An objective of 45% decrease compared to 2011 has been set for landfill volume per tonne of product.

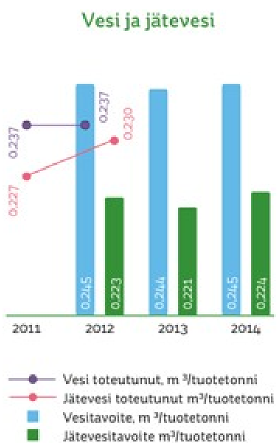
Energy

We are aiming at a 6% decrease in the specific use of energy. In addition, Raisio Group's Finnish operations have joined the energy-efficiency agreement where Raisio is aiming at a decrease of about 9% by 2016 counted from the level of 2005.



Water volumes

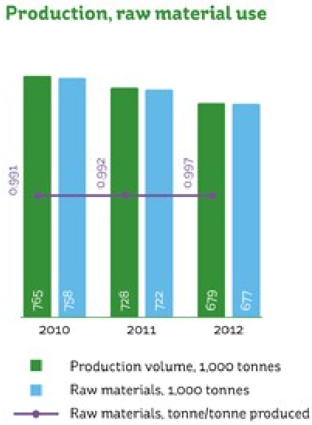
Water volumes are predicted to remain largely unchanged per tonne of product.



Raw material, water and energy

Raw materials and material efficiency

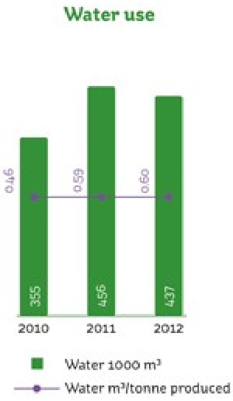
Raisio mainly uses renewable resources as raw material. Our objective is economical and efficient use of raw materials. We can almost fully utilise the acquired raw materials and direct them to the best-suited production purpose.



Reduction of waste volumes plays an important role in the pursuit of material efficiency. Responsible management of production processes is vital in this work. Material flows between production plants are considerable. These transfers of by-products cause multiplication in the reported raw material and production volumes. Water use for products is not included in the quantities of raw material.

Water use

Water consumption is an important environmental factor for Raisio. The need for clean water is particularly emphasised in food industry. Water is needed in processes, cooling stages and hygiene control.

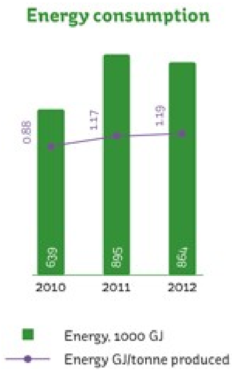


The graph attached shows the water consumption only in Finland during 2010. Water consumption in the UK is included in the figures of 2011-2012, which explains the increase both in total water use and in the volume of water used per tonne of production.

Energy

Raisio’s processes use energy in the form of electricity and steam. The company’s energy supply is mainly based on purchased energy that is carbon dioxide free. In Finland, Raisio owns two power plants, one in Raisio and the other in Kouvola. Both the plants are within the scope of emissions trading.

The graph attached shows the energy consumption of production only in Finland during 2010. Energy consumption of the UK production is included in the figures of 2011-2011, which causes the increase in both total energy consumption and in energy consumption per tonne of production.



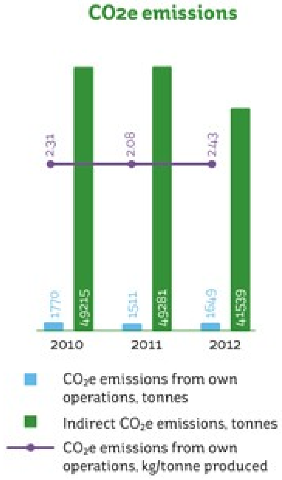
Emissions, wastewater and waste

Emissions of energy production

Raisio reports of the direct greenhouse gas emissions generated in its own production as CO2e values. Reporting also includes the CO2e values of purchased energy according to the quantities Raisio's energy suppliers have reported. Carbon dioxide equivalent (CO2e) describes the total climate warming effect of greenhouse gases.

The electricity acquired to the Finnish sites is eco-labelled and it constitutes a major proportion of the Group's overall electricity use. Its production does not generate greenhouse gas emissions advancing climate change.

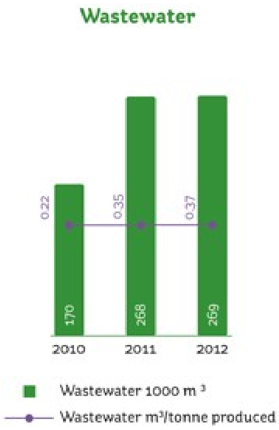
The graph attached shows the CO2e emissions of Finnish production only.



Wastewater

Water consumption also generates wastewater. Various reuse and recycling solutions have been introduced in order to enhance wastewater quantity and load. Wastewater is mainly conveyed directly to the wastewater treatment plants. At Raisio site, wastewater is treated in the wastewater treatment plants and by various purification solutions before it is conveyed to the municipal network.

The graph attached shows the wastewater of only Finnish production during 2010. Wastewater of the UK production is included in the figures of 2011-2012, which explains the increase in total wastewater volume and in the volume of wastewater generated per tonne of production.

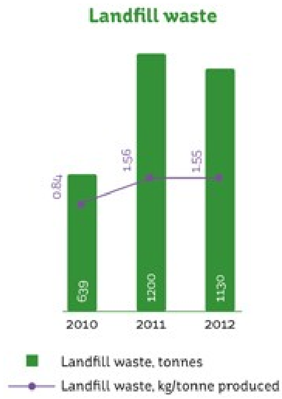


Emissions, wastewater and waste

Waste

Raisio is able to almost fully utilise the acquired raw material. Nevertheless, we see waste as an important environmental factor, and minimising waste volume is one of Raisio's essential environmental objectives. Raisio also aims at high recovery rates of waste: correct and careful sorting is of key importance in this. Raisio mainly uses recovered waste either as material or as an energy source.

The graph attached shows the landfill waste of only Finnish production during 2010. The landfill waste of the UK production is included in the 2011-2012 figures, which explains the increase in the total volume of landfill waste and in the landfill waste generated per tonne of production.



Locality

In 2012, Raisio grew through acquisitions carried out in Poland and the Czech Republic. Despite the internationalisation, Raisio is also a very local operator.

Local brands

- for the company's largest markets in the UK and Finland are mainly produced locally, in the consumer's home country. With the acquisition, the products of Sulma pasta factory in Poland are available for a growing number of Polish households.
- In 2012 18 percent of Raisio's products sold in Finland carried the Ruokaa omasta maasta label and 5 percent had the Avainlippu label. Ruokaa omasta maasta label guarantines that the product is made in Finland out of Finnish raw materials. Avainlippu label can be given to products that have been manufactured in Finland.

Raisio Group locations

Local interest groups

- Interest groups can get acquainted with Raisio and its production for example at Raisio's websites www.raisio.com and www.ekologia.fi and with videos. Hygienic reasons make it often impossible to visit the production facilities.

Finance

Financial review

Raisio Group's key figures, net sales and information about profitability.

Financial reporting

Raisio Group reports on its performance in line with the continuing operations. All figures mentioned in Raisio's Financial Statements are comparable. The Divisions that are reported in line with continuing operations include Brands and Raisioagro.

Profitability and continuity

- On 31 December 2012, the Group’s equity ratio totalled 64.1 (60.2) per cent and net gearing was 4.9 (-7.5) per cent.
- The average return on equity over the last five years is 5.06 per cent.
- The average return on investment over the last five years is 6.26 per cent.

Personnel's salaries

The company regularly reviews market salaries in order to maintain its competitiveness. In 2012, Raisio’s wages and fees from continuing operations totalled EUR 66 (62) million including other personnel expenses.

Reporting principles

Corporate Responsibility reporting is voluntary in Finland. Raisio is a forerunner also when it comes to corporate responsibility reporting. We have reported about our environmental responsibility since 1997 and social responsibility since 2003.

Sustainable business lies on ecological, social and economic responsibility. Companies must take all these aspects into consideration to ensure its existence. Measuring and developing sustainability is a natural part of Raisio′s business. Local and global food production challenges have brought forward the sustainability topics in the whole food chain.

Renewed Corporate Responsibility Report

We renewed Raisio′s corporate responsibility reporting for 2012. We continue to report in compliance with GRI but, in addition, the report now includes responsibility indicators of the Finnish food chain. The most important change has been made in order to make the report easier to read.

All Raisio′s permanent practices and policies are now available on Raisio's website at www.raisio.com and the Corporate Responsibility Report focuses only on the 2012 events and on the plans for the coming years. Links to all permanent practices can be found on the bottom right of this page.

As last year, the report is divided into responsibility areas identified in the Finnish food chain: product safety, nutrition, personnel, environment, locality and financial responsibility. In its operations, Raisio affects animal wellbeing through feeds or feeding only, so matters related to animal wellbeing are reported under nutrition.

Corporate Governance

Corporate Governance

Raisio plc's Corporate Governance Model

Raisio plc has over 35,000 shareholders.

Investor Relations

Raisio's Investor Relations aim to provide all market participants with equal, correct, sufficient and up-to-date information to form a sound basis for share price determination.

Annual General Meeting

The Annual General Meeting of Raisio plc will be held on Wednesday, 27 March 2013, at 2:00 pm. It will be arranged at the Turku Fair and Congress Centre at Messukentänkatu 9-13, Turku, Finland.

The right to attendance is restricted to shareholders who have been entered as such in the shareholder list maintained by Euroclear Finland Ltd on 15 March 2013 and who have informed Raisio of their participation by Wednesday, 20 March 2013, at 3:00 pm.

Registration can be made by:

- Raisio plc, Shareholders Contact, PO Box 101, FI-21201 Raisio, Finland
- telephone: +358 50 386 4350
- fax: +358 2 443 2315,
- email: eeva.hellsten(at)raisio.com

Shareholders are entitled to have the Annual General Meeting handle a matter that pertains to it under the Companies Act, if requested in writing from the Board of Directors well in advance for it to be included in the call to the meeting.

Corporate Governance > Board of Directors

Board of Directors

BOARD OF DIRECTORS 31 DECEMBER 2012

Chairman
Simo Palokangas
Vuorineuvos (Finnish honorary title)
Born 1944
Place of residence: Säkylä, Finland
Education: M.Sc. (Agr. & Forestry)
Key employment history: HK- Ruokatalo Group Oyj 1994-2006: CEO, Lännen Tehtaat plc 1987-1994: CEO, Munakunta 1979-1987: CEO
Board membership: Member and the Chairman since 2006
Other simultaneous positions of trust: Biolan Oy: member of the Board of Directors; Fund of Jenny and Antti Wihuri: Chairman of the Board of Directors; Wihuri Ltd: Member of the Supervisory Board; National Emergency Supply Agency: Deputy Chairman of the Board of Directors
Meeting attendance: 15/15
Fees in 2012: EUR 60,000 of which some 80% paid in cash and some 20% in shares; a total of 4,566 free shares were assigned as fees
Holdings in Raisio: series V 142,174

Deputy Chairman
Michael Ramm-Schmidt
Chairman of the Board, Oy Executive Leasing Ab
Born 1952
Place of residence: Espoo, Finland
Education: B.Sc. (Econ. & Bus. Adm.)
Key employment history: Oy Executive Leasing Ab 2004-; Hackman Oyj Abp 2004: President & CEO; Hackman Metos Oy Ab 1995-2004: CEO; Hackman Designor Oy Ab 1989-1994: CEO; International Masters Publishers Inc. 1986-1989: CEO; Skandinavisk Press AB 1984-1986: CEO
Board membership: Member since 2005, Deputy Chairman since 2006
Other simultaneous positions of trust: Huurre Group Oy: Chairman of the Board of Directors; Levanto Oy: Member of the Board of Directors, Stala Oy: Member of the Board of Directors; Stalatube Oy: Chairman of the Board of Directors; Stiftelsen Svenska Handelshögskolan: Member of the Supervisory Board; Menumat Oy: Chairman of the Board of Directors
Meeting attendance: 14/15
Fees in 2012: EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,826 free shares were assigned as fees
Holdings in Raisio: series V 52,412

Anssi Aapola
Farmer
Born 1951
Place of residence: Kustavi, Finland
Education: M.Sc. (Agr. & Forestry)
Key employment history: Finnsa Oy 2005-2011: CEO; Raisio Group 1983-2002: Managerial duties, Farm owner 1987-
Board membership: Member since 2006
Other simultaneous positions of trust: Turvata Oy: Member of the Board of Directors, Lounaisrannikon Osuuspankki: Member of the Board of Directors
Meeting attendance: 12/15
Fees in 2012: EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,826 free shares were assigned as fees
Holdings in Raisio: series K 4,320 and series V 17,701

Erkki Haavisto
Farmer
Born 1968
Place of residence: Raisio, Finland
Education: M.Sc. (Agr. & Forestry)

Key employment history: Farm owner 1993-
Board membership: Member since 2004
Other simultaneous positions of trust: The Central Union of Agricultural Producers and Forest Owners (MTK): Member of the Forest Board; Lounametsä Forestry Association: Chairman of the Board of Directors; Raisio plc Research Foundation: Member of the Board of Directors; Raisio Town: Member of the town council (until 14 January 2013); Salaojituksen Tukisäätiö s.r.: Member of the Board of Directors; Turun Seudun Osuuspankki: Member of the Board of Directors
Meeting attendance: 15/15
Fees in 2012: EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,826 free shares were assigned as fees
Holdings in Raisio: series K 364,940 and series V 179,961

Matti Perkonoja
Born 1949
Place of residence: Mynämäki, Finland
Education: Commercial College graduate
Key employment history: HKScan Oyj: CEO 2009 -, CFO 2000-2009
Board membership: Member since 2011
Other simultaneous positions of trust: Sokolow S.A.: Member of the Board of Directors; Mutual Employment Pension Insurance Company Varma: Employers' consultative committee Member
Meeting attendance: 15/15
Fees in 2012: EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,826 free shares were assigned as fees
Holdings in Raisio: series V 3,834

Pirkko Rantanen-Kervinen
Born 1949
Place of residence: Vantaa, Finland
Education: B.sc. (Econ.)
Key employment history: Turkistuottajat Oyj (later: Saga Furs Oyj) 2009-2010: Executive Advisor, 1991-2009: CEO, 1989-1991: Executive Vice President, 1987-1989: Director of Finance:
Board membership: Member since 2010
Other simultaneous positions of trust: LähiTapiola General Mutual Insurance Company: Member of the Supervisory Board, LähiTapiola Uusimaa Mutual Insurance Company: Chairman of the Board of Directors
Meeting attendance: 14/15
Fees in 2012: EUR 24,000 of which some 80% paid in cash and some 20% in shares; a total of 1,826 free shares were assigned as fees
Holdings in Raisio: series V 5,622

The secretary of the Board of Directors and the Supervisory Board is Janne Martti, Master of Laws, Director, Finance and Treasury, Raisio Group.

Supervisory Board

SUPERVISORY BOARD 31 DECEMBER 2012			
Member	**Domicile (Finland)**	**Member since**	**End of term**
Michael Hornborg, Chairman* born 1966	Lohja	2008	2014
Holger Falck, Deputy Chairman** born 1957	Sipoo	2006	2015
Cay Blomberg born 1947	Kemiö	2009	2015
Risto Ervelä born 1950	Sauvo	1991	2013
Vesa Harjunmaa born 1973	Huittinen	2011	2014
Mikael Holmberg born 1961	Parainen	29 March 2012	2015
Markku Kiljala born 1971	Reisjärvi	29 March 2012	2015
Timo Könttä born 1968	Masku	2011	2014
Hans Langh born 1949	Piikkiö	1990	2013
Pirkko Lönnqvist, staff representative born 1955	Turku	29 March 2012	2015
Jarmo Mäntyharju born 1961	Oripää	2009	2015
Paavo Myllymäki born 1958	Mietoinen	1998	2014
Kari Niemistö born 1962	Helsinki	2008	2014
Jyrki Nurmi, staff representative born 1957	Turku	2008	2015
Yrjö Ojaniemi born 1959	Lapua	2002	2014

Heikki Pohjala born 1959	Harjavalta	2006	2015
Juha Salonen born 1973	Kaarina	2010	2013
Jari Sankari, staff representative born 1957	Piikkiö	2007	2015
Urban Silén born 1959	Perniö	2003	2013
Tuula Tallskog born 1946	Pertteli	1998	2013
Hannu Tarkkonen born 1950	Helsinki	2006	2014
Johan Taube born 1950	Tammisaari	1987	2013
Arto Vuorela born 1960	Pyhtää	2010	2013
Rita Wegelius born 1960	Hattula	2006	2015
Tapio Ylitalo born 1955	Turku	2006	2015

*Chairman since 2009. Michael Hornborg attends the meetings of the Board of Directors as Chairman of the Supervisory Board.

**Deputy Chairman since 2006.

Group Management Team

GROUP MANAGEMENT TEAM 31 DECEMBER 2012

Matti Rihko
Year of birth: 1962
Domicile: Turku, Finland
Education: M.Sc. (Econ.), M.A. Psychology
Occupation in Raisio: Chief Executive Officer since 2006
Principal employment history: Raisio plc 2006-: Vice President, Ingredients Division; Altadis SA, Paris 2004-2006: Regional Director Europe; Altadis Finland Oy 1999-2004: General Manager
Management Team membership: Member since 2006
Positions of trust: Finnish Food and Drink Industries Federation: Member of Executive Committee and the Board of Directors; Health Research Finland: Member of the Board of Directors; Turku Science Park Oy: Member of the Board of Directors; Turku Chamber of Commerce: Member of the Board of Directors; University of Turku: Member of the Board of Directors; Suomen Lääketieteen Säätiö: Member of the Supervisory Board

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Leif Liedes
Year of birth: 1953
Domicile: Naantali, Finland
Education: Business College Graduate
Occupation in Raisio: Vice President, Raisioagro Division
Principal employment history: Raisio plc 1978-
Management Team membership: Member since 2006
Positions of trust: Finnish Food and Drink Industries Federation: Chairman of Feed Industry Association

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Merja Lumme
Year of birth: 1961
Domicile: Lieto, Finland
Education: Engineer, eMBA
Occupation in Raisio: Vice President, Human Resources
Principal employment history: Raisio plc 2003-; PerkinElmer/Wallac 1992-2003: Quality management, HR management and administration; Aimo Virtanen Oy 1991-1992, Saloplast Oy 1988-1992: Quality management.
Management Team membership: Member since 2003
Positions of trust: Fund of Turku Adult Education: Member of Delegation; Turku Chamber of Commerce: Deputy Chairman of Education and Labour Committee

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Jyrki Paappa
Year of birth: 1965
Domicile: Naantali, Finland
Education: M.Sc. (Econ.)
Occupation in Raisio: Chief Financial Officer
Principal employment history: Raisio plc 1995-: Financial risk management and financial administration; Turku District Cooperative Bank 1989–1995: Finance expert
Management Team membership: Member since 2004
Positions of trust: Turku Chamber of Commerce: Deputy Chairman of Audit Committee

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Vincent Poujardieu
Year of birth: 1967
Domicile: Brussels, Belgium
Education: Graduated EDHEC business school (Lille, France)
Occupation in Raisio: Vice President, Business Development and Benecol Division
Principal employment history: Raisio plc 2007-; Altadis SA, Brussels 2000-2007: Regional Director Benelux and then North Europe; Altadis SA, Paris 1994-2000: Business Development Manager; French Embassy, Nicaragua 1992-1994: Commercial Adviser; Arthur Andersen, Lyon (France) 1989-1992: Financial Auditor

Management Team membership: Member since 2007
Positions of trust: -

Paul Simmonds
Year of birth: 1958
Domicile: Leeds, UK
Education: MBA
Occupation in Raisio: Vice President, Food Division, Western Europe
Principal employment history: Raisio plc 2010-
Management Team membership: Member since 2010
Positions of trust: -

The secretary of the Management Team was Sari Koivulehto-Mäkitalo, Master of Laws, Vice President of Legal Affairs in 2012.

The Group Management Team has also comprised Jacek Dziekonski, Markku Krutsin and Pasi Lähdetie in 2012.

RAISIO

2012

Contents

Financial reporting

Raisio Group reports on its performance in line with continuing operations. All figures mentioned in this review are comparable. The Divisions that are reported in line with continuing operations include Brands and Raisioagro.

The Brands Division includes Consumer brands and Licensed brands units. Consumer brands unit is examined by key market areas in the text. Candy Plus is included in the Western European figures from 13 November 2012. Sulma's pasta and grit business became part of the Eastern European operations on 20 March 2012. Licensed brands unit includes Benecol.

Raisioagro Division includes feeds, grain trade, protein meals and vegetable oils, farming supplies and bioenergy.

Report of the Board Of Directors 2012

Group's continuing operations

Operating environment

The economic situation in Europe except for Russia is unstable and the ability to maintain margins is increasingly challenging. Weak growth and rising costs have forced companies in different industries to intensify their operations. Although the strongest pressure is not on grocery trade, Raisio has responded by stepping up its operations and reducing costs. Despite the weakened market conditions, profitability of Raisio's brands remained good especially in the UK, the largest market of Raisio brands, and in Russia.

The competitive situation in the Finnish feed market changed considerably when 60 per cent of Hankkija Agriculture Ltd, owned by Finnish cooperatives, was sold to the Danish DLA Group. At the same time, Raisioagro became the largest Finnish-owned feed producer. In 2012, Raisioagro maintained its strong market position in the Finnish feed market despite the intensifying competition. Raisio continues to be the market leader in dairy cattle feed. Finnish milk producers have shown great interest in the new Benemilk feeds as, according to the research results and user experience, milk contents are improving and farmers' income increasing. Raisio filed an international patent application for the innovation at the beginning of 2012.

Despite the increased demand for poultry feeds, feed producers' margins have not reached a satisfactory level and there is plenty of excess capacity in Finland. In 2012, Raisioagro continued to use only the non-GMO (not genetically modified) soy as protein source in feed mixes. In Finland, the poultry and pork chains are already GMO contaminated by some feed companies. Like its competitors, Raisio is considering the use of GMO soy now that the price difference between non-GMO and GMO soy is increasingly greater and the area under GMO soybean cultivation is diminishing. Many of the customers and processing industry hope to see more affordable feed options to maintain competitiveness. The EU approved GMO varieties are found safe by authorities. The Finnish milk chain is completely non-GMO, which is unique at the European level.

Net sales

Raisio Group's 2012 net sales totalled EUR 584.1 (552.6) million. Net sales of the Brands Division were EUR 329.5 (314.6) million, those of the Raisioagro Division EUR 255.7 (241.1) million and those of other operations EUR 2.0 (1.4) million. Brands Division net sales were increased through acquisitions, good sales performance in the UK confectionery and increased food sales in Eastern Europe. Raisioagro's net sales were boosted by the impact of increased raw material prices on product prices, good sales performance in farming supplies and increased fish feed exports.

The Brands Division accounted for some 56 per cent and Raisioagro 44 per cent of the Group's net sales. Net sales from outside Finland represented 49.3 (43.3) per cent of the Group's total, amounting to EUR 288.0 (239.0) million.

Result

Raisio Group's 2012 EBI T amounted to EUR 31.7 and, excluding one-off items, 34.6 (30.7 and, excluding one-off items, 31.8) million, which is 5.4 and, excluding one-off items, 5.9 (5.6 and, excluding one-off items, 5.8) per cent of net sales. Group's EBIT includes a one-off item of EUR -2.9 million resulting from expenses of the cooperation negotiations and acquisitions. In the comparison period, the Brands Division's EBIT included a one-off item of EUR -1.1 million resulting from the Big Bear Group acquisition costs following the due diligence process.

EBIT of the Brands Division totalled EUR 34.9 and, excluding one-off items, 37.4 (30.1 and, excluding one-off items, 31.2) million and that of Raisioagro EUR -0.7 and, excluding one-off items -0.3 (2.9) million. EBIT of other operations was EUR -2.5 (-2.4) million.

Depreciations and impairment, allocated to operations in the income statement, amounted to EUR 16.6 (17.0) million.

The Group's net financial expenses totalled EUR -16.0 and, excluding one-off items, -2.5 (-3.7 and, excluding one-off items, -1.5) million. Financial items include one-off items of EUR -13.5 million, of which EUR -11.2 million resulted from the difference between the confirmed purchase price of Raisio UK Ltd's non-controlling interest and the estimated purchase price previously recorded in the balance sheet.

Key figures, result, continuing operations

		Q4/2012	Q3/2012	Q2/2012	Q1/2012	2012	2011
Net sales	M€	**137.5**	**161.0**	**150.6**	**135.0**	**584.1**	552.6
Change in net sales	%	**-0.9**	**13.6**	**0.1**	**10.9**	**5.7**	30.5
EBIT	M€	**6.6**	**10.7**	**10.6**	**6.6**	**34.6**	31.8
EBIT	%	**4.8**	**6.6**	**7.1**	**4.9**	**5.9**	5.8
Depreciation and impairment	M€	**4.1**	**4.2**	**4.2**	**4.1**	**16.6**	17.0
EBITDA	M€	**10.8**	**14.8**	**14.8**	**10.8**	**51.2**	48.8
Net financial expenses	M€	**-0.4**	**-1.2**	**-0.6**	**-0.3**	**-2.5**	-1.5
Earnings per share (EPS)	€	**0.04**	**0.06**	**0.05**	**0.03**	**0.18**	0.16

Excluding one-off items

As the acquired company performed better than expected, the purchase price rose, according to the purchase price mechanism agreed beforehand. In the last quarter, a total of EUR -2.3 million was also recorded in impairment for interest-bearing loan receivable. Additional purchase price debt to Raisio UK's non-controlling interest of a total of EUR -2.2 million, resulting from the acquisition of Big Bear Group, has been recorded as a one-off item in the comparison period's financial items.

The pre-tax result was EUR 15.6 and, excluding one-off items, 32.0 (27.0 and, excluding one-off items, 30.3) million.

The Group's post-tax result was EUR 11.7 and, excluding one-off items, 27.0 (21.3 and, excluding one-off items, 24.6) million. The Group's earnings per share for continuing operations were EUR 0.08 and, excluding one-off items, 0.18 (0.14 and, excluding one-off items, 0.16).

Balance sheet, cash flow and financing

On 31 December 2012, the Raisio Group's balance sheet totalled EUR 517.6 (561.8) million. Shareholders' equity was EUR 327.3 (332.9) million, while equity per share was EUR 2.10 (2.13).

On 31 December 2012, the Group's interest-bearing financial liabilities were EUR 78.0 (115.7) million. Net interest-bearing debt was EUR 16.2 (-24.8) million.

On 31 December 2012, the Group's equity ratio totalled 64.1 (60.2) per cent and net gearing was 4.9 (-7.5) per cent. Return on investment was 4.5 and, excluding one-off items 8.3 (7.3 and, excluding one-off items, 8.1) per cent.

Cash flow from business operations was EUR 20.9 (50.0) million. On 31 December 2012, working capital was EUR 84.9 million. A year earlier, the amount tied up in working capital was EUR 65.6 million. Working capital grew due to increased inventories and receivables.

In 2012, Raisio plc paid EUR 17.6 million in dividends and purchased its own shares for EUR 1.0 million.

Investments and acquisitions

The Group's gross investments totalled EUR 24.6 and, excluding one-off items 8.5 (71.2 and, excluding acquisitions, 7.9) million. Gross investments of the Brands Division were EUR 21.2 and, excluding acquisitions 7.2 (67.8 and, excluding one-off items, 4.5) million, those of Raisioagro EUR 2.0 (2.5) million and those of other operations EUR 1.4 (0.8) million.

On 20 March 2012, Raisio acquired Polish Sulma sp. z o.o.'s pasta and grits operations, its intellectual property rights as well as fixed and current assets. The value of the deal was EUR 2.4 million. Raisio paid the purchase price in cash and Raisio did not assume liabilities. With the Sulma acquisition, Raisio strengthens its position both in the Polish markets and in pasta products.

On the 13 November 2012, Raisio acquired the Czech confectionery company Candy Plus. The enterprise value was EUR 20.5 million including liabilities arising from a new capital investment of EUR 2.3 million in fruit-liquorice capability. Raisio paid the consideration from its cash reserves. The acquisition complements Raisio's existing and successful confectionery activities in the UK.

Research and development

The Group's research and development expenses were EUR 6.9 (6.8) million accounting for 1.2 (1.2) per cent of net sales.

Raisioagro's research and development activities focused on the expansion of Benemilk product line. The Benemilk line with three complete feeds and one semi-concentrate was launched in the Finnish market in January 2013. To strengthen the IPR portfolio, it is important for Raisio that Benemilk products are further studied also with different cattle breeds and feeding models.

New breakfast and snack products were actively developed in the UK and will be launched in the first half of 2013. In confectionery, especially new packaging solutions with Poppets and the Fox's brand extension to traditional flavours have boosted sales growth. In Finland, R&D in foods focused on the development of healthy, ecological and natural snacks. For example, Raisio introduced new products to the breakfast table. Furthermore, the position of oats as the leading healthy grain was strengthened, when the European Food Safety Authority, EFSA, approved the health claim on the cholesterol-lowering effect of oat fibre, beta-glucan.

Benecol business cooperated extensively with Finnish and international research institutes and universities. In 2012, clinical researches were conducted in five different countries. The research focus was on showing the cholesterol-lowering efficacy of Benecol products in different populations, particularly in Asian countries. It was an important achievement for Raisio when the European Food Safety Authority, EFSA, issued a positive opinion for Raisio's health claim, which showed that the cholesterol-lowering effect is enhanced with a higher daily intake (3 grams).

Key figures, balance sheet

		31.12.2012	30.9.2012	30.6.2012	31.3.2012	31.12.2011
Equity ratio	%	**64.1**	**62.0**	**58.1**	**57.2**	60.2
Gearing	%	**4.9**	**2.4**	**2.4**	**0.4**	-7.5
Net interest-bearing debt	M€	**16.2**	**7.7**	**7.5**	**1.4**	-24.8
Equity per share	€	**2.10**	**2.10**	**2.05**	**2.05**	2.13
Gross investments	M€	**24.3**	**7.7***	**6.0***	**4.1***	71.2*
Share						
Market capitalisation**	M€	**479.3**	**440.4**	**391.3**	**383.3**	372.3
Enterprise value (EV)	M€	**495.5**	**448.1**	**398.8**	**384.7**	347.5
EV/EBITDA		**9.7**	**9.0**	**8.0**	**7.8**	7.1

* Including acquisitions ** Excluding the company shares held by the Group

SEGMENT INFORMATION

Brands division

Raisio's Brands Division has been divided into two units: Consumer brands and Licensed brands. Consumer brands unit includes all food operations in the Western, Northern and Eastern European market areas. Licensed brands unit includes Benecol and the IPR of the new Benemilk feed innovation.

Net sales

Net sales of the Brands Division totalled EUR 329.5 (314.6) million. Net sales for Consumer brands totalled EUR 286.1 (269.2) million. Net sales for Licensed brands, or Benecol, were EUR 45.0 (45.7) million.

The UK is the largest market area of Raisio's Brands Division. In 2012, its net sales increased to over 45 per cent of the Division's total. The acquisitions of Sulma and Candy Plus completed in 2012 increased net sales of Western European operations in addition to organic growth. Confectionery sales in the UK grew almost 15 per cent from 2011. Raisio also won major new private label contracts. Uncertainty in the economy affected the buying behaviour of British consumers, which is why sales in breakfast and snack products did not reach the comparison year's level. Sales in snacks produced by Raisio under the partner brands grew in tough competitive conditions.

In the second half of 2012, Raisio started a reorganisation programme in the Northern European markets due to changed operating environment and intensifying competition. The programme aims at improved profitability and increased competitiveness in Finnish, Swedish and Estonian markets. Sales in Benecol and Elovena products increased in Finland. Volume in Finnish industrial and HoReCa sales was clearly lower compared to 2011.

Net sales for Eastern European food sales increased by 50 per cent. Sales showed steady increase in all markets of Russia, Ukraine and Poland.

Net sales for Benecol were at previous year's level despite the fall in the volume of contract manufactured sterol ester. In terms of Benecol product sales, there are considerable differences between the markets. Sales grew particularly well in Asian and South American new markets and in Finland. The UK further strengthened its position as the largest market for cholesterol-lowering Benecol products. In Finland, Raisio has been responsible for sales and marketing of Benecol minidrinks for almost five years and our active investments have doubled the sales growth. In 2012, Benecol spreads were transferred to be managed by Raisio and their sales have had a good start.

Result

Brands Division's 2012 EBIT amounted to EUR 34.9 and, excluding one-off items, 37.4 (30.1 and, excluding one-off items, 31.2) million, which is 10.6 and, excluding one-off items, 11.3 (9.6 and, excluding one-off items, 9.9) per cent of net sales.

As a result of improved profitability in confectionery, breakfast and snack products, adjustment of production, improved cost-effectiveness and the acquisition completed, EBIT for Western European operations improved by over 40 per cent from 2011. Profitability in Northern European food operations was not satisfactory against the target. Raisio has already taken steps to improve profitability. EBIT for Eastern European operations was clearly profitable. Benecol's EBIT was at its ordinary good level.

Consumer brands

Western Europe

Sales in snack bars developed well in 2012. Raisio's diverse product range includes, for instance, grain, fruit and berry based snack bars, bars for weight management as well as low-fat and functional snack bars. Sales growth in premium nuts and savoury snacks sold under the Dormen brand slowed down because of higher raw material prices. In spring 2012, the product range was extended with pasta-based snack products for children sold under the licensed brands Bob the Builder, Fireman Sam and Thomas the Tank Engine.

In Raisio's breakfast and snack products, our own and licensed brands accounted for some 60 per cent of net sales, partners' brands for approximately 30 per cent and private labels for the remaining 10 per cent. Our portfolio mainly consists of children's products while weight management and slimming products have the second place.

Key figures for the Brands Division

		Q4/2012	Q3/2012	Q2/2012	Q1/2012	2012	2011
Net sales	M€	76.5	86.2	85.6	81.1	329.5	314.6
Consumer brands	M€	69.3	74.0	74.5	68.4	286.1	269.2
Licensed brands	M€	8.5	12.5	11.2	12.8	45.0	45.7
EBIT, excluding one-off items	M€	7.6	9.7	11.0	9.0	37.4	31.2
EBIT, excluding one-off items	%	10.0	11.3	12.8	11.1	11.3	9.9
One-off items	M€	-1.9	-0.6	0.0	0.0	-2.5	-1.1
EBIT	M€	5.7	9.2	11.0	9.0	34.9	30.1
Investments*	M€	15.4	1.2	1.0	3.6	21.2	67.8
Net assets	M€	-	-	-	-	271.7	245.8

* Including acquisitions

In confectionery, the new packaging format of Poppets products raised consumer interest and increased sales by almost 25 per cent. The Fox's product line expanded with the launch of traditional confectionery. Raisio signed several major new delivery contracts in private label confectionery. For the second consecutive year, customers chose Raisio to be a winner of The Grocer magazine's "Own Label Confectionery Supplier of the Year" award, which is an indication of customer confidence.

Raisio is the UK's second largest supplier of private label sugar and chocolate based confectionery. Raisio's customers include all major retailers, which provides us a wide customer base. In confectionery, Raisio's own branded sales account for some 60 per cent and private labels for some 40 per cent of net sales.

With the Candy Plus acquisition completed in November 2012, Raisio gained a foothold in the Central European confectionery market. The acquisition complements Raisio's profitable confectionery business in the UK. Candy Plus is a profitable and growing company with a wide customer base across east and west Europe and other parts of the world. Candy Plus' product range includes the faster growing product categories of soft-eating and higher-fruit jellies, liquorice and functional confectionery. The acquisition provided Raisio with interesting growth opportunities.

Northern Europe

Increased consumer demand for cholesterol-lowering functional products significantly increased sales in Benecol margarines and minidrinks compared to 2011. A particularly strong sales increase was seen in the last quarter of the year.

In the consumption of healthy breakfast and snack products, consumers switched from Raisio's traditional products to added-value products with higher degree of processing. Sales in Elovena Hetki porridges, snack drinks and snack biscuits increased compared to previous year as consumers were looking for solutions that make their everyday life easier.

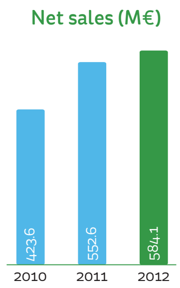
In terms of traditional grain products, rise in raw material prices led to a strong upward pressure on the customer and consumer product pricing. Raisio's strong traditional brands were able to carry the price premium well. In Finnish industrial and bakery sectors, profitability decreased due to intense competition and higher raw material prices. Raisio did not seek to maintain this market share with low profitability.

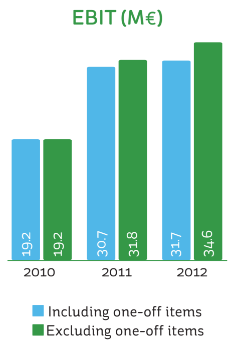
At the end of 2012, Raisio's catering product sales were transferred to be managed by Raisio's own organisation and the operations of Ateriamestarit Oy, previously responsible for sales, were discontinued.

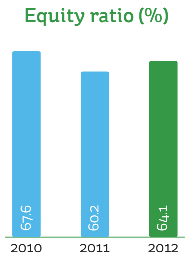
Eastern Europe

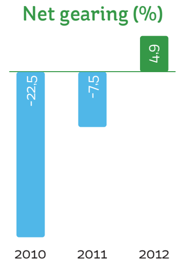
In 2012, Raisio showed strong growth in the Eastern European markets. Sales in our branded products increased in all market areas. Sales in premium grain products sold under the Nordic brand increased by some 30 per cent in Russia and Ukraine. Russian and Ukrainian consumers value products made in Finland and trust the Finnish brand. In Russia, Raisio's products are sold in the regions of Moscow, St. Petersburg and Vladivostok.

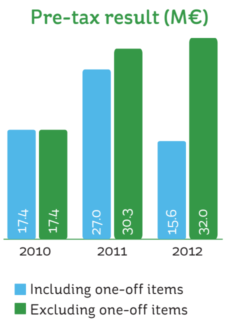
Raisio took the sale of Benecol margarines in Poland back into its own hands. This will increase the company's opportunities to develop the Benecol brand comprehensively.

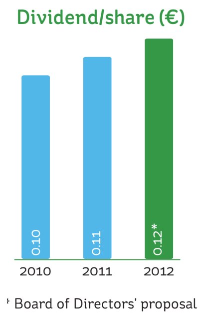


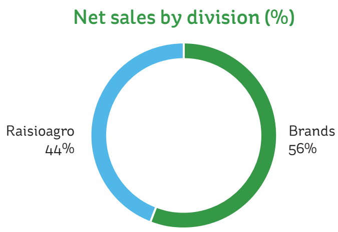


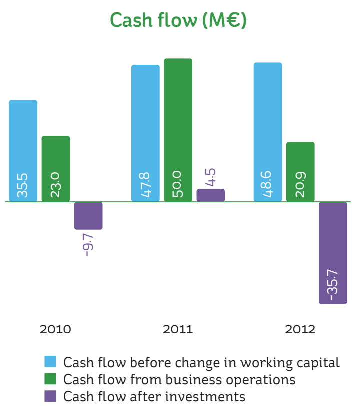












Poland in one of the largest markets of the effectively cholesterol-lowering Benecol products.

In spring 2012, Sulma's pasta and grit business was integrated into Raisio's Polish operations. As part of Raisio, sale of Sulma products has expanded to cover the whole country.

Licensed brands

Sales and market position of Benecol products strengthened particularly in Asia and South America. Sales increased considerably in Indonesia, Columbia and Chile, where the Benecol brand has only recently been launched.

In 2012, there were significant differences in sales between the countries. The demand was affected by the ongoing difficult economic situation in several European countries. In Greece and Spain, for example, sales in Benecol products did not meet the comparison period level. On the other hand, in the largest market of Benecol products, the UK, the successful product line extension brought new users for Benecol. Sales also increased in Ireland where consumer confidence in the brand is strong. More than 90 per cent of Benecol's net sales come from Europe.

Raisioagro division

Raisioagro Division includes feeds, grain trade, protein meals and vegetable oils, farming supplies and bioenergy. 2012 was Raisioagro's first year of operations. Raisioagro is a modern agricultural trader and producers' familiar and safe partner.

Net sales

Raisioagro's net sales increased by six per cent amounting to EUR 255.7 (241.1) million. Net sales for feeds and farming supplies increased by over 20 per cent from the comparison year. Net sales were boosted by the feed pricing to meet higher raw material costs and favourable sales trend in fish feeds. Online store increased its popularity as a purchasing channel. To discontinue unprofitable vegetable oil exports, the feed protein business was adjusted to market conditions, which led to a considerable fall in its net sales.

Feeds and farming supplies account for almost 80 per cent of Raisioagro's net sales, while protein meals, vegetable oils and grains represent less than 20 per cent.

Result

Raisioagro's EBIT was EUR -0.7 and, excluding one-off items -0.3 (2.9) million. In the last quarter of 2012, Raisioagro recorded a one-off item of EUR -0.4 million resulting from the cooperation negotiations costs. Full-year EBIT was slightly negative due to the loss of approximately EUR -2.5 million in feed protein business and the weakened profitability of grain trade. Profitability in feeds and farming supplies remained satisfactory. Feed sales volume was almost at the previous year's level and sales volume in farming supplies increased.

In November 2012, as part of the statutory cooperation negotiations, Raisio decided on measures to improve the profitability of feed protein business. Raisio is adjusting the running period of the factory to better meet the Finnish rapeseed availability. The company is also investing in production flexibility and efficiency. Increased imports of foreign rapeseed and unprofitable exports of surplus oil from Finnish use have had an unreasonable impact on business profitability in 2012.

Business

Feeds and farming supplies

In terms of net sales and proceeds, milk production is the most significant branch in Finnish agriculture. Milk production remained at the previous year's level despite the declining number of dairy farms. Raisioagro is the market leader in dairy cattle feed. Due to the imbalance of pork market, producer prices did not rise in line with increased production costs. A decline of about five per cent in pork production had a direct impact on the demand for pig feed. Demand for eggs increased by some five per cent and for poultry by some four per cent. Despite many factors affecting livestock production and the competitive situation, Raisioagro maintained its position in the Finnish feed market.

In early spring, Raisiagro complemented its customer services with an online store for professional farmers. Contract customers can order feeds and farming supplies easily and conveniently online using their personal contract terms. Online store is always the cheapest option. Net sales for online store increased steadily during the year and the company is investing strongly in service development and product line extension.

Feed production was divided by factories. At the moment, Kouvola and Ylivieska factories make cattle feed only while Raisio-based plant specialises in pig, poultry and fish feed production. This arrangement led to longer production series, improved production efficiency and even more uniform product quality.

Conditions in 2012 were favourable for fish farming in Finland and Russia. Raisioagro retained its market-leading position in Finland and Russian Karelia, and the exports of fish

Key figures for the Raisioagro Division

		Q4/2012	Q3/2012	Q2/2012	Q1/2012	2012	2011
Net sales	M€	61.3	75.0	65.3	54.1	255.7	241.1
EBIT. excluding one-off items	M€	-0.1	1.2	0.4	-1.8	-0.3	2.9
EBIT. excluding one-off items	%	-0.2	1.6	0.7	-3.4	-0.1	1.2
One-off items	M€	-0.4	0.0	0.0	0.0	-0.4	0.0
EBIT	M€	-0.5	1.2	0.4	-1.8	-0.7	2.9
Investments	M€	1.0	0.3	0.4	0.3	2.0	2.5
Net assets	M€	-	-	-	-	74.3	63.1

feed increased. Raisioagro supplies more than half of the fish feed used in Finland.

As Raisioagro was formed, the company decided to invest strongly in grain and feed trade, but also in sales of other main farming supplies. Yara Suomi fertilisers and Neste Oil fuel oils and diesel are now sold through Raisioagro. Raisioagro operates with a lighter cost structure than traditional agricultural trade and the company's intermediary product sales are showing strong growth.

Benemilk

In dairy cattle feeding, Raisioagro invested strongly in the launch of Benemilk feeds in Finland. Benemilk feeds are products that are developed on the basis of Raisio's own innovation. The feeds improve milk yield and increase fat and protein contents of milk. Maituri 12000 E complete feed launched at the beginning of 2012 is now called Benemilk Black. At the moment, already some 600 Finnish dairy farms are using Benemilk feeds.

The new Benemilk product line was launched on the cruise for Raisioagro's customers in January 2013. The Benemilk line includes four products: complete feeds Benemilk Black, Benemilk Red and Benemilk Blue as well as a semi-concentrate Benemilk Amino Black. With the extended product line, milk producers now have more options to choose feeds suitable for the yield level of their own cattle.

Based on research results and user experience on the farms, Raisioagro provides a satisfaction guarantee for Benemilk customers. In 2013, Raisio continues its strong investment in the commercialisation of the Benemilk innovation and focuses to achieve a strong market position in Finland. Processing of the international patent takes time, which Raisio will use by conducting feeding studies with different cattle breeds and feeding models and by assessing international business models.

Protein meals and vegetable oils

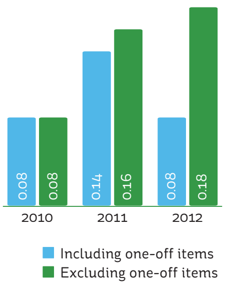
For Raisio's own feed factories, protein meal is the key product of feed protein business. Vegetable oil, a by-product of the oilseed crushing process, is used as raw material in food, feed and bioenergy industries. In Finland, there is currently not enough demand for all the crushed vegetable oil.

Raisio is improving feed protein business performance by adjusting production to better meet the availability of Finnish rapeseed. By reducing the production, the company can also avoid unprofitable exports of rapeseed oil generated in the crushing process of imported seed. The company's own diminishing meal production will be replaced by imports. Raisio is making investments in order to increase flexibility and efficiency in the Raisio-based factory. During periodic production shutdowns, personnel are provided with other process functions in Raisio's industrial area.

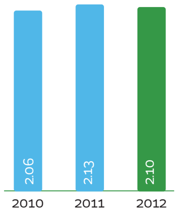
Grains and oil plants

Price level of grains, oil plants and protein plants remained high during the whole 2012. Total volume of Raisio's grain trade was at the previous year's level. More than half of the grain used annually by Raisio is processed into feeds and less than half into foods. Raisio is the biggest industrial grain processor in Finland.

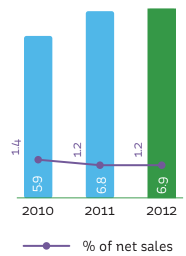
Earnings/share, EPS (€)



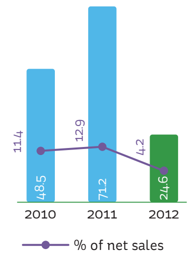
Equity per share (€)



R&D expenses (M€)

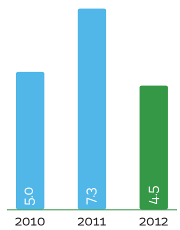


Investments (M€)

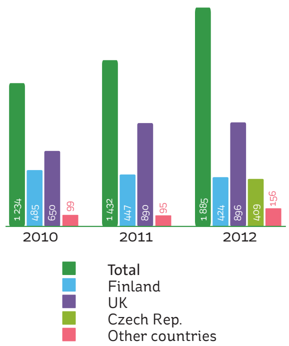


The largest investment in 2012 was the acquisition of Candy Plus

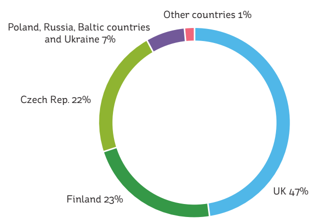
Return on investment, ROI (%)



Personnel, 31 December (persons)



Personnel by region



Growing season was exceptional in Finland due to rainy and cold summer, which delayed the threshing of grains and oil plants as well as the market entry of the new crop. Raisio has around 2,500 contract farmers that provide the company with most of the needed grains and oil plants.

Finnish oilseed harvest of the past season accounts for only about a quarter of the processing capacity of Finnish oilseed processing industry. Due to decreased arable land and poor harvests, Finnish self-sufficiency in oil plants has declined to some 15 per cent. Raisio is planning the future harvest period together with the contract farmers and encourages them to increase oilseed area with particular attention to the choice of crop varieties.

Corporate responsibility

Raisio's sustainable food chain is based on good nutrition, safe products, well-being at work, animal welfare and locality as well as good management of environmental and financial responsibility in the company's own operations. Significance of nutrition and locality were emphasised in the corporate responsibility trends of 2012.

In 2012, Raisio grew through acquisitions carried out in Poland and the Czech Republic. Despite the internationalisation, Raisio is also a very local operator. Raisio's branded products for the company's largest markets in the UK and Finland are mainly produced locally, in the consumer's home country. With the acquisition, the products of Sulma pasta factory in Poland are available for a growing number of Polish households.

As a food producer and significant plant-based raw materials user, Raisio has the desire and opportunity to make the food chain more sustainable. Raw materials used by Raisio are mainly local. Grain is still Raisio's main raw material although the selection of raw materials has considerably widened as a result of internationalisation. Raisio is the largest industrial grain processor in Finland with top-notch traceability of grain raw materials.

In addition to the improvement of our own production chain, we provide our customers with tools to develop their operations paying special attention to environmental aspects. In 2012, Raisio continued to work on promoting more environmentally friendly cultivation. The competition Huippufarmari haussa (Raisio's Next Top Farmer) will make Raisio's Closed Circuit Cultivation CCC® concept more widely known. By means of Raisioagro's farming guidance service and CCC®, we are looking for better and more environmentally friendly ways to produce a good harvest.

Raisio develops ecological and healthy products and solutions to meet consumer and customer needs with a focus on the conservation of natural resources. The company is not aware of any significant financial environmental risks.

Management and administration

Board of Directors and Supervisory Board

Raisio's Board of Directors had six members in 2012. The members are Simo Palokangas (Chairman), Michael Ramm-Schmidt (Deputy Chairman), Anssi Aapola, Erkki Haavisto, Pirkko Rantanen-Kervinen and Matti Perkonoja. All Board members are independent of the company and significant shareholders.

Raisio's Supervisory Board is chaired by Michael Hornborg, MA (Agriculture &Forestry) and farmer, while Holger Falck, agronomist, is the Deputy Chairman.

Changes in management

Markku Krutsin, Vice President Food Division Northern European operations and Group Management Team member, resigned in July 2012.

As Raisio reorganised its Brands Division into two units in August 2012, Paul Simmonds was appointed Vice President for Consumer brands unit. Simmonds was previously responsible for Raisio's Western European food operations. At the same time, Vincent Poujardieu was appointed Vice President for the Licensed brands unit. At first, Licensed brands unit includes Benecol, for which Poujardieu has already earlier been responsible. He is also continuing as Vice President for the Group's business development.

Pasi Lähdetie, Vice President for grain trade and Group management team member, left the company in November 2012.

Group Management Team

Raisio renewed the composition of the Group Management Team as of 1 January 2013. CEO Matti Rihko, CFO Jyrki Paappa, Vice President HR Merja Lumme, Vice President Consumer brands Paul Simmonds, Vice President Licensed brands Vincent Poujardieu and Vice President Raisioagro Division Leif Liedes will continue to serve as Group Management Team members.

A new member of the Management Team, Sari Koivulehto-Mäkitalo, Vice President of Legal Affairs, started on 1 January 2013. She will also continue as Management Team secretary.

Personnel

Raisio Group's continuing operations employed 1,885 people at the end of 2012 (31 December 2011: 1,432 people). The average number of employees was 1,587 (1,454). The number of employees outside Finland increased due to the acquisitions. At the end of 2012, a total of 78 (31 December 2011: 69) per cent of personnel worked outside Finland. Most of Raisio people work in the UK. Raisio operates in 10 countries and has production in five countries in 17 locations.

The Brands Division had 1,643, Raisioagro 184 and the service functions 58 employees at the end of 2012.

Raisio's wages and fees from continuing operations in 2012 totalled EUR 65.7 (62.0 in 2011 and 48.9 in 2010) million including other personnel expenses.

On 8 October 2012, Raisio Group started the statutory cooperation negotiations concerning mainly its Brands Division's Finnish operations, Raisioagro's feed protein business and the Group's support functions. The negotiations were largely related to the need to improve the declining competitiveness and profitability of the Brands Division's Finnish operations. The company looked for solutions for the low profitability in the feed protein business and the production of the factory crushing rapeseed was adjusted to market conditions.

Raisio completed most of the cooperation negotiations on 28 November 2012. During the negotiations, the reduction need was confirmed to be a total of 56 persons, which meant that 40 employees were made redundant. Other staff reductions took place through natural attrition. The reductions concerned all personnel groups. After the completed cooperation negotiations, cost savings and reorganisation of activities realised and Raisio expects to improve its profitability by more than EUR 4 million.

Changes in Group structure

Raisio Feed Ltd's company name was changed to Raisioagro Ltd on 1 January 2012. Sulma sp. z o.o's pasta and grits business in Poland was integrated to the Raisio Group through the acquisition on 20 March 2012. In August 2012, Raisio redeemed Raisio UK Ltd's non-controlling interest and, at the same time, the company became Raisio plc's 100 per cent owned subsidiary. A Czech confectionery manufacturer Candy Plus became part of the Raisio Group on 13 November 2012. Operations of Ateriamestarit Oy, a joint venture of Raisio and Lännen Tehtaat, were closed down at the end of 2012.

Events after the review period

FDA acknowledged new GRAS status of plant stanol ester in Benecol products

The American Food and Drug Administration, FDA, acknowledged the new GRAS (Generally recognized as safe) status of Raisio's cholesterol-lowering ingredient, plant stanol ester, for use of multiple food products. This means that a wider range of foods with added plant stanol ester can be marketed in the USA with a disease risk reduction health claim. The status concerns such new food products as beverages and various milk and grain products. The earlier GRAS status of plant stanol ester concerned only a limited number of food products.

The GRAS procedure included a comprehensive review of the scientific safety documentation for plant stanol ester. The statement signed by an external expert panel was submitted to the FDA for review in summer 2012, and in January 2013, the FDA acknowledged a GRAS status for plant stanol ester to be used in a wide range of food products.

Benemilk product line launched in Finland

At the beginning of 2012, Raisio introduced in Finland a complete feed improving milk yield and the contents of milk. The feed was known by the name of Maituri 12000 E. In January 2013, Raisio launched Benemilk product line in the Finnish market. The line is based on the same feed innovation. All Benemilk feeds have very high energy levels and a strong impact on the volume and on fat and protein contents of milk. Benemilk product line includes three complete feeds and one semi-concentrate. The feeds are easily identified on the basis of colour, as colours Black, Red and Blue on the product names relate to the product properties.

Already over 600 Finnish farms have user experiences of Benemilk Black feeds. Milk producers have confirmed that milk yield has increased and contents of milk have risen. Milk yield on the farms has typically increased by 2-3 litres per cow per day. Milk protein content typically rises by 1-3 tenths of a percent, fat may increase by 3-5 tenths of a percent and, at best, even higher increases have been recorded. The feeding test conducted in the Maaninka research barn of MTT Agrifood Research Finland in spring 2012 confirmed scientifically the user experience.

Risks and sources of uncertainty in the near future

Uncertainty in the international economic development will continue. European economic growth continues to be slow and unemployment is growing. Seeking sustainable solutions to the sovereign debt problems is likely to maintain the uncertainty. Despite the general situation, we believe that the grocery trade will remain relatively stable compared to many other industries.

Volatility in raw material prices is estimated to remain at a high level. Slowing economic growth and possibly good harvests may calm down the price development but, on the other hand, extreme weather events resulting from climate warming may cause sudden changes in harvest expectations and price levels of different agricultural commodities. Importance of risk management, both for value and volume, will remain significant in terms of profitability also in future.

Raisio's growth phase is a period of changes, during which several of the company's activities are developed and business management is considerably more challenging than in ordinary circumstances. The growth and rationalisation projects may still cause substantial costs in relation to the company size.

Guidance 2013

Raisio anticipates a moderate growth in net sales and expects solid EBIT improvement from 2012.

Board of Directors' proposal for the distribution of profits

The parent company's distributable equity was EUR 174,826,175.05 on 31 December 2012. At the Annual General Meeting held on 27 March 2013, the Board of Directors will propose a dividend of EUR 0.12 per share, not, however, on the shares held by the Company.

The record date is 3 April 2013 and the payment date 10 April 2013.

In Raisio, 12 February 2013

Raisio plc
Board of Directors

This release contains forward-looking statements that are based on assumptions, plans and decisions known by Raisio's senior management. Although the management believes that the forward-looking assumptions are reasonable, there is no certainty that these assumptions will prove to be correct. Therefore, the actual results may materially differ from the assumptions and plans included in the forward-looking statements due to, e.g., unanticipated changes in market and competitive conditions, the global economy as well as in laws and regulations.

Consolidated income statement

(EUR million)	Note	1.1.–31.12.2012	1.1.–31.12.2011
CONTINUING OPERATIONS:			
NET SALES	1	**584.1**	552.6
Cost of sales		**-488.8**	-461.6
Gross profit		**95.2**	91.0
Sales and marketing expenses		**-35.4**	-34.4
Administration expenses		**-23.0**	-19.9
Research and development expenses		**-6.9**	-6.8
Other income and expenses from business operations	4	**1.7**	0.8
EBIT	5, 6, 20	**31.7**	30.7
Financial income	7	**1.9**	3.0
Financial expenses	7	**-17.9**	-6.7
Share of the result of associates and joint ventures		**-0.1**	0.0
RESULT BEFORE TAXES		**15.6**	27.0
Income taxes	8	**-4.0**	-5.7
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS		**11.7**	21.3
DISCONTINUED OPERATIONS:	3		
Result for the financial period for discontinued operations		**0.0**	4.2
RESULT FOR THE FINANCIAL PERIOD		**11.7**	25.5
ATTRIBUTABLE TO:			
Equity holders of the parent company		**12.0**	25.8
Non-controlling interests		**-0.3**	-0.3
		11.7	25.5
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF EQUITY HOLDERS OF THE PARENT COMPANY	9		
Earnings per share from continuing operations (EUR)			
Undiluted earnings per share		**0.08**	0.14
Diluted earnings per share		**0.08**	0.14
Earnings per share from discontinued operations (EUR)			
Undiluted earnings per share		**0.00**	0.03
Diluted earnings per share		**0.00**	0.03

Comprehensive income statement

(EUR million)	Note	1.1.–31.12.2012	1.1.–31.12.2011
RESULT FOR THE PERIOD		**11.7**	25.5
OTHER COMPREHENSIVE INCOME ITEMS			
Hedging of net investments		**-0.5**	-0.3
Available-for-sale financial assets		**0.0**	-0.1
Cash flow hedging		**0.1**	-1.1
Translation differences recognised in profit and loss on disposal of foreign operations		**0.0**	0.0
Gains and losses arising from translating the financial statements of foreign operations		**1.4**	2.0
COMPREHENSIVE INCOME FOR THE PERIOD		**12.7**	25.9
COMPONENTS OF COMPREHENSIVE INCOME:			
Equity holders of the parent company		**13.0**	26.2
Non-controlling interests		**-0.3**	-0.3
		12.7	25.9

Figures in the above calculation have been presented including tax effect.
Income taxes related to other comprehensive income are presented in notes 8.

Notes are an essential part of the financial statements.

Consolidated balance sheet

(EUR million)	Note	31.12.2012	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**39.7**	38.4
Goodwill	10, 11	**111.2**	103.3
Tangible assets	10	**123.4**	117.1
Shares in associates and joint ventures	12	**0.7**	0.8
Available-for-sale financial assets	13	**2.3**	2.4
Long-term receivables	14	**0.2**	3.0
Deferred tax assets	21	**2.4**	4.0
		279.9	268.9
CURRENT ASSETS			
Inventories	15	**92.7**	80.2
Accounts receivables and other receivables	16	**82.0**	71.7
Financial assets at fair value through profit or loss	17	**56.3**	121.6
Cash in hand and at banks	18	**6.8**	19.4
		237.7	292.9
TOTAL ASSETS		**517.6**	561.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	19, 20		
Equity attributable to equity holders of the parent company			
Share capital		**27.8**	27.8
Premium fund		**2.9**	2.9
Reserve fund		**88.6**	88.6
Company shares		**-20.5**	-19.5
Translation differences		**0.2**	-0.7
Other funds		**0.2**	0.2
Retained earnings		**227.0**	232.5
		326.3	331.7
Non-controlling interests		**1.0**	1.1
TOTAL SHAREHOLDERS' EQUITY		**327.3**	332.9
LIABILITIES			
Non-current liabilities			
Deferred tax liability	21	**14.1**	16.4
Pension contributions	22	**0.2**	0.2
Provisions	23	**0.2**	0.5
Non-current financial liabilities	24	**55.5**	76.3
Derivative contracts	25	**1.7**	1.8
Other non-current liabilities		**0.1**	0.1
		71.8	95.2
Current liabilities			
Accounts payable and other liabilities	26	**92.6**	89.5
Tax liability based on the taxable income for the period		**3.0**	1.2
Provisions	23	**0.0**	0.9
Derivative contracts	25	**0.3**	2.7
Current financial liabilities	24	**22.6**	39.5
		118.5	133.8
TOTAL LIABILITIES		**190.3**	228.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**517.6**	561.8

Notes are an essential part of the financial statements.

Changes in shareholders' equity in the financial period ended 31 December 2012

(EUR million)	Share capital	Share premium reserve	Reserve fund	Company shares	Translation differences	Other reserves	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY ON 31.12.2010	27.8	2.9	88.6	-17.8	-2.4	1.4	222.5	323.0	1.0	324.0
Comprehensive income for the period										
Result for the period							25.8	25.8	-0.3	25.5
Other comprehensive income items (adusted for tax effects)										
Hedging of net investment					-0.3			-0.3		-0.3
Available-for-sale financial assets						-0.1		-0.1		-0.1
Cash flow hedge						-1.1		-1.1		-1.1
Gains and losses arising from translating the financial statements of foreign operations					2.0			2.0		2.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.6	-1.2	25.8	26.3	-0.3	25.9
Business activities involving shareholders										
Dividends							-16.1	-16.1	0.4	-15.7
Unclaimed dividends							0.0	0.0		0.0
Repurchase of company shares				-1.7				-1.7		-1.7
Share-based payment				0.0			0.2	0.3		0.3
Total business activities involving shareholders	0.0	0.0	0.0	-1.7	0.0	0.0	-15.8	-17.5	0.4	-17.1
SHAREHOLDERS' EQUITY ON 31.12.2011	**27.8**	**2.9**	**88.6**	**-19.5**	**-0.7**	**0.2**	**232.5**	**331.7**	**1.1**	**332.9**
Comprehensive income for the period										
Result for the period							**12.0**	**12.0**	**-0.3**	**11.7**
Other comprehensive income items (adusted for tax effects)										
Hedging of net investments					**-0.5**			**-0.5**		**-0.5**
Available-for-sale financial assets						**0.0**		**0.0**		**0.0**
Cash flow hedge						**0.1**		**0.1**		**0.1**
Translation differences arising from disposals of foreign operations					**0.0**			**0.0**		**0.0**
Gains and losses arising from translating the financial statements of foreign operations					**1.4**			**1.4**		**1.4**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.9**	**0.1**	**12.0**	**13.0**	**-0.3**	**12.7**
Business activities involving shareholders										
Dividends							**-17.6**	**-17.6**	**0.5**	**-17.1**
Unclaimed dividends							**0.1**	**0.1**		**0.1**
Repurchase of company shares				**-1.0**				**-1.0**		**-1.0**
The share acquired from the non-controlling interest							**0.0**	**0.0**	**-0.3**	**-0.3**
Share-based payment				**0.0**			**0.0**	**0.1**		**0.1**
Total business activities involving shareholders	**0.0**	**0.0**	**0.0**	**-1.0**	**0.0**	**0.0**	**-17.4**	**-18.4**	**0.2**	**-18.2**
SHAREHOLDERS' EQUITY ON 31.12.2012	**27.8**	**2.9**	**88.6**	**-20.5**	**0.2**	**0.2**	**227.0**	**326.3**	**1.0**	**327.3**

Consolidated cash flow statement

(EUR million)	2012	2011
CASH FLOW FROM BUSINESS OPERATIONS		
Result before taxes, continuing operations	**15.6**	27.0
Result before taxes, discontinued operations	**0.0**	4.2
Adjustments		
Depreciation and impairment	**16.6**	17.4
Financial income and expenses	**16.0**	3.7
Share of result of associates and joint ventures	**0.1**	0.0
Other income and expenses not involving disbursement	**0.4**	0.1
Other adjustments [1]	**0.0**	-4.6
Cash flow before change in working capital	**48.6**	47.8
Change in accounts receivables and other receivables	**-4.6**	1.4
Change in inventories	**-8.3**	8.3
Change in accounts payable and other liabilities	**-3.5**	-5.0
Change in reserves	**-1.2**	-1.5
Change in working capital	**-17.7**	3.1
Cash flow from business operations before financial items and taxes	**30.9**	50.9
Interest paid	**-3.8**	-3.3
Dividends received	**0.1**	0.2
Interest received	**2.2**	2.3
Other financial items, net	**-4.8**	2.2
Income taxes paid	**-3.8**	-2.3
CASH FLOW FROM BUSINESS OPERATIONS	**20.9**	50.0
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries, minus liquid assets on the date of acquisition	**-46.2**	-63.1
Investments on marketable securities	**-0.1**	0.0
Investments in tangible and intangible assets	**-10.0**	-8.3
Divestment of subsidiaries less liquid assets at the time of divestment	**0.0**	11.1
Sales revenues from securities	**0.2**	10.1
Income from tangible and intangible assets	**0.1**	2.5
Loans granted	**-0.8**	-1.1
Repayment of loan receivables	**0.2**	3.3
CASH FLOW FROM INVESTMENTS	**-56.6**	-45.5
Cash flow after investments	**-35.7**	4.5
CASH FLOW FROM FINANCIAL OPERATIONS		
Non-current loans taken out	**0.0**	87.7
Repayment of non-current loans	**-23.2**	-75.2
Change in current loans	**-2.0**	0.3
Dividends paid	**-17.0**	-15.6
Repurchase of company shares	**-1.0**	-1.7
CASH FLOW FROM FINANCIAL OPERATIONS	**-43.2**	-4.5
Change in liquid funds	**-78.9**	0.0
Liquid funds at the beginning of the period	**140.5**	140.1
Impact of changes in exchange rates	**0.7**	0.2
Impact of change in market value on liquid funds	**-0.4**	0.3
Liquid funds at end of period	**61.9**	140.5

[1] Adjustments resulting from divestment of fixed assets.

Accounting policies for the consolidated financial statements

Basic information

The Group is an international specialist in plant-based nutrition, which develops, manufactures and markets foods, functional food ingredients as well as animal feeds, protein meals and vegetable oils. In addition, the Group is engaged in the grain trade and supplies farming supplies to the agricultural sector. The Group operates in 11 countries. Raisio's organisation consists of two profit centres, Brands and Raisioagro, and service functions supporting the Group's business areas.

The Group's parent company is Raisio plc. The parent company is domiciled in Raisio, Finland, and its registered address is Raisionkaari 55, FI-21200 Raisio.

Raisio's shares are listed on NASDAQ OMX Helsinki Ltd.

Copies of the financial statements are available on the internet at www.raisio.com or at the parent company's head office in Raisio.

These consolidated financial statements were authorised for issue by Raisio plc's Board of Directors on 12 February 2013. Under the Finnish Companies Act, shareholders are entitled to adopt or reject the financial statements at the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting may also decide to amend the financial statements.

Basis of presentation

Raisio's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and following the IAS and IFRS standards as well as SIC and IFRIC interpretations in effect on 31 December 2012. The International Accounting Standards refer to the standards and their interpretations approved for application within the EU according to the procedure governed by EU Regulation (EC) No. 1606/2002. Notes to the consolidated financial statements also comply with the Finnish Accounting and Community Legislation that supplements the IFRS provisions. The currency used in the financial statements is the euro, and the statements are shown in EUR millions.

The consolidated financial statements have been prepared based on original purchase costs with the exception of available-for-sale financial assets, financial assets and liabilities entered at fair value through profit or loss, derivative contracts as well as cash-settled share-based payment transactions measured at fair value. Non-current assets held for sale have been valued at the lower of the following: fair value less costs to sell or book value.

The Group has adopted the following revised or amended standards and interpretations as of 1 January 2012:

- Amendment to IFRS 7 Financial Instruments: *Disclosures of interests in other entities* (effective in periods beginning on or after 1 July 2011). The amendment increases transparency in the reporting of transfers of financial instruments and improves users' understanding of the risk exposures relating to transfers of financial instruments and the effect of these risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment has not affected the consolidated financial statements.

When preparing the financial statements in accordance with the IFRSs, Group management must make certain estimates and judgements concerning the application of accounting principles. Information about the estimates and judgements that the management has used when applying the Group's accounting principles and that have the biggest impact on figures presented in the financial statements, as well as about future-related assumptions and key assumptions related to the estimates, are presented in conjuction with the accounting principles under 'Critical accounting judgements and key sources of estimation uncertainty'.

Scope and accounting policies of consolidated financial statements

Subsidiaries

Raisio's consolidated financial statements include the parent company, Raisio plc, and such directly or indirectly owned subsidiaries over which it has control. Control is acquired when the Group owns more than half of the voting rights or possesses other rights to determine the financial and business principles of a company in order to benefit from its business operations.

In the consolidated financial statements, mutual shareholding is eliminated using the acquisition method. The consideration transferred and the acquired company's identifiable assets and assumed liabilities have been measured at fair value at the acquisition date. Costs related to the acquisition are recognised as an expense. Purchase price debt has been measured at fair value at the acquisition date and classified as a liability. The liability is measured at fair value at the end of each reporting period, and gains and losses arising from the valuation are recognised through profit or loss.

Subsidiaries acquired during the financial period are included in the consolidated financial statements from the moment the Group acquires control, and the disposed subsidiaries until such control ends.

Business transactions between Group companies, internal receivables and liabilities, as well as internal distribution of profits and unrealised profits from internal deliveries are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss is due to impairment.

Allocation of profit between parent company shareholders and the non-controlling interest is presented in a separate income statement. Allocation of comprehensive income between parent company shareholders and the non-controlling interest is presented in the statement of comprehensive income. The non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Measurement principle is determined separately for each acquisition. Comprehensive income for the period is allocated to parent company shareholders and the non-controlling interest even if the non-controlling interest was negative. The non-controlling interest in the shareholders' equity is presented as a separate item in the balance sheet under shareholders' equity. Changes in the parent company's ownership interest in its subsidiary that do not result in a loss of control, are treated as equity transactions.

In a business combination completed in stages, the prior ownership interest is measured at fair value, and gain or loss arising from this is recognised through profit or loss. When the Group loses control of a subsidiary, any remaining investment is measured at fair value at the date when control is lost and the difference arising is recognised through profit or loss.

The acquisitions occurred before 1 January 2010 have been treated according to the regulations then in force.

Company founded for a special purpose

Executives' holding company Reso Management Oy has been combined to the consolidated financial statements in a manner similar to used with subsidiaries. The company's entire share capital is owned by the Group management. Management Team's incentive scheme has been carried out through this company. The purpose of the scheme is to commit the members of the Management Team to the company by encouraging them to acquire and hold company shares. and this way to increase the company's shareholder value in the long run. as well as to support the achievement of the company's strategic objectives. The company is combined with Raisio's consolidated financial statements because Raisio has control of the company on the basis of shareholder and loan agreements. Control results from the terms stated in the agreements. such as the prohibition of transfer or pledge of Raisio plc's shares held by Reso Management Oy. Moreover. several operations of Reso Management Oy require an approval from Raisio plc's Board of Directors. The employments of two Group management team members in the Group company ended during 2012. Raisio plc used its right given to it in the agreement related to the scheme to redeem the Reso Management Oy shares held by these management team members. Thus. Raisio plc holds 22.22 per cent of the company in question.

Reso Management Oy's income statement and balance sheet have been combined in the consolidated financial statements from the beginning of the arrangement. Raisio plc's shares held by the company have been deducted from shareholders' equity in the consolidated financial statements and are presented in a separate reserve for own shares.

According to the shareholder agreement. Reso Management Oy will be dissolved at the turn of the year 2013/2014 or. in case the terms postponing the dissolution are realised. in the spring 2018 at the latest. Since Raisio plc assigns a variable number of shares to the owners of Reso Management Oy at the time of the dissolution of the arrangement. the management's investment in Reso Management Oy is treated as the non-controlling interest in the consolidated financial statements.

The accounting treatment of the arrangement is examined in detail under the share-based payments.

Associates and joint ventures

Associates are companies in which the Group owns 20-50% of the voting rights or over which it has considerable influence but no control. Joint ventures are companies where, according to an agreement-based arrangement, the Group is committed to sharing the control of financial and business principles with one or more parties. Associates and joint ventures are consolidated using the equity method. A holding equivalent to the Group ownership is eliminated from the unrealised profits between the Group and its associates or joint ventures. The Group investment in associates and joint ventures includes goodwill generated by the acquisition. Application of the equity method is discontinued when the book value of the investment has decreased to zero, unless the Group has acquired liabilities related to its associates or joint ventures or has guaranteed their liabilities. The Group's share of the associates and joint ventures' profit for the period, calculated on the basis of its ownership, is presented as a separate item after EBIT. Similarly, the Group's share of the changes recognised in other comprehensive income of associates and joint ventures have been recognised in the Group's other comprehensive income. The Group's associates and joint ventures had no such items in this or previous period.

Segment reporting

Segment information is presented in a manner similar to internal reporting reviewed by the chief operating decision-maker. The Group's Management Team has been nominated as the chief operating decision-maker at Raisio, and it is responsible for allocating resources to operating segments and for evaluating their results.

Foreign currency transactions and translations

Figures representing the Group entities' performance and financial position are measured in the currency used in the primary economic environment of each entity ('functional currency'). The functional and presentation currency of the Group's parent company is the euro, and consolidated financial statements are presented in euros.

Business transactions in foreign currency

Business transactions in foreign currency are entered in the functional currency by using the transaction date exchange rate. It is customary to use exchange rate, which roughly corresponds to that of the transaction date. Monetary items in foreign currency are converted into the functional currency using the closing date exchange rate. Non-monetary items are valued at the transaction date exchange rate.

Profits and losses from transactions in foreign currency and the conversion of monetary items have been recognised through profit or loss. Exchange rate profits and losses related to the main business are included in the corresponding items above EBIT. Foreign currency exchange differences are entered under financial income and expenses except for the exchange differences of the liabilities that have been determined to hedge the net investments in foreign operations and that are effective in it. These exchange differences are entered in other comprehensive income and accumulated foreign exchange differences are presented as a separate line item in equity until the foreign entity is partially or completely disposed of.

Conversion of financial statements in foreign currency

Statement of comprehensive income and separate income statements for foreign Group companies, where the valuation or closing currency is not the euro, are converted to the euro using the average exchange rates of the reporting period, and balance sheets using the closing date exchange rates. Converting income and comprehensive income from the accounting period by using different exchange rates in the income statement, the statement of comprehensive income and the balance sheet result in a translation difference recorded under shareholders' equity in the balance sheet, the change of which is recorded in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign entities and the conversion of items of equity accrued post-acquisition are recorded in other comprehensive income. If a foreign entity is disposed of during the reporting period, the accumulated translation differences are recorded through profit or loss as part of the sales profit or loss when recording the corresponding disposal proceeds.

According to the exemption allowed by the IFRS 1, any cumulative translation differences accrued prior to the IFRS adoption date, 1 January 2004, have been entered under accrued profits and will not be recognised through profit or loss later when the foreign entity is sold. From the adoption date, the translation difference for foreign entities due to exchange rate changes is entered as a separate item under the translation differences of the Group shareholders' equity. The same process applies to non-current, intra-Group loans which, for their actual contents, are comparable with shareholders' equity.

Goodwill generated by the acquisition of a foreign entity and adjustments related to fair values are treated as assets and liabilities in the local currency of the entity in question and converted to the closing date exchange rate.

Property, plant and equipment

Property, plant and equipment are valued at the original purchase cost minus accumulated depreciations and value impairment.

The purchase cost includes the costs resulting directly from the acquisition of tangible fixed asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production plant, shall be capitalised when it is likely that they will generate future financial benefit and when the costs can be determined reliably. Other borrowing costs are recorded as an expense in the period in which they are incurred. Since the Group did not acquire any qualifying assets, no borrowing costs are capitalised.

When part of an item of property, plant and equipment is treated as a separate item, costs related to the replacement of the part are activated. Otherwise, any costs generated later are included in the carrying amount of the property, plant and equipment only if it is likely that any future financial benefit related to the item will benefit the Group and that the purchase cost of the item can be determined reliably. Other repair and maintenance costs are recorded through profit or loss when they are realised.

Straight-line depreciations are made from tangible assets within the estimated useful life. No depreciations are made from land. The estimated useful lives are as follows:

- buildings and structures 10-25 years
- machinery and equipment 4-15 years

Estimated useful lives are reviewed each closing date, and the depreciation periods are adjusted accordingly if they differ significantly from the previous estimates. If the carrying amount of a commodity is greater than the recoverable amount, the carrying amount is immediately reduced to the recoverable level of the amount. Impairment is discussed in greater detail under 'Impairment of tangible and intangible assets'.

Depreciations on property, plant and equipment are discontinued when the item is classified as available for sale according to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Property, plant and equipment held for sale are valued at their book value or at the lower fair value less costs to sell.

Sales profits and losses are determined as the difference between the selling price and the book value, and they are included in the income statement under other operating income and expenses.

Government grants and assistance

Government grants related to the purchase of property, plant or equipment are entered as deductions from the carrying amount when the Group has reasonable assurance of receiving the grants. Grants are recognised as lower depreciations within the asset's useful life. Other public subsidies are recognised through profit or loss under income for the accounting periods in which the costs corresponding to the subsidies are generated.

Intangible assets

Goodwill

For the business combinations taken place after 1 January 2010, goodwill represents the amount by which the transferred consideration, non-controlling interest and previously held interest exceed the acquisition-date fair value of acquired net assets.

The acquisitions carried out between 1 January 2004 and 31 December 2009, have been recorded according to the previous IFRSs. Goodwill generated from the acquisitions carried out prior to 1 January 2004 corresponds to the carrying amount according to the accounting standards in effect at the time, which was used as the deemed cost for IFRS.

Goodwill is not depreciated. Goodwill is tested annually for possible impairment. For this purpose, goodwill is allocated to the cash-generating units. In the case of an associated company or a joint venture, goodwill is included in the carrying amount of the associated company or joint venture in question. Goodwill is valued at the original purchase cost less impairment.

Research and development costs

Research costs are recognised through profit or loss in the year they were generated. Research costs are capitalised in the balance sheet as intangible assets from the date after which the product can be technically implemented, commercially utilised and it is expected to generate financial benefit. Research costs previously entered as expenses cannot be recognised as assets in later accounting periods.

Costs related to development of the Group's new products and processes have not been capitalised because any future returns to be derived from these are only ensured when the products are launched. Therefore, the Group has no capitalised development costs in the balance sheet on the closing date.

Other intangible assets

An intangible asset is recognised in the balance sheet at original cost if it can be reliably measured and it is probable that the economic benefits attributable to the asset will flow to the Group.

The intangible assets with finite useful lives are entered in the income statement as an expense based on the straight-line depreciation method over their known or estimated useful lives. Depreciations are not recorded for the intangible assets with indefinite useful lives. Instead, these assets are tested annually for possible impairment.

The depreciation of other intangible assets is based on the following estimated useful lives:

- Intangible rights 5–10 years
- Other intangible assets 5–20 years

In connection of the business combinations of Glisten and Big Bear acquisitions included in the Brands segment, the recognised brands have been estimated to have indefinite useful lives. As the brands are very well-known in the UK, and have been for decades, the Group management is convinced that they will generate cash flows for an indefinite time.

The estimated useful lives and residual values of assets are reviewed at each closing date, and when necessary, adjusted to reflect the expectation of future economic benefit. Impairment is discussed in greater detail under 'Impairment of tangible and intangible assets'.

Inventories

Inventories are measured at the lower of cost and net realisable value. The acquisition cost is determined by using the FIFO method or alternatively by the equivalent weighted average cost. The acquisition cost of finished products and work in progress consists of raw materials, direct work-related costs, other direct costs and the appropriate part of variable and fixed production overheads based on the normal capacity of the production facilities. The acquisition cost does not include borrowing costs. A net realisable value is estimated sales price in normal business operations, with the estimated product completion costs and sales-related costs deducted.

Assets held for sale and discontinued operations

Non-current assets and liabilities related to discontinued operations are classified as held for sale if a value corresponding to their carrying amount will mainly be accumulated from the sale of the asset instead of from continuing use. In this case, the sale is considered to be highly probable, the asset is available for immediate sale in its current condition, management is committed to a plan to sell, and the sale is expected to take place within 12 months of classification. Assets held for sale and assets related to discontinued operations classified as held for sale are valued at the lower of the following: the carrying amount or the fair value less costs to sell. Depreciations from these assets are discontinued at the time of classification.

A discontinued operation is a part of the Group, which has been disposed of or is classified as available for sale and meets one of the following requirements:

- It represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale;

The result from discontinued operations is presented in the statement of comprehensive income as a separate item. Assets available for sale together with the related liabilities are presented as a separate item in the balance sheet.

Rental agreements

Group as a lessee

Rental agreements on tangible and intangible assets, where the Group has an essential share of the risks and benefits characteristic of ownership, are classified as financial leasing agreements. Assets acquired by a financial leasing agreement are entered on the balance sheet at the fair value of the leased asset at the commencement date of the rental agreement or at a lower current value of minimum rents. Payable leasing rents are divided into leasing costs and debt deductions. Financing interest is entered in the income statement during the leasing agreement in such a manner that the remaining debt will carry equal interest in each financial period. Depreciations from goods acquired via a financial leasing agreement are made within the useful life of the goods or a shorter rental period. Rental obligations are included in financial liabilities.

Rental agreements that leave the risks and rewards incident to ownership to the lesser are treated as other rental agreements. Rents determined by any other rental agreement are recorded as an expense through profit or loss as fixed charge items within the rental period.

Group as lesser

All rental agreements with the Group as a lessor constitute other rental agreements, and the goods are included in the property, plant and equipment of the Group.

Impairment of tangible and intangible assets

On each closing date, the Group assesses whether there are any indications of impairment of any asset. If indications are found, the recoverable amount of the asset is estimated. For the assessment of impairment, assets are divided into units at the lowest level, which is mostly independent of other units and with a cash flow that can be differentiated. Irrespective of whether or not there are indications of impairment, impairment tests are always carried out annually for goodwill, for intangible assets with indefinite useful lives as well as for unfinished intangible assets.

The recoverable amount from tangible and intangible assets is the asset's fair value less costs to sell, or a higher value in use. When determining the value in use, estimated future cash flows approved by the management are discounted to their present value at the average cost of the capital, which reflects the time value of the money and the risk for the entity in question.

Impairment losses are entered when the carrying amount of assets is higher than the recoverable amount. Impairment loss is recorded through profit or loss. The impairment loss of an entity producing a cash flow is first allocated to reduce the goodwill of an entity producing the cash flow and then, symmetrically, the values of other assets of the entity. In conjunction with the recognition of impairment losses, the useful life of the asset subjected to depreciation is re-evaluated. The impairment loss of property, plant and equipment and of intangible assets, apart from impairment loss of goodwill, is cancelled if conditions have changed and the recoverable amount of assets has changed since the time the impairment loss was entered. However, the impairment loss will not be cancelled to a greater extent than the carrying amount of the assets would amount to without entering the impairment loss. Impairment losses recognised for goodwill are not reversed under any circumstances.

Employee benefits

Pension obligations

Pension schemes are classified as defined contribution and benefit schemes. Under a defined contribution scheme, the Group makes payments to separate units. The Group has no legal or constructive obligation to make further payments if the payment recipient does not have sufficient assets to pay the post-employment benefits. All arrangements not meeting these conditions are defined benefit schemes.

The Group's pension schemes comply with the local regulations of each country. Pension schemes are usually managed by separate pension insurance companies. Most of the foreign schemes, as well as the Finnish TyEL scheme, are defined contribution systems. Payments made to defined contribution pension schemes are recorded through profit or loss in the accounting period the charge applies to. The Group has no material defined benefit schemes.

Share-based payments

The Group has set up some incentive and reward schemes. In the schemes, the rewards are paid as company shares previously acquired for the parent company, as cash or as a combination of these two. The shares issued under the schemes are measured at fair value at grant date and recognised as employee benefit expenses on a straight line over the vesting period. Cash-settled transactions are estimated using the share price of each closing date and amortised through profit or loss as employee benefit expenses from the grant date to the date on which the transaction is made to the recipient. Equity-settled transactions are recorded in shareholders' equity and cash-settled transactions in liabilities.

In 2010, some of the Management Team members have been granted a share-based incentive and commitment scheme implemented through Reso Management Oy. The grant date of the arrangement was 23 June 2010 and a total of 4,482,740 free shares were assigned to the management. At the beginning of the arrangement, fair value of the arrangement was estimated using Black & Scholes options pricing model and recognised as an expense during the validity of the arrangement. At the closing date, on 31 December 2012, a total of 3,486,675 free shares were assigned to the management.

Provisions

Provisions are entered when the Group has a legal or actual liability due to a previous transaction, the realisation of the payment liability is likely and the amount of the liability can be reliably estimated. If part of the liability can be compensated by a third party, the compensation is entered as a separate asset, but only when the receipt of the compensation is virtually certain. Provisions are valued at the present value of expenditure required to settle the liability. The present value is calculated using a discount factor that has been selected to reflect the markets' view of the time value of money at the time of calculation and the risk related to the liability.

A rearrangement is entered when the Group has prepared a detailed rearrangement plan and started the implementation of the plan or informed on the matter. The rearrangement plan shall include at least the following: arrangement-related business operations, main offices affected by the arrangement, the workplace location, tasks and estimated number of employees to whom compensations will be made for redundancy, expenses to be realised and implementation time of the plan.

A provision is entered for loss-making agreements when the necessary expenses required to fulfil the liabilities exceed the benefits to be obtained from the agreement.

A provision is entered for liabilities related to write-offs and restoration to an original state when, according to environmental legislation and the Group environmental responsibility principles, the Group has a liability related to the writing off of a production plant, rectification of environmental damage or the transportation of equipment from one place to another.

Dividends payable

The dividends paid by the Group are recorded in the financial period during which the shareholders have approved the dividends for payment.

Income taxes

Tax expense consists of current tax and the change in deferred tax. Taxes are recorded through profit or loss except when they relate to the statement of comprehensive income or items directly recorded in shareholders' equity. In this case, tax effects are also recorded in the corresponding items. Current tax is calculated from the taxable income according to the valid tax rate of each country. The tax is adjusted by possible taxes related to previous accounting periods. The Group deducts current tax assets and tax liabilities from each other if, and only if, the Group has a legally enforceable right to set off the recognised items from each other.

Deferred taxes are calculated from temporary differences between the carrying value and the tax base. The most significant temporary differences arise from the depreciation of tangible and intangible assets, measurement of derivative contracts at fair value and unused tax losses as well as adjustments based on fair values made in conjuction with business combinations. No deferred tax is entered for non-deductible goodwill.

No deferred tax is entered for the investments in subsidiaries, associates or joint ventures if the Group can determine the date of dissolution of the temporary difference and the difference is not expected to be dissolved in the foreseeable future. Deferred taxes have been calculated using the tax rates set by the date of the financial statements or tax rates whose approved content has been announced by the date of the financial statements.

A deferred tax asset has been recorded to the extent that it is probable that taxable income will be generated in the future, against which the temporary difference can be used.

Revenue recognition principles

Revenues from the sale of goods are recorded when any significant risks, benefits and control related to the ownership of the goods have been transferred to the purchaser. Revenues from services are recorded when the service has been completed. Revenues from licences and royalties are recorded in accordance with the actual contents of the agreement. Interest income is recorded using the effective interest method and dividend income when the right to receive payment is established.

Income statement by function of expense

The Group's income statement is presented using the function of expense method. Separate functions include sales and marketing expenses, administrative expenses and R&D expenses. Costs of goods sold include wage, material, acquisition and other expenses incurred from the production and acquisition of products. Administrative expenses include general administrative costs and Group management costs. Administrative expenses have been allocated to functions according to the matching principle.

Other operating income and expenses

Asset sales profits and losses related to continuing operations, returns unrelated to actual sales of deliverables, such as rental income, and impairments of goodwill and other miscellaneous assets, are presented as other operating income and expenses.

EBIT

IAS 1 *Presentation of financial statements* does not define the concept of EBIT. The Group has defined it as follows: EBIT is the net amount, which is formed when costs of goods sold and operations expenses are deducted from net sales as well as other operating income and expenses are added/deducted. All other except the above mentioned income statement items are presented below EBIT. Exchange rate differences, results due to derivatives and changes in their fair values are included in EBIT if they are incurred from business-related items. Otherwise, they are presented under financial items.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified into the following categories: financial assets entered at fair value through profit or loss, loans and other receivables as well as financial assets held for sale. The classification is based on the purpose of acquisition of financial assets, and it is carried out in connection with the original purchase. Transaction costs are included in the original carrying amount of the financial assets when treating an item not measured at fair value through profit or loss. Financial assets and liabilities, except derivatives, are recognised on the settlement day. The derivatives are recognised on the trade date.

Financial assets are derecognised in the balance sheet when the Group has forfeited its contractual right to cash flows or when it has transferred a significant share of risks and revenues outside the Group.

Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets held for trading have mainly been acquired to generate short-term profit from changes in market prices. This group includes bonds, certificates of deposit, commercial papers and fund units. Derivatives, which do not meet the terms of hedge accounting, have been classified as held for trading. All assets held for trading are current assets. The items of the group are measured at fair value based on the market price quoted on the closing date of reporting period. Fair values of the interest rate swaps are determined by the present value of future cash flows, whereas forward exchange contracts are valued at the forward exchange rates on the closing date.

Loans and other receivables are non-derivative assets with fixed or determinable payments, which are not quoted in the active market or held for trading by the Group. This group includes the Group's financial assets, sales and loan receivables and financial instruments included in accrued income. They are measured at amortised cost and included in current and non-current financial assets; in the latter if they fall due after 12 months.

Available-for-sale financial assets are non-derivative assets specifically allocated to this group. The group includes mainly companies' shares and similar rights of ownership. They are valued at fair value or, if not reliably available, at acquisition cost. If there are no quoted rates available for the financial assets held for sale, the Group applies, for instance, recent transactions made between independent parties in their valuation.

Changes in the fair value of available-for-sale financial assets are recorded in other comprehensive income and presented in the fair value reserve, including the tax effect. Changes in fair value are transferred from shareholders' equity and recognised through profit or loss as a reclassification adjustment when the investment is sold or it has been impaired to the extent that an impairment loss must be recognised.

Liquid funds

Liquid funds consist of cash, bank deposits to be paid on demand and other current, liquid investments. Items classified as liquid funds have a maturity of up to three months from the purchase date.

Financial liablilities

Financial liablilites are classified as financial liabilities recorded at fair value through profit or loss or as other financial liabilities. Financial liabilities are recorded at fair value on the basis of the compensation originally received. Transaction costs have been included in the original carrying amount of financial liabilities. Financial liabilities recognised at fair value through profit or loss are liabilities from derivative contracts which do not qualify for hedge accounting and the debts arising from the purchase price paid to Glisten's management in the comparative information. Other financial liabilities are measured at amortised cost using the effective interest method. Financial debts are included in current and non-current debts and may be either interest-bearing or non-interest-bearing.

Impairment of financial assets

At each closing date, the Group assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets. The impairment loss for liabilities and other receivables entered at amortised cost in the balance sheet is measured as the difference between the carrying amount of the item and the present value of estimated future cash flows discounted at the initial effective interest rate. The impairment of available-for-sale financial assets is entered through profit or loss if there is objective evidence of impairment. These impairment losses are not reversed through profit or loss.

The Group recognises impairment loss for accounts receivables, when there is objective evidence that the receivable cannot be recovered in full. Considerable financial difficulties of a debtor, probability of bankruptcy and payment default are evidence of impairment of accounts receivables. Credit losses are recorded through profit or loss. If an impairment loss decreases in a subsequent period, the recognised loss is reversed through profit or loss.

Derivative financial instruments and hedge accounting

Derivative contracts are originally recorded at acquisition cost representing their fair value. Following the purchase, derivative contracts are measured at fair value. Profits and losses generated from the measurement at fair value are treated according to the purpose of use of the derivative contract.

According to its financial risk management policy, the Group may use various derivates to hedge against interest rate, currency and commodity price risks. Interest rate swaps are used to hedge agaist changes in market interest rates. Currency forward contracts are used to hedge receivables and debts in foreign currencies as well as future commercial cash flows. Quoted commodity futures can be used to hedge against the price risks caused by temporal differences of the fixed-price raw material purchases and product sales.

Profit effects of changes in value of such derivative contracts, to which hedge accounting is applied and which are effective hedging instruments, are presented consistently with the hedged item. When a derivative contract is entered into, the Group processes it either as hedging of a highly probable forecast transaction (cash flow hedging) or as hedging of fair values of assets or liabilities or debts (fair value hedging), or as hedging of a net investment made in foreign entity.

At the inception of the hedge accounting, the Group documents the relationship between the hedged item and hedging instrument as well as the Group's risk management objective and strategy for undertaking the hedge. When inititiating hedging and at least in connection of each financial statements, the Group documents and assesses the effectiveness of hedging relationships by examining the hedging instrument's ability to offset the changes in fair value of hedged item or in cash flows.

Cash flow hedging

Change in fair value of the effective portion of derivative instruments meeting the conditions of cash flow hedging are entered in other comprehensive income and presented in the equity hedge fund. Gains and losses accrued in equity from the hedging instrument are transferred to profit or loss when the hedged item affects profit or loss. The ineffective portion for profit or loss on the hedging instrument is recorded in the income statement.

Hedges of a net investment in a foreign operation

Net investment in a foreign operation was hedged by the debt in pounds resulted from the purchase price paid in 2012 to Glisten management until the debt was paid. The effective portion of the change in value of the hedge instrument was recorded in other comprehensive income. Profits and losses accumulated from the hedging of a net investment are transferred to profit or loss when the net investment is partially or completely disposed of.

Other hedge instruments to which hedge accounting is not applied

Despite the fact that certain hedging relationships meet effective hedging requirements set by the Group's risk management, hedge accounting is not applied to them. These are, among others, certain derivatives hedging interest risk and currency risk. Of these, changes in the fair values of interest rate swaps are entered under financial income and expenses. Changes in fair values of forward foreign exchange contracts are recorded in other operating income and expenses when used to hedge actual business operations, and in financial income and expenses when they are hedging financial items. Effects of the interest element of the forward exchange contract are recorded in financial income and expenses.

The fair values of derivatives are presented in notes 28.

Accounting policies calling for management's judgement and main uncertainties related to the assessments

When preparing the consolidated financial statements, estimates and assessments must be made concerning the future. These may affect assets and liabilities at the time of balance sheet preparation, as well as income and expenses in the reporting period. Actual figures may differ from those used in the financial statements. The estimates are based on the management's best judgement on the closing date. Any changes to estimates are entered in the period in which the estimates are adjusted. Additionally, judgement is needed in the application of accounting policies for the financial statements.

The Group management may have to make judgement-based decisions relating to the choice and application of accounting policies for the financial statements. This particularly concerns the cases when effective IFRSs allow alternative valuation, recording and presenting manners.

No significant judgement-based decisions have been needed.

Most of the Group management's estimates are related to the valuation and useful lives of assets, to the determination of fair values of acquired assets resulting from the business combination and to the use of deferred tax assets against future taxable income.

Estimates made in conjuntion with the preparation of financial statements are based on the management's best judgement on the closing date. They are based on previous experience and future expectations considered to be most likely on the closing date. These include, in particular, factors related to the Group's financial operating environment that affect sales and the cost level. The Group monitors the realisation of these estimates and assumptions. Any changes in estimates and assumptions are entered in the period in which they have been detected.

Impairment testing

The Group performs regular annual tests on goodwill, intangible assets with indefinite useful lives and unfinished intangible assets for possible impairment. The value of identifiable tangible and intangible assets and goodwill are also assessed whenever events and changes in circumstances indicate that the recoverable amount no longer corresponds to the book value. The recoverable amounts of cash-generating units have been estimated using calculations based on value in use. Estimates are needed in the preparation of such calculations. The main variables in cash flow calculations are the discount rate and the number of years that cash flow estimates are based on, as well as the assumptions and estimates used to determine cash flows. The estimated income and expenses may differ considerably from actual figures.

Determination of fair value of acquired assets in the business combination

When determining the fair value of tangible assets in the business combination, the Group has compared the market prices of similar assets realised in previous similar acquisitions. The Group has also assessed the impairment of acquired assets due to age, wear and other similar factors. In some cases, the Group has also relied on external evaluators' views on the valuation of assets. Determination of the fair value of intangible assets is based on estimates on cash flows related to assets, since there has not been information available on transactions of similar assets.

The management believes that the estimates and assumptions are sufficiently accurate for the determination of fair value.

Deferred tax assets

Management is required to make estimates when calculating the amount of deferred tax assets and the extent to which tax assets can be recognised in the balance sheet. If the estimates differ from the actual figures, the deviations are entered in the profit or loss and deferred tax assets of the period in which the deviation was determined.

Application of new and amended IFRS standards

IASB has published the following new or amended standards and interpretations, which have not yet taken effect and which the Group has not yet applied. The Group plans to adopt each standard and interpretation when it enters into effect, or, if the standard or interpretation takes effect during the accounting period, in the accounting period following the entry into effect.

- Amendment to IAS 12: *Income taxes: Deferred tax* (effective in periods beginning on or after 1 January 2013). The standard previously required an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. When the asset is measured using the fair value model in IAS 40, Investment property, it may be difficult and subjective to assess whether recovery will be through use or through sale. The amended standard provides an exception to the determination of deferred tax assets or liabilities related to investment property measured at fair value. As a result of the amendments, SIC-21 Income tax - recovery of revalued non-depreciable assets no longer applies to investment properties carried at fair value. Other requirements included in SIC-21 are transferred under IAS 12 and the interpretation is repealed. The amendment will not affect the consolidated financial statements.
- IFRS 10 – *Consolidated financial statements* (effective in periods beginning on or after 1 January 2014). The standard includes the principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control and control is established as the basis for consolidation. The standard sets out how to apply the principle of control to identify whether an investor controls the investee and therefore must consolidate the investee. The standard also includes the accounting requirements for the preparation of consolidated financial statements. The Group management estimates that the standard will not have a material impact on the consolidated financial statements.
- IFRS 11 *Joint arrangements* (effective in periods beginning on or after 1 January 2014). The standard provides guidance on how joint arrangements are treated. According to this standard, the arrangement is based on its rights and obligations rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. The joint operator has rights to the assets and obligations relating to the arrangement, and it accounts for its share of assets, liabilities, revenues and expenses. The parties in joint ventures have rights to the net assets of the arrangement, and the parties account their interest using the equity method. Proportional consolidation of joint ventures is no longer allowed. The Group management estimates that the standard will have no impacts on the consolidated financial statements.
- IFRS 12 *Disclosures of interests in other entities* (effective in periods beginning on or after 1 January 2014). The standard includes the disclosure requirements for all forms of interests in other entities. It concerns joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group management estimates that the standard will not have any material impacts on the consolidated financial statements.
- Revised IAS 27 *Separate financial statements* (effective in periods beginning on or after 1 January 2014). The revised standard includes the requirements relating to separate financial statements only. The revised standard does not affect the consolidated financial statements.
- Revised IAS 28 *Associates and joint ventures* (effective in periods beginning on or after 1 January 2014). The revised standard includes the requirements for both joint ventures and associates to be equity accounted following the issue of IFRS 11. The Group management estimates that the standard will not affect consolidated financial statements.
- Amendment to IAS 1: *Presentation of financial statements* (effective in periods beginning on or after 1 July 2012). The main change is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in other comprehensive income. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2014). The amendment provides guidance on when financial assets and liabilities can be presented in net terms on the balance sheet. The amendment clarifies some of the requirements for offsetting of financial assets and financial liabilities on the balance sheet. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2013). The amended standard provides new disclosures to facilitate comparison between the entities preparing IFRS financial statements to those preparing financial statements in accordance with US GAAP. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- IFRS 9 *Financial instruments* (effective in periods beginning on or after 1 January 2015). This is the first part of a larger project that aims to replace IAS 39 with a new standard. It retains but simplifies different valuation bases and establishes two measurement categories for financial assets: amortised cost and fair value. The classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard has not yet

been endorsed by the EU. The Group management estimates that the standard will have some impacts on the consolidated financial statements.

- IFRS 13 *Fair value measurement* (effective in periods beginning on or after 1 January 2013). The standard aims to improve consistency and reduce complexity. The standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements are now largely aligned between IFRS and US GAAP. The use of fair value is not extended but the standard provides guidance on how it should be applied where its use is permitted or required by other standards. The Group management is assessing the impact of the standard on the consolidated financial statements.
- Amendment to IAS 19 *Employee Benefits* (effective in periods beginning on or after 1 January 2013). The amendment means that the corridor approach is eliminated and financing cost is determined based on net funding. All actuarial profits and losses must be accounted immediately in other comprehensive income. The amendment is not estimated to affect the future consolidated financial statements.
- IFRIC 20 *Stripping costs in the production phase of a surface mine* (effective in periods beginning on or after 1 January 2013). The interpretation provides guidance on accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation will not affect the future consolidated financial statements.
- Annual improvements to IFRSs 2009-2011 (May 2012) (effective in periods starting on or after 1 January 2013). In the Annual Improvements process, minor or less urgent standard amendments are compiled and implemented once a year. The process includes amendments to a total of five standards. Impacts of the amendments vary by standards, but they will not have a material impact on the consolidated financial statements. The amendments have not yet been endorsed by the EU.
- Amendment to IFRS 10, 11 and 12 on transition guidance (effective in periods starting on or after 1 January 2014). The amendments provide additional transition relief to these IFRSs, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, it is no longer required to present comparative information for periods before IFRS 12 is first applied. The amendment is not estimated to affect the future consolidated financial statements.
- Amendment to IFRS 10, IFRS 12 and IAS 27 on controlled investees (effective in periods starting on or after 1 January 2014). Many funds and similar entities will be exempted from consolidating controlled investees under amendments to IFRS 10, Consolidated financial statements. Related amendments have been made to IFRS 10, IFRS 12 and IAS 27. The amendments have not yet been endorsed by the EU.

Consolidated notes

1. SEGMENT INFORMATION

The Group consists of two reportable segments, Brands and Raisioagro, and other operations. Brands and Raisioagro segments are the Group's strategic business units that are lead as separate units. Their products are different and require different distribution channels and market strategies. Brands segment consists of of Consumer brands unit and Licensed brands unit. Under the segment, the Group reports Benecol business as well as Northern, Eastern and Western food operations comprising UK operations acquired in 2010 and 2011 as well as Candy Plus s.a.'s operations in the Czech Republic acquired in 2012. Raisioagro segment includes feeds, grain trade, protein meals and vegetable oils, farming supplies and bioenergy. The figures of the malt business sold in the end of June 2011 are reported under discontinued operations. The figures for previous periods presented in the financial statements report have been adjusted accordingly.

The segment information presented by the Group is based on the management's internal reporting prepared according to the IFRS standards.

The Group assesses the business performance of the segments according to their EBIT, and decisions on the resource allocation to the segments are also based on EBIT. Moreover, EBIT is considered a good meter when the segment performance is compared with other companies' similar segments. The Group's Management Team is the chief decision-maker and as such, is responsible for allocating resources to operating segments and for evaluating their results.

The assets and liabilities of the segments are items that the segment uses for its business operations or that can be allocated to segments on reasonable grounds. Unallocated items include tax and financial items, as well as items common to the Group. Intra-segment pricing is carried out at fair market value. Investments consist of increases in property, plant and equipment and intangible assets used for more than one accounting period.

	Brands		Raisioagro		Other operations		Eliminations		Total	
(EUR million)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External sales										
Services	**0.1**	0.1	**0.0**	0.1	**1.9**	1.3			**2.1**	1.5
Goods	**324.6**	308.9	**255.6**	241.1	**0.1**	0.1			**580.2**	550.0
Royalties	**1.8**	1.0	**0.0**	0.0					**1.8**	1.0
Total external sales	**326.4**	310.0	**255.6**	241.1	**2.0**	1.4			**584.1**	552.6
Internal sales	**3.1**	4.6	**0.0**	0.0			**-3.1**	-4.6	**0.0**	0.0
Net sales	**329.5**	314.6	**255.7**	241.1	**2.0**	1.4	**-3.1**	-4.6	**584.1**	552.6
Depreciation	**9.8**	9.6	**4.5**	4.6	**2.1**	2.4			**16.4**	16.7
Value impairments	**0.2**	0.3							**0.2**	0.3
Segment EBIT	**34.9**	30.1	**-0.7**	2.9	**-2.5**	-2.4	**0.0**	0.0	**31.7**	30.7
Share of the results of associates and joint ventures	**-0.1**	0.0	**0.0**	0.0					**-0.1**	0.0
Segment assets	**325.0**	294.2	**114.6**	104.2	**16.8**	18.9	**-4.6**	-3.5	**451.8**	413.8
Including:										
Shares in associates and joint ventures	**0.0**	0.1	**0.7**	0.7					**0.7**	0.8
Increase in non-current assets	**21.2**	67.8	**2.0**	2.5	**1.4**	0.8	**0.0**	0.0	**24.6**	71.2
Segment liabilities	**53.2**	48.4	**40.2**	41.1	**3.8**	4.6	**-4.6**	-3.5	**92.6**	90.6

(EUR million)	2012	2011
RECONCILIATION		
Reconciliation of results		
Segment EBIT	**31.7**	30.7
Share of the results of associates and joint ventures	**-0.1**	0.0
Financial income and expenses	**-16.0**	-3.7
Result before tax and discontinued operations	**15.6**	27.0
Reconciliation of assets to Group assets		
Segment assets	**451.8**	413.8
Deferred tax assets	**2.4**	4.0
Loan receivables	**0.2**	3.0
Tax assets	**0.2**	0.1
Financial assets at fair value through profit or loss	**56.3**	121.6
Liquid funds	**6.8**	19.4
Recognised assets	**517.6**	561.8
Reconciliation of liabilities to Group liabilities		
Segment liabilities	**92.6**	90.6
Deferred tax liability	**14.1**	16.4
Financial liabilities	**78.0**	115.7
Financial liabilities at fair value through profit or loss	**2.0**	4.5
Pension obligation	**0.2**	0.2
Tax liability	**3.0**	1.2
Dividend liability	**0.3**	0.3
Liabilities related to financing	**0.0**	0.1
Recognised liabilities	**190.3**	228.9
GEOGRAPHICAL INFORMATION:		
Revenue from external customers		
Finland	**296.0**	313.5
Great Britain	**149.8**	135.0
Rest of Europe	**127.3**	95.5
Rest of the world	**10.9**	8.5
Total	**584.1**	552.6
Non-current assets, excluding deferred tax assets and financial instruments		
Finland	**77.0**	83.5
Great Britain	**173.7**	171.1
Rest of Europe	**20.7**	0.6
Rest of the world	**3.6**	4.4
Total	**275.0**	259.6

Information about major customers:
In 2012 and 2011, the Group had no major customers, as defined in IFRS 8, whose revenue to the Group would have exceeded 10% of the Group's net sales.

2. ACQUIRED BUSINESS OPERATIONS

IN 2012

Candy Plus

On 13 November 2012, Raisio plc announced the acquisition of a Czech Candy Plus s.a. confectionery company. The company has four subsidiaries.

Candy Plus is a company founded in 2000 and owned by private investors. Confectionery brands of the company in its home market, Czech, include brands such as Juicee Gummee, Fundy, Pedro and Cuksy. The product range includes the faster growing product categories of soft-eating and higher-fruit jellies, liquorice and functional confectionery.

Results of Candy Plus' companies have been reported as part of Raisio's Brands segment as from 13 November 2012.

The purchase price paid was EUR 14.1 million. The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of EUR 0.6 million, which has been recorded as administration costs of the Brands segment in the income statement of 2012.

The acquisition resulted in goodwill of EUR 5.5 million. Goodwill is resulted from the income expectations of the local operations, based on the business entity's historical earning power and view of maintaining and improving the level of earnings. The goodwill recognised is not deductible for tax purposes in any respect.

Receivables acquired in conjunction of operations do not include irrecoverable items.

Raisio Group's net sales for January-December 2012 would have been EUR 605.4 million and pre-tax result excluding one-off items EUR 34.3 million if the acquisition of business operations completed during the financial year had been combined with the consolidated financial statement from the beginning of the financial year 2012. Post-acquisition net sales of subgroup Candy Plus totalled EUR 3.2 million and pre-tax result was EUR -0.2 million.

The accounting treatment of Candy Plus operations has not yet been completed at the closing date.

Sulma

On 20 March 2012, Raisio announced the acquisition of Polish Sulma Sp. z o.o's pasta and grit operations. The operations were acquired by Raisio's Group company in Poland, Raisio sp. z o.o. The value of the deal was EUR 2.4 million (PLN 9.8 million). In connection with the deal, pasta and grits operations including intellectual property rights as well as fixed and current assets were transferred to Raisio. Raisio did not assume liabilities as part of the acquisition. The acquisition did not generate any goodwill.

The values of acquired assets and assumed liabilities at the acquisition date were as follows:

Fair values entered in the business combination	Candy Plus	Sulma	Total
Property, plant and equipment	11.2	1.9	**13.0**
Trade marks	0.0	0.1	**0.1**
Other intangible assets	1.4		**1.4**
Deferred tax assets	0.3		**0.3**
Inventories	3.8	0.4	**4.2**
Accounts receivables and other receivables	5.1		**5.1**
Cash in hand and at banks	0.7		**0.7**
Total assets	22.4	2.4	**24.8**
Deferred tax liabilities	0.9		**0.9**
Non-current financial liabilities	2.9		**2.9**
Other non-current liabilities	0.0		**0.0**
Current interest-bearing liabilities	4.2		**4.2**
Other liabilities	5.8		**5.8**
Total liabilities	13.8	0.0	**13.8**
Net assets	8.6	2.4	**11.0**
Cash paid	14.0	2.4	**16.4**
Liabilities at the closing date	0.1		**0.1**
Acquisition price	14.1	2.4	**16.5**
Goodwill	5.5	0.0	**5.5**
Purchase price paid in cash	14.0	2.4	**16.4**
Financial assets of the acquired subsidiary	0.7		**0.7**
Cash flow generation	13.3	2.4	**15.7**

IN 2011

On 4 February 2011, Raisio plc announced the acquisition of the entire share capital of British Big Bear Group plc. The company has two subsidiaries. Big Bear Group was founded in 2003 and it has acquired traditional, well-known brands in Britain. In breakfast category, the company has the brands Honey Monster, Honey Waffles and Sugar Puffs as well as Harvest Cheweee in snack bars and Fox's in confectionery. The product range includes breakfast cereal products mainly for children's category as well as healthy snack bars and cereal products with no artificial flavours or colours.

Big Bear Group's results have been reported as part of Raisio's Brands segment as from 4 February 2011.

The acquisition supports Raisio´s target to become the leading provider of healthy snacks in Europe. Raisio will gain a stronger foothold in the branded snack and breakfast markets in the UK and Western Europe and strengthen its position in the confectionery market.

The purchase price paid totalled EUR 63.3 million (53.7 M£). The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of EUR 1.7 million. Of this amount, a total of EUR 1.1 million has been recognised as administration costs of the Brands Division in the income statement of 2011. Cost of EUR 0.6 million was recognised in 2010.

Goodwill resulting from the acquisition was EUR 49.0 million (41.6 M£). Goodwill is resulted from the income expectations of the local operations, based on the business entity's historical earning power and view of maintaining and improving the level of earnings. The goodwill recognised is not deductible for tax purposes in any respect.

Receivables acquired in conjunction of operations do not include items not expected to be collected.

Raisio Group's net sales for January-December 2011 would have been EUR 556.8 million and pre-tax result from continuing operations excluding one-off items EUR 30.8 million if the acquisition of business operations completed during the financial year had been combined with the consolidated financial statement from the beginning of the financial year 2011. Post-acquisition net sales of subgroup Big Bear Group was EUR 51.0 million and pre-tax result EUR 5.8 million.

The values of acquired assets and assumed liabilities at the acquisition date were as follows:

	Fair values entered in the business combination
Property, plant and equipment	21.7
Trade marks	28.3
Deferred tax assets	0.1
Inventories	6.5
Accounts receivables and other receivables	9.3
Cash in hand and at banks	0.2
Total assets	66.1
Deferred tax liabilities	9.5
Non-current financial liabilities	30.1
Other non-current liabilities	0.4
Current interest-bearing liabilities	2.0
Other liabilities	9.9
Total liabilities	51.9
Net assets	14.3
Cash assets paid	63.3
Goodwill	49.0
Purchase price paid in cash	63.3
Financial assets of the acquired subsidiary	0.2
Cash flow generation	63.1

3. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Raisio sold its malt business included in the Raisioagro segment to Viking Malt Ltd at the end of June 2011. Income of the malt business as well as income resulting of the divestment are both presented in the Group's discontinued operations.

(EUR million)	2012	2011
Result for discontinued operations		
Income from ordinary operations		11.8
Expenses		-12.1
Result before taxes		-0.3
Taxes		0.0
Result after taxes		-0.3
Earnings due to discontinuation		4.5
Taxes		0.0
Result after taxes		4.5
Result for the financial period from discontinued operations		4.2
Cash flow for discontinued operations		
Cash flow from business operations		-2.2
Cash flow from investments		16.0
Cash flow from financial operations		3.0
Total cash flow		16.8
Impact of divested operations on the Group's financial position:		
Non-current assets		2.3
Inventories		7.5
Current receivables		4.5
Liquid funds		3.6
		17.9
Non-current liabilities		0.0
Short-term creditors		5.6
		5.6
Net assets sold		12.3
Business sales proceeds		4.7
Costs allocated to sales		-0.2
Net income from sales		4.5
Sales price		17.0
Cash flow from sales		13.2
In the cash flow statement:		
Cash flow from business operations		-0.2
Divestment of subsidiaries less liquid assets at the time of divestment		11.1
Disposal income from tangible and intangible assets		2.3
		13.2

4. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR million)	2012	2011
Other income and expenses from business operations	1.7	0.8
Total	1.7	0.8
Auditors' remuneration		
PwC		
Audit	0.2	0.2
Certificates and reports	0.0	0.0
Tax guidance	0.0	0.0
Other services	0.0	0.1
Total	0.3	0.3
PKF (UK) LL		
Audit	0.1	0.1
Tax guidance	0.0	0.0
Other services	0.0	0.0
Total	0.1	0.2

5. DEPRECIATION AND IMPAIRMENT

(EUR million)	2012	2011
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	0.7	0.7
Other intangible assets	1.1	1.4
Total	1.8	2.1
Depreciation on tangible assets		
Buildings	4.2	4.0
Machinery and equipment	10.3	10.4
Other tangible assets	0.1	0.1
Total	14.6	14.6
Impairment by asset group		
Intangible rights	0.1	0.0
Buildings	0.0	0.0
Machinery and equipment	0.1	
Other tangible assets	0.0	0.3
Total	0.2	0.3
Total depreciation and impairment	16.6	17.0
Depreciation by activity		
Cost of sales	13.6	13.4
Sales and marketing	0.3	0.2
Administration	2.2	2.7
Research and development	0.3	0.3
Total	16.4	16.7
Impairment and their returns		
Expenses corresponding to products sold	0.1	0.3
Administration	0.0	0.0
Research and development	0.1	0.0
Total	0.2	0.3

6. EXPENSES FROM EMPLOYMENT BENEFITS

(EUR million)	2012	2011
Salaries	54.2	50.9
Termination benefits	0.3	
Pension expenses – defined contribution plans	5.5	5.4
Share-based rewards	1.0	1.5
Other indirect personnel costs	4.7	4.1
Total	65.7	62.0

Details about the management's employee benefits are provided in Notes 31 Related party transactions.

Details about assigned company shares are provided in Notes 20 Share-based payments.

AVERAGE NUMBER OF PEOPLE EMPLOYED BY THE GROUP IN THE FINANCIAL PERIOD

	2012	2011
Brands	1,328	1,179
Raisioagro	196	216
Joint operations	63	59
Total	1,587	1,454

7. FINANCIAL INCOME AND EXPENSES

(EUR million)	2012	2011
Dividend income from available-for-sale financial assets	0.1	0.2
Sales profits/losses of financial assets at fair value through profit or loss	0.0	0.3
Interest income from financial assets at fair value through profit or loss		-0.4
Ineffective portion of hedges of net investments in foreign operations		0.0
Interest earnings from financial assets at fair value through profit or loss	1.3	1.5
Interest income from loan receivables	0.0	0.1
Other interest income	0.5	0.8
Exchange rate differences, net		0.6
Other financial income	0.0	0.0
Total financial income	1.9	3.0
Interest expenses from loans	-2.8	-3.0
Other interest expenses	-0.6	-1.3
Interest income from financial assets at fair value through profit or loss	-11.2	-2.2
Ineffective portion of hedges of net investments in foreign operations	-0.4	
Impairment of financial assets	-2.3	
Exchange rate differences, net	-0.3	
Other financial expenses	-0.4	-0.2
Total financial expenses	-17.9	-6.7

The change in fair value of financial liabilities recorded at fair value through profit or loss resulted from the difference between the confirmed purchase price of Raisio UK Ltd's non-controlling interest and the estimated purchase price previously recorded in the balance sheet.

Items comprising the EBIT include exchange rate gains and losses amounting to EUR 0.2 million in 2012 (EUR -0.1 million in 2011).

8. INCOME TAXES

(EUR million)	2012	2011
Tax based on the taxable income for the financial period	**-5.4**	-4.8
Taxes paid in previous financial periods	**-0.1**	0.0
Deferred taxes	**1.5**	-0.9
Total	**-4.0**	-5.7
Reconciliation statement for the tax expenses in the income statement and the taxes calculated on the basis of the Group's domestic tax rate (24.5%).		
Taxes calculated on the basis of the domestic tax rate	**-3.8**	-7.0
Impact of a deviating tax rate used in foreign subsidiaries	**-0.4**	-0.7
Change in tax rate	**0.7**	0.4
Returns exempt from tax	**1.6**	1.6
Non-deductible expenses	**-3.7**	-1.2
Losses for the period, for which no tax assets have been recognised	**-0.5**	-0.3
Use of previously unrecognised fiscal losses	**0.3**	0.6
Previously unrecognised tax assets		0.7
Depreciation of previously recognised tax liabilities	**3.0**	
Write-off of previously recorded tax assets for losses	**-0.6**	
Tax from previous years	**-0.1**	0.0
Other items	**-0.3**	0.2
Total	**-4.0**	-5.7

(EUR million)	Before taxes	Tax impact	After taxes
Taxes related to the items of other comprehensive income			
Year 2012			
Available-for-sale financial assets	**0.0**	**0.0**	**0.0**
Cash flow hedging	**0.1**	**0.0**	**0.1**
Hedging of net investments	**-0.5**	**0.0**	**-0.5**
Translation differences	**1.4**	**0.0**	**1.4**
	1.0	**0.0**	**1.0**
Year 2011			
Available-for-sale financial assets	-0.2	0.1	-0.1
Cash flow hedging	-1.5	0.4	-1.1
Hedging of net investments	-0.3	0.0	-0.3
Translation differences	2.0	0.0	2.0
	0.0	0.4	0.4

9. EARNINGS PER SHARE

(EUR million)	2012	2011
Undiluted earnings per share have been calculated by dividing the profit for the period for equity holders of the parent company with the weighted average number of outstanding shares over the financial period.		
Profit for the period for equity holders of the parent company, continuing operations (EUR million)	**12.0**	21.6
Profit for the period for equity holders of the parent company, discontinued operations (EUR million)	**0.0**	4.2
Undiluted weighted average of shares in the financial period	**155,534,646**	156,009,767
Dilution resulting from share-based compensation		324,475
Diluted weighted average of shares in the financial period	**155,534,646**	156,334,242
Undiluted earnings per share, continuing operations (EUR/share)	**0.08**	0.14
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	**0.08**	0.14
Undiluted earnings per share, discontinued operations (EUR/share)	**0.00**	0.03
Earnings per share adjusted by the dilution effect, discontinued operations (EUR/share)	**0.00**	0.03

When calculating the diluted earnings per share in the weighted average number of shares, the dilutive effect due to change of all dilutive potential shares into shares is taken into account. The Group had still dilutive shares related to the share rewards of share-based incentive schemes in 2011.

10. INTANGIBLE ASSETS 2012

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	52.2	106.5	17.2	0.2	176.1
Exchange rate differences	1.0	2.5	0.0	0.0	3.5
Increase	0.7			0.3	1.0
Business combination	2.0	5.5			7.4
Divestments and other decreases	8.2		0.1		8.3
Reclassifications between items	0.0	0.0	0.4	-0.4	0.0
Acquisition cost 31.12.	47.6	114.4	17.6	0.0	179.7
Accumulated depreciation and write-downs 1.1.	16.1	3.2	15.1	0.0	34.5
Exchange rate differences	0.2	0.0	0.0	0.0	0.2
Accumulated depreciation of decrease and transfers	7.6	0.0	0.1	0.0	7.6
Depreciation for the financial period	0.7	0.0	1.1	0.0	1.8
Write-downs and their returns	0.0	0.0		0.0	0.0
Accumulated depreciation 31.12.	9.5	3.2	16.1	0.0	28.8
Book value 31.12.2012	38.2	111.2	1.4	0.0	150.9

10. TANGIBLE ASSETS 2012

(EUR million)	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	Tangible assets total
Acquisition cost 1.1.	13.1	127.3	244.0	0.9	1.6	386.9
Exchange rate differences	0.2	0.2	0.8	0.0	0.0	1.2
Increase	0.0	1.1	3.4	0.0	4.6	9.2
Business combination	0.6	5.4	9.0	0.0		15.0
Divestments and other decreases	0.0	0.1	1.2	0.3	0.0	1.6
Reclassifications between items	0.0	1.3	3.1	0.0	-4.4	0.0
Acquisition cost 31.12.	13.9	135.2	259.1	0.6	1.8	410.7
Accumulated depreciation and write-downs 1.1.	0.0	81.9	187.0	0.4	0.5	269.8
Exchange rate differences	0.0	0.0	0.4	0.0	0.0	0.5
Business combination		0.5	3.2			3.7
Accumulated depreciation of decrease and transfers	0.0	0.1	0.9	0.3	0.0	1.3
Depreciation for the financial period	0.0	4.2	10.3	0.1	0.0	14.6
Write-downs and their returns	0.0		0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	0.0	86.6	199.9	0.2	0.5	287.3
Book value 31.12.2012	13.9	48.6	59.1	0.4	1.3	123.4
Book value of the machinery and equipment 31.12.			57.8			

The book value of tangible assets includes machinery and equipment purchased via financial leasing to the value of EUR 0.1 million.

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 34.3 million.

10. INTANGIBLE ASSETS 2011

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	24.8	55.1	16.5	0.4	96.8
Exchange rate differences	0.6	2.4	0.0	0.0	3.0
Increase	0.6		0.1	0.4	1.1
Business combination	28.3	49.0		0.0	77.3
Divestments and other decreases	2.1				2.1
Reclassifications between items	0.0	0.0	0.6	-0.6	0.0
Acquisition cost 31.12.	52.2	106.5	17.2	0.2	176.1
Accumulated depreciation and write-downs 1.1.	17.4	3.2	13.6	0.0	34.2
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation of decrease and transfers	2.1	0.0	-0.1	0.0	1.9
Depreciation for the financial period	0.7	0.0	1.4	0.0	2.1
Write-downs and their returns	0.0	0.0		0.0	0.0
Accumulated depreciation 31.12.	16.1	3.2	15.1	0.0	34.5
Book value 31.12.2011	36.1	103.3	2.1	0.2	141.7

10. TANGIBLE ASSETS 2011

(EUR million)	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	Tangible assets total
Acquisition cost 1.1.	5.2	120.7	242.7	1.0	4.2	373.9
Exchange rate differences	0.0	0.2	1.3	0.0	0.0	1.5
Increase		0.0	2.1	0.0	4.9	7.0
Business combination	7.9	4.9	17.6	0.1		30.4
Divestments and other decreases	0.0	0.0	23.6	0.2	2.1	26.0
Reclassifications between items	0.0	1.5	3.9	0.0	-5.4	0.0
Acquisition cost 31.12.	13.1	127.3	244.0	0.9	1.6	386.9
Accumulated depreciation and write-downs 1.1.	0.0	77.2	188.1	0.4	1.7	267.5
Exchange rate differences	0.0	0.1	1.0	0.0	0.0	1.2
Business combination		0.4	7.9	0.0	0.0	8.4
Accumulated depreciation of decrease and transfers	0.0	0.0	20.8	0.2	1.2	22.3
Depreciation for the financial period	0.0	4.2	10.4	0.1	0.0	14.7
Write-downs and their returns	0.0		0.3	0.0	0.0	0.3
Accumulated depreciation 31.12.	0.0	81.9	187.0	0.4	0.5	269.8
Book value 31.12.2011	13.1	45.4	57.0	0.5	1.1	117.1
Book value of the machinery and equipment 31.12.			56.1			

The book value of tangible assets includes machinery and equipment purchased via financial leasing to the value of EUR 0.1 million.

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 33.5 million.

11. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

In the Group, goodwill is allocated to the cash-generating units defined by business segments. The Candy Plus acquisition carried out at the end of the financial period 2012 resulted in goodwill of EUR 5.5 million. Since the consolidation of the acquired business has not yet been completed at the closing date, the resulting goodwill has not been tested.

Goodwill of EUR 105.7 million resulting from the acquisitions completed earlier in 2010 and 2011 has been allocated to Western European operations of the Brands segment.

The total goodwill amount was EUR 111.2 million at the closing date.

The carrying value of the brands acquired in the 2010 and 2011 acquisitions totalled EUR 34.3 million at the closing date. The management has considered that the useful lives of these brands are indefinite. The brands have been allocated in their entirety to Western European operations of the Brands segment.

In the impairment testing, the recoverable amounts are determined based on the value in use. Cash flow forecasts are based on estimates approved by management covering the next four years. The cash flows after the forecast period approved by management are extrapolated by using estimated growth factors, presented below, which do not exceed the average long-term growth rates of the Division's business.

The basic assumptions used in the determination of use in value of goodwill are as follows:

Goodwill/Western Europe

- Estimated EBIT percentage *) 15% (12% in 2011)
- Growth percentage **) 2.0% (2.0% in 2011)
- Discount rate 5.7% (8.1% in 2011)

*) Estimated average EBIT percentage used in calculations
**) In the cash flows after the forecast period

The management has determined the EBIT of forecasts based on the previously realised results and on the expectations that the management has concerning the market development. Discount rate has been determined before taxes and it reflects the risks related to the business segment in question.

Sensitivity analysis of impairment testing:

Goodwill/Western Europe
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the carrying value of assets when the discount rate increases above 12.9 per cent (before taxes) or when the EBIT level falls permanently more than 78 per cent of management's estimates.

12. SHARES IN ASSOCIATES AND JOINT VENTURES

(EUR million)	2012	2011
JOINT VENTURES		
Book value 1.1.	**0.1**	0.1
Share of result for the financial period	**-0.1**	0.0
Book value 31.12.	**0.0**	0.1
The book value of joint ventures does not include goodwill.		
ASSOCIATES		
Book value 1.1.	**0.7**	0.7
Share of result for the financial period	**0.0**	0.0
Book value 31.12.	**0.7**	0.7
The book value of associates does not include goodwill.		
The amounts of the assets and liabilities, net sales and result of joint ventures, corresponding to the Group's holdings:		
Assets and liabilities related to investments in joint ventures:		
Non-current assets	**0.0**	0.1
Current assets	**0.7**	1.0
Non-current liabilities	**0.0**	0.0
Current liabilities	**0.7**	1.0
Assets, net	**0.0**	0.1
Income and expenses related to investments in joint ventures:		
Net sales	**10.2**	10.6
Expenses	**10.4**	10.6
Profit/loss	**-0.1**	0.0
Total assets, liabilities, net sales and profit/loss of associates:		
Assets	**2.2**	2.2
Liabilities	**0.2**	0.3
Net sales	**1.2**	1.1
Profit/loss	**0.0**	0.1

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(EUR million)	2012	2011
Unquoted equity investments and participations	**2.3**	2.4
Total	**2.3**	2.4
At beginning of financial period	**2.4**	2.5
Increase	**0.1**	0.0
Decrease	**-0.2**	-0.2
At end of period	**2.3**	2.4

In the recognition at fair value of unquoted equity investments and participations, the Group has applied, for instance, recent transactions completed between independent parties. If fair values are not reliably available, available-for-sale financial assets have been recognised at acquisition cost. Changes in the fair value reserve are presented in Note 19 Shareholders' equity.

14. LONG-TERM RECEIVABLES

(EUR million)	2012	2011
Loan assets from third parties	**0.2**	2.0
Loan assets from related party	**0.0**	0.9
Total long-term receivables	**0.2**	3.0

The long-term loans receivable from the third parties presented above mainly consists of EUR-denominated subordinated loan. USD-denominated loan receivable from third parties has been written down. The fair values of long-term receivables are presented in Note 28.

The balance sheet values correspond best to the amount equal to the maximum credit risk, excluding the fair value of collateral, in case other contracting parties cannot meet their obligations related to financial instruments.

15. INVENTORIES

(EUR million)	2012	2011
Materials and supplies	**56.7**	46.5
Production in progress	**4.0**	5.3
Finished products and goods	**31.9**	28.4
Advances paid	**0.1**	0.1
Total inventories	**92.7**	80.2

The book value of inventories does not include essential entries, with which the value of inventories would have been reduced to correspond to their net realisation value.

16. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

(EUR million)	2012	2011
Accounts receivables	**73.0**	60.2
Receivables from Group companies	**0.4**	1.0
Prepaid expenses and accrued income	**6.0**	7.8
Amortisation instalment for long-term loan receivables	**0.0**	0.0
Other receivables	**2.6**	2.7
Total accounts receivable and other receivables	**82.0**	71.7

At the reporting date, about 55% of the Group's accounts receivables were denominated in euro, about 33% in pound and the rest in other currencies.

At the reporting date, the Group had accounts receivables that had matured over 60 days earlier and whose value had not decreased: EUR 0.5 million (EUR 0.2 million in 2011) The overdue receivables have the following age distribution:

(EUR million)	2012	2011
Overdue 61–180 days	**0.5**	0.2
Overdue more than 180 days	**0.0**	0.0
	0.5	0.2
The following items have been deducted from accounts receivables:		
Value on 1.1.	**0.9**	0.9
Acquired companies	**1.1**	0.1
Other increase	**0.5**	0.7
Decrease	**-0.6**	-0.8
Value on 31.12.	**1.9**	0.9

The Group recognised a total of EUR 0.2 million (EUR 0.3 million in reporting period 2011) in credit losses from accounts receivables in the reporting period.

Substantial items included in prepaid expenses and accrued income consist of accrued business income and expenses, financial items and taxes. In compliance with IAS 39, the fair values of receivables included in financial assets are presented in Note 28.

The balance sheet values correspond best to the amount equal to the maximum credit risk, excluding the fair value of collateral, in case other contracting parties cannot meet their obligations related to financial instruments. The receivables involve no significant credit risk concentrations.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR million)	2012	2011
Securities under financial assets	**55.1**	121.1
Derivative contracts	**1.2**	0.4
Total financial assets at fair value in the income statement	**56.3**	121.6

Financial assets at fair value in the income statement include bonds held for trading purposes, fund units, certificates of deposit and commercial papers issued by banks and companies and falling due within 12 months, as well as derivatives held for trading purposes. Financial assets at fair value through profit or loss are denominated in euro.

The balance sheet values correspond best to the amount equal to the maximum credit risk in the event that other contracting parties are unable to meet their obligations related to financial instruments. Investments in items belonging to financial assets at fair value through profit or loss are carefully diversified and involve no significant credit risk concentrations. Changes in the fair value of financial assets held for trading purposes are presented in the income statement under financial income and expenses.

Principles used in the determination of fair value are presented in Note 28. Profits and losses for these items are presented in Note 7.

18. LIQUID FUNDS

(EUR million)	2012	2011
Cash in hand and at bank accounts	**6.8**	19.4

Current bank deposits are mainly denominated in euro and withdrawable on demand.

19. SHAREHOLDERS' EQUITY

(EUR million)	1,000 shares	Share capital	Company shares
The parent company's share capital is divided by share types as follows:			
31 December 2010			
Restricted shares (20 votes/share)	34,255	5.8	
Restricted shares, company shares	-201		-0.4
Free shares (1 vote/share)	130,894	22.0	
Free shares, company shares	-8,433		-17.4
Total	156,515	27.8	-17.8
Disposal of company shares, free shares	-10		0.0
Repurchase of company shares, free shares	725		-1.7
Repurchase of company shares, restricted shares	7		0.0
31 December 2011			
Restricted shares (20 votes/share)	34,255	5.8	
Restricted shares, company shares	-209		-0.4
Free shares (1 vote/share)	130,894	22.0	
Free shares, company shares	-9,148		-19.1
Total	155,793	27.8	-19.5
Restricted shares converted into free shares	**208**		
Disposal of company shares, free shares	**-14**		**0.0**
Repurchase of company shares, free shares	**408**		**-1.0**
Repurchase of company shares, restricted shares	**4**		**0.0**
31 December 2012			
Restricted shares (20 votes/share)	**34,047**	**5.7**	
Restricted shares, company shares	**-213**		**-0.4**
Free shares (1 vote/share)	**131,102**	**22.1**	
Free shares, company shares	**-9 542**		**-20.0**
Total	**155,394**	**27.8**	**-20.5**

Translation differences:
The translation differences fund includes the translation differences arising from the conversion of financial statements of independent foreign units. Profits and losses arising from the hedging of net investments in independent foreign units are also included in the translation differences when the requirements for hedge accounting is met.

Other funds:
Other funds includes the fair value reserve for financial assets held for sale as well as a hedge fund. The hedge fund includes the effective portion of accrued fair value changes of derivative instruments used for cash flow hedging.

Company shares:
Company shares include purchasing cost of own shares held by the Group. Over the period 2005–2011, own shares acquired through the stock exchange total 10,164,212, of which 9,955,701 are free shares and 208,511 restricted shares.

In 2012, a total of 412,085 shares, of which 407,900 free shares and 4,185 restricted shares, were acquired through the stock exchange.

Over the financial years 2008–2011, a total of 1,117,556 free shares were assigned to the management and key personnel as reward and based on the share-based schemes of 2008 and 2009 as well as a total of 53,116 shares to the members of the Board of Directors as part of their reward. Furthermore, in the directed share issue against payment a total of 4,120,000 free shares held by the company were assigned to Reso Management Oy.

In 2012, a total of 13,696 free shares were assigned to the members of the Board of Directors as part of their rewards.

Raisio plc's shares assigned to Reso Management Oy and other shares acquired by Reso Management Oy, a total of 4,482,740, are all treated as company shares in the consolidated financial statements.

At the end of the financial year 2012, there were a total of 9,754,669 company shares of which 9,541,973 were free shares and 212,696 restricted shares in the consolidated financial statements. The remaining cost of own shares is a total of EUR 20.5 million and it is presented as a deduction from equity.

Dividends:
The per-share dividend in 2012 was EUR 0.11, which amounted to a total of EUR 17.6 million (in 2011 EUR 0.10 per share and a total of EUR 16.1 million). After the date of the financial statements, the parent company's Board of Directors proposed a dividend of EUR 0.12 per share, or a total of EUR 19.8 million.

(EUR million)	2012	2011
Accumulated translation differences:		
Translation differences 1.1.		
Group companies	**-0.7**	-2.4
Associates	**0.0**	0.0
	-0.7	-2.4
Change in translation difference		
Group companies	**0.9**	1.6
Associates	**0.0**	0.0
	0.9	1.3
Translation differences 31.12.		
Group companies	**0.2**	-0.7
Associates	**0.0**	0.0
	0.2	-0.7
Other reserves:		
Fair value reserve	**1.3**	1.3
Hedge fund	**-1.0**	-1.1
Other reserves in total	**0.2**	0.2

20. SHARE-BASED PAYMENTS

On 28 May 2008, the Board of the Directors of Raisio plc decided on the three-year share-based incentive scheme to be a part of the key personnel's incentive and commitment scheme at Raisio Group. The scheme allowed, during three years, to assign a maximum total of 1,600,000 Raisio plc's free shares already held by the company. The reward was paid as a combination of shares and cash. The cash payment was made to cover the taxes and fiscal fees arising from share-based rewards.

The first earnings period of the incentive scheme was the financial year 2008. The earnings criteria applied were net sales growth and earnings before taxes excluding one-off items. The number of free shares to be assigned was 400,000 at the most. As a reward from the first earnings period, a total of 334,500 shares were assigned in August 2009 to 13 persons within the scheme. The shares were subject to a disposal restriction and return obligation until 1 September 2011 in case the employment or service contract of the person ended prior to the expiration of the disposal restriction.

In December 2008, the Board of Directors decided on the second earnings period of the scheme, which was financial period 2009. Earnings criteria applied were return on restricted capital, result before one-off items and taxes as well as the sales process of margarine business. The number of free shares to be assigned was a maximum total of 600,000. As a reward from the second earnings period, a total of 553,056 shares were assigned in May 2010 to 51 persons within the scheme. The shares were subject to a disposal restriction and return obligation until 31 December 2011 in case the employment or service contract of the person ended prior to the expiration of the disposal restriction.

In December 2009, the Board decided on the share reward on the basis of which 168,000 free shares were assigned in May 2010 for the successful divestment of the margarine business. The shares are subject to a disposal restriction until March 2013.

In March 2010, the Board decided on the third earnings period of the scheme, which was financial year 2010. The earnings criterion was operating result in proportion to net sales, in addition to which a prerequisite for receipt of the reward was that a certain amount of net sales during the financial year was reached. The number of free shares to be assigned was a maximum total of 600,000. In spring 2011, it was stated that no shares would be assigned as rewards based on the scheme.

In 2010, Raisio plc's Board decided on a new incentive scheme for the members of the Group Management Team. Through the scheme, the management invested in Raisio's free shares. For this purpose, the management acquired a company called Reso Management Oy, the share capital of which they owned completely in the beginning. They funded their investment partly by themselves and partly through a loan provided by Raisio. Reso Management Oy holds a total of 4,482,740 Raisio's free shares. Fair value of the share has been determined using the market prices of the directed share issue and valuation date, and it has been EUR 2.59 per share. Expected dividends or other features related to issue of equity instruments have not been considered in the determination of fair value. The share-based scheme includes an obligation to work at Raisio plc or at its subsidiaries until 31 March 2014 at least, and this obligation will continue until March 2018, at the latest, if the terms postponing the dissolution are realised. Reso Management Oy will be dissolved in March 2019, at the latest, when the shareholders of the company will receive Raisio plc's shares as consideration for dissolution or merger. The incentives are forfeited when the person leaves the Group before the vesting date. Two Group Management Team members' employments in the Group company ended in 2012. Raisio plc used its right given to it in the agreement related to the scheme to redeem the Reso Management Oy shares held by these Management Team members under the conditions laid down in the agreement. Thus, Raisio plc holds 22.22% of the company in question.

In June 2010, the Board of Directors decided on two synthetic share-based incentive and commitment schemes for the management of the acquired British subgroup Glisten and key employees. In May 2012, on the basis of the first scheme, a cash payment equivalent to the value of 966,117 Raisio plc free shares was made. A prerequisite for receipt of the reward was that each person appointed to the scheme was still employed by Raisio Group on 8 April 2012. On the basis of the second scheme, a cash reward corresponding to the value of 420,000 free shares was agreed to be paid in two instalments to two executives of Glisten subgroup. Earnings criterion is a certain EBIT level of Glisten subgroup. Earnings criteria for the reward for the first payment were not met. On the basis of the second payment of the scheme, a cash payment corresponding to the value of 210,000 Raisio free shares was made in September 2012.

In December 2011, the Board of Directors decided on a new synthetic share-based incentive and commitment scheme for the management and key employees of the British subgroup Raisio UK. The earnings period of the scheme is 1 January 2012 – 31 December 2014. On the basis of the scheme, a cash reward corresponding to a maximum total of 400,000 Raisio plc free shares will be paid by the end of April 2015. The amount of the reward is tied to the EBIT of Raisio's Brands segment and a prerequisite for receipt of the reward for each person appointed to the scheme is that he/she will still be employed by Raisio Group on 28 February 2015.

According to the decision made at the General Meetings of 2009–2012, the members of the Board of Directors have been paid some 20% of their reward by assigning them own shares held by the company. A total of 38,056 shares were assigned during 2009–2010, a total of 15,060 shares in 2011 and a total of 13,696 shares 2012.

(EUR million)	Incentive scheme 2010	Incentive scheme 2009	Incentive scheme 2008
Share-based incentive schemes:			
Grant date	18.3.2010	7.1.2009	13.6.2008
Nature of plan	Shares and cash	Shares and cash	Shares and cash
Maximum number of share-based rewards	430,334	600,000	400,000
Number of people	61	55	15
Share price at the granting date	2.74	1.52	1.71
Earnings period ends	31.12.2010	31.12.2009	31.12.2008
Assignment of shares	December 2012	August 2010	August 2009
Release of shares	1.1.2014	31.12.2011	1.9.2011
Vesting conditions	EBIT %, Employment condition	Roce, EBT and divestment of margarine business, employment condition	Net sales and EBT, employment condition
Within the scheme on 31 December 2010:			
Number of shares	421,834	273,057	82,500
Number of people	59	42	5
Expired:			
Time and date	Year 2011		
Number of shares	421,834		
Number of people	59		
Cancelled:			
Time and date		Year 2011	
Number of shares		5,000	
Number of people		1	
Exempt from disposal and return obligations:			
Time and date		December 2011	September 2011
Number of shares		268,057	82,500
Number of people		41	5
Within the scheme on 31.12.2011			
Number of shares	0	0	0
Number of people	0	0	0

(EUR million)	2012	2011
Costs from employee benefits include cash- and equity-settled share-based payments:		
Equity-settled	**0.1**	0.3
Cash-settled	**0.9**	1.3
	1.0	1.6
Recognised in net income from continuing operations	**1.0**	1.5
Debt from cash-settled share-based plans	**0.2**	2.2

21. DEFERRED TAXES

Changes in deferred taxes in 2012:

(EUR million)	1.1.2012	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested subsidiaries	31.12.2012
Deferred tax assets:						
Internal margin of inventories	0.0	0.1				0.1
Internal margin of fixed assets	0.0	0.0			0.0	0.0
Provisions	0.9	-0.5		0.0	0.3	0.7
Leasing property	0.0	0.0				0.0
Confirmed fiscal losses	1.5	-1.5		0.0		0.0
Derivative contracts	0.4		0.0			0.3
Pension contributions	0.0	0.0				0.0
Depreciation not deducted in taxation	0.9	-0.3		0.0		0.6
Other items	0.2	0.4		0.0	0.1	0.6
Total	4.0	-1.9	0.0	0.0	0.3	2.4
Deferred tax liability:						
Accumulated depreciation difference	1.3	0.2		0.0	0.9	2.4
Investments available for sale	0.4		0.0			0.4
Financial assets and liabilities at fair value	0.0	0.0				0.0
Impairment on the acquisition costs for group companies	2.8	-2.8				0.0
Valuation at fair value of intangible and tangible assets in business combination	8.7	-0.7		0.2	0.0	8.2
Other items	3.1	-0.1		0.0	0.0	3.1
Total	16.4	-3.4	0.0	0.3	0.9	14.1

Changes in deferred taxes in 2011:

(EUR million)	1.1.2011	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested subsidiaries	31.12.2011
Deferred tax assets:						
Internal margin of inventories	0.0	0.0				0.0
Internal margin of fixed assets	0.0	0.0				0.0
Provisions	1.0	-0.1		0.0		0.9
Leasing property	0.0	0.0				0.0
Confirmed fiscal losses	0.2	1.3		0.0		1.5
Derivative contracts	0.0		0.4			0.4
Depreciation not deducted in taxation	3.5	-2.7		0.0		0.9
Other items	0.4	-0.3		0.0	0.1	0.2
Total	5.3	-1.8	0.4	0.0	0.1	4.0
Deferred tax liability:						
Accumulated depreciation difference	0.8	-0.2		0.0	0.7	1.3
Investments available for sale	0.5		-0.1			0.4
Financial assets and liabilities at fair value	0.1	-0.1				0.0
Impairment on the acquisition costs for group companies	3.0	-0.2				2.8
Valuation at fair value of intangible and tangible assets in business combination	1.3	-0.4		0.0	7.8	8.7
Other items	1.9	-0.1		0.0	1.2	3.1
Total	7.6	-0.9	-0.1	0.0	9.6	16.4

Deferred tax assets corresponding to fiscal losses to be used at a later time have been recognised to the extent that it is probable that a tax benefit will be realised in the future. The Group's accumulated losses totalled EUR 49.5 million (31 December 2011: EUR 51.8 million). Most of the losses will be discounted over a period in excess of five years.

Deferred tax assets and liabilities are mutually deducted when legal off-setting rights exist and when the deferred taxes are related to one and the same individual. Sums netted in the consolidated balance sheet:

(EUR million)	2012	2011
Deferred tax assets	**2.4**	4.0
Deferred tax liability	**14.1**	16.4
Deferred net liability	**11.8**	12.4

No deferred tax liability has been recorded for undistributed earnings of foreign subsidiaries, since the assets have been invested permanently in the countries in question.

22. PENSION CONTRIBUTIONS

Changes in the liabilities recorded in the balance sheet:

(EUR million)	2012	2011
Beginning of financial period	**0.2**	0.2
End of financial period	**0.2**	0.2

23. PROVISIONS

(EUR million)	2012	2011
Provisions 1.1.	**1.4**	2.8
Exchange rate differences	**0.0**	0.0
Acquired companies	**0.0**	0.0
Increase in provisions	**0.0**	0.0
Provisions used	**-1.2**	-1.5
Provisions 31.12.	**0.2**	1.4
Non-current provisions	**0.2**	0.5
Current provisions	**0.0**	0.9
Total	**0.2**	1.4

24. FINANCIAL LIABILITIES

(EUR million)	2012	2011
Long-term financial liabilities valued at amortised acquisition cost		
Bank loans	**55.5**	76.3
Financial leasing liabilities	**0.0**	0.0
Total	**55.5**	76.3
Total non-current financial liabilities	**55.5**	76.3
Financial liabilities at fair value through profit or loss:		
Recorded purchase price debt in connection of business combination	**0.0**	20.5
Current financial liabilities recorded at amortised cost:		
Repayments of non-current loans	**22.3**	16.5
Financial leasing liabilities	**0.0**	0.2
Other interest-bearing liabilities	**0.3**	2.3
Total	**22.6**	19.0
Total current financial liabilities	**22.6**	39.5
Non-current liabilities (incl. finance leases), will mature as follows:		
Year 2013	**22.3**	21.6
Year 2014	**20.8**	20.5
Year 2015	**20.8**	20.5
Year 2016	**13.9**	13.7

Of the bank loans, approximately one-third is euro-denominated and two-thirds sterling-denominated debt. Other financial liabilities are mainly euro-denominated. Bank loans carry both variable and fixed interest rates. Interest rate of the bank loan of EUR 1.1 million is tied to the Euribor rate of three months. Interest rate of the bank loan of GBP 39.4 million (EUR 48.3 million) is tied to the Libor rates. The bank loan of EUR 28 million carries a fixed interest rate.

The fair values of interest-bearing liabilities are presented in Note 28.

(EUR million)	2012	2011
Maturity of financial leasing liabilities:		
Financial leasing liabilities – total of minimum leases		
Within 12 months	**0.0**	0.2
After 12 months but before five years	**0.0**	0.0
Gross overall investment	**0.0**	0.2
Financial leasing liabilities – present value of minimum leases		
Within 12 months	**0.0**	0.2
After 12 months but before five years	**0.0**	0.0
Gross overall investment	**0.0**	0.2
Financial expenses accumulated in the future	**0.0**	0.0
Total financial liabilities	**0.0**	0.2

25. DERIVATIVE CONTRACTS

Derivative contracts are interest rate and currency derivatives held for trading.

26. ACCOUNTS PAYABLE AND OTHER LIABILITIES

(EUR million)	2012	2011
Non-current		
Other liabilities	**0.1**	0.1
Current		
Accounts payable	**54.3**	52.4
Liabilities to associates	**0.1**	0.1
Accrued liabilities and deferred income	**21.0**	19.9
Advances paid	**6.7**	8.5
Other liabilities	**10.5**	8.6
Total	**92.6**	89.5

Accrued liabilities and deferred income include accrued business expenses, financial items and taxes. The most significant of these are accrued salaries and fees and other personnel expenses, which totalled EUR 6.9 million in 2012 (EUR 8.4 million in 2011).

27. FINANCIAL RISK MANAGEMENT

INTRODUCTION

Financial risk management aims to protect the Group against unfavourable developments in the financial markets and thus contribute to safeguarding and ensuring the Group's performance. Financing and financial risk management have been assigned to the Group Finance department, operating under the Chief Financial Officer, in order to ensure sufficient expertise, as well as comprehensive and cost-effective operations. The Divisions report their key risks to the Finance department that, in turn, collects all of the Group's risks and reports the risk exposures to finance and business management on a monthly and quarterly basis. The Finance department's operations are governed by the financial risk management policy approved by the Board of Directors (the Board). All major borrowing decisions are taken by the Board based on proposals made by the Finance department.

FINANCIAL RISKS AND THEIR MANAGEMENT

Credit risks

Counterparty risk

Counterparty risk refers to a situation in which a contracting party is unable or unwilling to fulfil its obligations. Raisio exposes itself to counterparty risk when the Finance department makes investments in the financial market and uses derivatives. The Finance department is responsible for the counterparty risk related to investments, loan receivables and derivative contracts. The main approaches to managing this risk include a careful selection of counterparties with a good credit rating, the use of counterparty-specific limits, as well as diversification.

Investment activities

The financial risk management policy regulates the sum, maturity and counterparties of invested assets. In addition to direct long- or short-term interest-bearing investments, assets can be invested in fixed-income funds, alternative investment funds, as well as shares and equity funds. The CFO has the right to decide on the counterparties for the Group's investments as defined in the policy. In principle, counterparties may be member states of the European Monetary Union, large Finnish municipalities and alliances formed by them, financial institutions engaged in corporate banking in Finland and companies with a good credit rating, registered in a member state of the European Monetary Union. At the balance sheet date, EUR 55.1 million (EUR 121.1 million in the comparison year) of the Group's financial assets were invested in Finnish commercial papers and certificates of deposit.

Credit risk in sales

Following the guidelines issued by the Group, Divisions make independent decisions on counterparty risk, such as the criteria used to approve customers, the applicable terms and conditions for sales and the required collateral. They also assume responsibility for the credit risk related to accounts receivable. Accounts receivable can also be secured with credit insurance policies.

Liquidity risk

Liquidity risk refers to a situation in which the Group's financial assets and additional financing options do not cover the future needs of business operations. In line with the policy, the Finance department strives to maintain good liquidity in all circumstances, keeping it at a level that guarantees strategic operating freedom to the management. The Group's liquid assets consist of invested financial assets, as well as remaining credits and overdraft facilities agreed with investors. Investments in alternative investment funds or equity funds are not included in liquid financial assets. The liquidity reserve also includes the agreed 90-million-euro commercial paper programme. Funding risks are diversified by acquiring funding from various sources.

Market risk

Interest rate risk

Interest rate risk refers to the impact of interest rate fluctuations on the Group's net financial income and expenses, as well as on the market values of interest-bearing investments and derivatives, over the following 12 months. Interest rate risk is managed by controlling the structure and duration of the loan portfolio and interest-bearing investments within the limits allowed by the policy. The goal is to keep financial expenses as low and financial income as high as possible. The interest rate profile can be modified using interest rate swaps, forward rate agreements and interest rate options. A sterling denominated interest rate swap corresponding with loan terms was signed to hedge against interest rate risk resulting from the bank loan of GBP 45 million that the Group took out in 2011. Hedge accounting is applied to this interest swap.

The interest rate of the bank loan of EUR 35 million, taken out in the same year, was changed to be fixed during 2012. The Group's interest rate risk is monitored by calculating the impact that a one-percentage-point change in market rates has on the interest income and expenses of interest-bearing investments and debt over the following 12 months. The maximum interest rate risk is determined in the financial risk management policy

(EUR million) Interest rate risk	31.12.2012	31.12.2011
Impact of 1-ppt increase in market rates:		
on interest income	**1.0**	1.6
on interest expenses	**-0.7**	-0.8
change in market values	**0.7**	1.2
Net impact on interest income and expenses	**1.1**	2.0

Raisio's sensitivity to interest rate fluctuations is determined by calculating how much a change of one percentage point, constant over the entire interest rate curve, affects net interest rate expenses and income. The examination takes into account Raisio's interest-bearing investments and liabilities. In the financial period, Raisio's interest-bearing investments have focused on investments with a short term to maturity. The interest rates of financial liabilities are tied to the variable Euribor rate (3-6 months) or to the variable Libor rate of British pound (6 months). At the date of the financial statements, 31 December 2012, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR 1.2 million (EUR 2.0 million) and to an interest rate decrease approximately EUR 0.4 million (EUR 0.4 million). Had the interest rate been 1 percentage point higher on the closing date, 31 December 2012, Raisio's result after taxes would have been EUR 0.9 million (EUR 1.5 million) higher. Had the interest rate been 1 percentage point lower on the closing date, 31 December 2012, Raisio's result after taxes would have been EUR 0.3 million (EUR 0.3 million) lower.

Currency risk

Raisio hedges against currency exposure arising from foreign currency receivables and liabilities, off-balance-sheet purchase and sales agreements and, partly, from budgeted cash flows. Currency risk is managed using currency forwards, which are rarely continuously open for more than 12 months.

The Group's currency risk policy defines the maximum amount for an open net position, mainly consisting of the domestic Group companies' commercial and financial items and the derivatives hedging them. Exposure to currency risk arises mainly from items denominated in pounds sterling, Russian ruble, Swedish crown, Polish zloty and US dollar.

The Group's currency risk on 31 December 2012 is EUR 0.1 million (EUR 0.0 million) if other currencies weaken by 5 per cent against the euro. The impact on Raisio's result after taxes would be EUR 0.1 million (EUR 0.0 million). On the closing date, the Group's 1–12-month currency forward contracts in GBP, RUB, SEK and USD had a nominal value of EUR 65.1 million.

(EUR million) Currency risks 31 December 2012					(EUR million) Currency risks 31 December 2011			
Currency risk, net position					**Currency risk, net position**			
GBP	**RUB**	**SEK**	**USD**	**PLN**	GBP	RUB	SEK	USD
-0.1	**0.6**	**-0.4**	**-0.6**	**-3.1**	0.0	-0.4	0.1	-0.5
5% weakening in currency against the euro:								
GBP	**RUB**	**SEK**	**USD**	**PLN**	GBP	RUB	SEK	USD
0.0	**0.0**	**0.0**	**0.0**	**0.1**	0.0	0.0	0.0	0.0

DERIVATIVES

(EUR million) Nominal values of derivatives	31.12.2012	31.12.2011
Interest rate derivatives, no hedge accounting	**28.0**	3.3
Interest rate derivatives, cash flow hedging	**48.2**	52.8
Currency derivatives, no hedge accounting	**65.1**	65.8

Interest rate derivative used for cash flow hedging matures in equal instalments within four years. Other interest rate and currency derivatives mature in less than one year.

CAPITAL MANAGEMENT

The Group's capital management aims to use a strong equity structure to safeguard the Group's ability to do business and to increase owner value by aiming at the highest possible return. The development of the equity structure is monitored using the equity ratio. At the end of 2012, the Group's equity was EUR 327.3 million (EUR 332.9 million) and equity ratio was 64.1% (60.2%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received.

	31.12.2012	31.12.2011
Equity, EUR million	**327.3**	332.9
Balance sheet total, EUR million	**517.6**	561.8
Equity ratio	**64.1 %**	60.2 %

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the book values and fair values for each item. The book values correspond to the consolidated balance sheet values. The principles used to calculate the consolidated fair values of all financial instruments are presented below.

(EUR million)	Note	Book value 2012	Fair value 2012	Book value 2011	Fair value 2011
Financial assets					
Available-for-sale financial assets *)	13	**2.3**	**2.3**	2.4	2.4
Loan receivables	14	**0.2**	**0.2**	3.0	3.0
Sales receivables and other receivables	16	**74.0**	**74.0**	61.4	61.4
Investments recognised at fair value in the income statement *)	17	**55.1**	**55.1**	121.1	121.1
Liquid assets	18	**6.8**	**6.8**	19.4	19.4
Derivatives *)	17	**1.2**	**1.2**	0.4	0.4
Financial liabilities					
Purchase price liability *)	24	**0.0**	**0.0**	20.5	20.5
Bank loans	24	**77.7**	**78.9**	92.7	93.0
Other loans	24	**0.3**	**0.3**	2.3	2.3
Financial leasing liabilities	24	**0.0**	**0.0**	0.2	0.2
Accounts payable and other liabilities	26	**76.0**	**76.0**	74.2	74.2
Derivatives *)	25	**2.0**	**2.0**	4.5	4.5

The above price quotations, assumptions and valuation models have been used to determine the fair values of the financial assets and liabilities presented in the table:

Investments in shares and securities under financial assets:
Publicly quoted shares available for sale are valued at the NASDAQ OMX Helsinki Ltd's purchase price of the closing date. Part of unquoted share investments have been recognised at fair value by applying, for instance, recent transactions between independent parties. If the valuation at fair value by using valuation methods has not been possible and fair value has not been reliably available, the assets held for sale have been valuated at their acquisition cost. Financial assets at fair value through profit or loss are marketable and market prices at closing date or market interests corresponding to the length of the agreement have been used in their valuation.

Derivatives
The fair values of interest rate, currency and commodity derivatives are determined using publicly quoted market prices at the closing date.

Loan receivables, loans and financial leasing liabilities:
The fair values of loan receivables and bank and pension loans are based on discounted cash flows. The discount rate corresponds to the market rates that correspond to the rates determined in the said contracts. The fair value of financial leasing liabilities has been estimated by discounting future cash flows by the rate that corresponds to the rate of similar leasing contracts.

Accounts payable and other liabilities or
sales receivables and other receivables
The original book value of accounts payable and other liabilities or sales receivables and other receivables corresponds to their fair value, because the impact of discounting is not significant taking into consideration the maturity of liabilities or receivables.

Fair value hierarchy for financial assets measured at fair value
Financial assets measured at fair value* belong to tier 1, since they are based on prices determined on active markets for corresponding assets or liabilities, with the exception of available-for-sale financial assets and purchase price liability, which belong to tier 3, because their fair value is not based on observable market prices.

RECONCILIATION STATEMENT ACCORDING TO THE LEVEL 3 FOR FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

(EUR million)	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	Financial assets recognisable through the items of other comprehensive income Available-for-sale financial assets		**Financial liabilities at fair value through profit or loss** Purchase price debt	
At beginning of financial period	**2.4**	2.5	**20.5**	17.5
Profits and losses				
In the income statement under financial income and expenses			**12.6**	2.7
In the items of other comprehensive income	**0.0**	-0.2	**0.5**	0.3
Payments			**-33.5**	
Purchases	**0.1**	0.0		
Sales and other conveyances	**-0.2**	0.0		
At end of period	**2.3**	2.4	**0.0**	20.5

29. OTHER LEASES

(EUR million)	2012	2011
Group as lessee:		
Minimum leases paid on the basis of other non-cancellable leasing contracts:		
Within 12 months	**0.6**	0.5
After 12 months but before five years	**1.7**	1.6
After five years	**5.1**	7.2
Total	**7.3**	9.3

The Group has leased cars, production facilities and land areas.

Based on other leases, Raisio's 2012 income statement includes paid leases worth EUR 4.5 million (EUR 4.8 million in 2011).

30. CONTINGENT AND OTHER LIABILITIES

(EUR million)	2012	2011
Pledged assets:		
For the company		
Contingent liabilities for associates		
Guarantees	**0.0**	0.0
Other liabilities		
Other financial liabilities	**2.5**	13.8
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	**0.5**	0.4

31. RELATED PARTY TRANSACTIONS

Associates and joint ventures belong to the Group's related parties. In addition, related parties include the Supervisory Board, Board of Directors, Managing Director and other members of the Group's Management Team.

	Group holding, %	Parent company holding, %
SUBSIDIARY COMPANIES		
Brands		
Anytime Food and Drink Limited, UK	100.00	
Big Bear Confectionery Limited, UK	100.00	
Big Bear Group Limited, UK	100.00	
Bright Foods Limited, UK	100.00	
Cabin Confectionery Limited, UK	100.00	
Candy Plus, a.s., Czech Republic	100.00	
Candy Plus Magyarország Kft, Hungary	100.00	
Candy Plus Polska Sp. z o.o., Poland	100.00	
The Candy Plus Sweet Factory, s.r.o., Czech Republic	100.00	
S.C. Candy Plus S.R.L., Rumania	100.00	
Carlshamn Mejeri Produktion AB, Sweden	100.00	
Chartnatural Limited, UK	100.00	
Dormen Foods Limited, UK	100.00	
OOO Ecomilk, Russia	100.00	
FDS Informal Foods Limited t/a Snacks Unlimited, UK	100.00	
F. Fravigar Limited, UK	100.00	
Food and Drink Solutions Limited, UK	100.00	
Fox's Confectionery Limited, UK	100.00	
Glisten Limited, UK	100.00	
The Glisten Confectionery Company Limited, UK	100.00	
Glisten Finance Limited, UK	100.00	
Glisten Snacks Limited, UK	100.00	
Halo Foods Limited, UK	100.00	
Health Bars Limited, UK	100.00	
Holgates Nutritional Foods Limited, UK	100.00	
Honey Monster Foods Limited, UK	100.00	
Jester Food Products Limited, UK	100.00	
The Lindum Snack Company Limited, UK	100.00	
Lyme Regis Fine Foods Limited, UK	100.00	
Nimbus Foods Limited, UK	100.00	
The Original Welsh Pantry Company Limited, UK	100.00	
Raisio Eesti AS, Estonia	100.00	
SIA Raisio Latvija, Latvia	100.00	
UAB Raisio Lietuva, Lithuania	100.00	
OOO Raisio Nutrition, Russia	100.00	
Raisio Sp. z o.o., Poland	100.00	
Raisio Staest US Inc., USA	100.00	
Raisio Sverige AB, Sweden	100.00	
Raisio UK Limited, UK	100.00	100.00
TOV Raisio Ukraina, Ukrain	100.00	
Raisio Nutrition Ltd, Raisio	100.00	100.00
Shepherd Boy Limited, UK	100.00	
Skinny Candy Limited, UK	50.00	
Raisioagro		
Proteinoil Oy, Raisio	100.00	100.00
Raisioagro Ltd., Raisio	100.00	100.00
Others		
Raisio Finance NV, Belgium	100.00	99.99
Raision Konsernipalvelut Oy, Raisio	100.00	100.00
Raisionkaari Industrial Park Ltd., Raisio	100.00	50.00
Reso Management Oy, Raisio	22.22	22.22
JOINT VENTURES		
Brands		
Ateriamestarit Oy, Turku	50.00	
ASSOCIATES		
Raisioagro		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2012	2011
Business activities involving insiders:		
Sales to associates and joint ventures	**9.5**	10.7
Purchases from associates and joint ventures	**0.1**	0.1
Sales to key employees in management	**0.2**	0.2
Purchases from key employees in management	**0.9**	0.8
Long-term receivables from associates and joint ventures	**0.0**	0.0
Short-term receivables from associates and joint ventures	**0.4**	1.0
Liabilities to associates and joint ventures	**0.1**	0.1
Sales to associates and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	**2.4**	2.8
Compensation paid in conjunction with termination of employment	**0.4**	0.0
Share-based payments	**0.5**	0.5
Total	**3.3**	3.2
Members of the Supervisory Board:	**0.0**	0.0
Members of the Board of Directors:	**0.2**	0.2
Managing Director and members of Management Team:		
Matti Rihko	**0.7**	0.9
Other members of Management Team	**2.4**	2.1
Total	**3.0**	3.0

Pension and other benefits:
Members of the management have the right and obligation to retire at the age of 62.

The Managing Director's contract may be terminated by both sides with six months notice. If the contract is terminated by the company, the Managing Director is entitled to compensation corresponding to 12 months' pay in addition to the pay for the period of notice.

CEO and other members of Raisio Group's Management Team are covered by a group pension insurance for the management. For the CEO, the cost of the group pension insurance in 2012 amounted to EUR 0.1 million and for other Management Team members EUR 0.3 million, all totalling EUR 0.3 million.

(EUR million)	2012	2011
Loans to related party:		
Loans to key employees in management:		
At beginning of financial period	**0.9**	0.9
Repayments of loans	**-0.9**	0.0
Accumulated interests	**0.0**	0.0
At end of period	**0.0**	0.9
The loan had been granted to the Group Management Team member Paul Simmonds. The loan has been fully paid back.		
Loans to Reso Management Oy:		
At beginning of financial period	**10.6**	10.6
Loan granted during the financial period	**0.0**	0.0
Interests received	**0.3**	-0.3
Accumulated interests	**-0.3**	0.3
At end of period	**10.6**	10.6
The interest rate is 3.25%. The loan will be repaid on 31 March 2014 at the latest. Raisio plc is entitled to demand and accept as pledge the Raisio plc's shares acquired with the loan.		
Loans to associates		
At beginning of financial period	**0.1**	0.1
Repayments of loans	**-0.1**	0.0
Accumulated interests	**0.0**	0.0
Interests received	**0.0**	0.0
At end of period	**0.0**	0.1
The loan has been fully paid back.		
Loans to the related party in total	**10.6**	11.6

Financial indicators

(EUR million)	2012	2011	2010
Result and profitability			
Net sales, M€ 1)	**584.1**	552.6	423.6
change, %	**5.7**	30.5	21.0
International net sales, M€ 1)	**288.0**	239.0	175.3
% of net sales	**49.3**	43.3	41.4
Operating margin, M€ 1)	**48.3**	47.7	34.3
% of net sales	**8.3**	8.6	8.1
Depreciation and write-downs, M€ 1)	**16.6**	17.0	15.1
EBIT, M€ 1)	**31.7**	30.7	19.2
% of net sales	**5.4**	5.6	4.5
Result before taxes, M€ 1)	**15.6**	27.0	17.4
% of net sales	**2.7**	4.9	4.1
Return on equity, ROE, % 1)	**3.5**	6.5	3.8
Return on investment, ROI, % 1)	**4.5**	7.3	5.0
Financial and economical position			
Shareholders' equity, M€	**327.3**	332.9	324.0
Interest-bearing financial liabilities, M€	**78.0**	115.7	67.2
Net interest-bearing financial liabilities, M€	**16.2**	-24.8	-72.9
Balance sheet total, M€	**517.6**	561.8	487.2
Equity ratio, %	**64.1**	60.2	67.6
Net gearing, %	**4.9**	-7.5	-22.5
Cash flow from business operations, M€	**20.9**	50.0	23.0
Other indicators			
Gross investments, M€ 1)	**24.6**	71.2	48.5
% of net sales	**4.2**	12.9	11.4
R&D expenses, M€ 1)	**6.9**	6.8	5.9
% of net sales	**1.2**	1.2	1.4
Average personnel 1)	**1,587**	1,454	1,086

1) Key figures presented for continuing operations.

Share indicators

	2012	2011	2010
Earnings/share, continuing operations (EPS), € [1]	**0.08**	0.14	0.08
Cash flow from business operations/share, € [1]	**0.13**	0.32	0.15
Equity/share, € [1]	**2.10**	2.13	2.06
Dividend/share, €	**0.12** [2]	0.11	0.10
Dividend/earnings, %	**155.4**	79.3	125.8
Effective dividend yield, %			
Free shares	**3.9**	4.6	3.6
Restricted shares	**3.9**	4.6	3.6
P/E ratio			
Free shares	**39.9**	17.2	35.3
Restricted shares	**40.2**	17.2	35.1
Adjusted average quotation, €			
Free shares	**2.65**	2.45	2.75
Restricted shares	**2.69**	2.49	2.76
Adjusted lowest quotation, €			
Free shares	**2.12**	1.52	2.38
Restricted shares	**2.08**	1.60	2.35
Adjusted highest quotation, €			
Free shares	**3.10**	2.84	3.00
Restricted shares	**3.10**	2.91	3.00
Adjusted quotation 31.12., €			
Free shares	**3.08**	2.39	2.81
Restricted shares	**3.10**	2.39	2.79
Market capitalisation 31.12., M€ [1]			
Free shares	**374.4**	291.0	344.1
Restricted shares	**104.9**	81.4	95.0
Total	**479.3**	372.3	439.1
Trading, EURm			
Free shares	**78.8**	73.7	109.1
Restricted shares	**2.9**	2.1	3.1
Total	**81.6**	75.8	112.2
Number of shares traded			
Free shares, 1,000 shares	**29,758**	30,050	39,674
% of total	**22.7**	23.0	30.3
Restricted shares, 1,000 shares	**1,069**	831	1,106
% of total	**3.1**	2.4	3.2
Average adjusted number of shares, 1,000 shares [1]			
Free shares	**121,568**	122,283	122,226
Restricted shares	**33,967**	34,052	34,217
Total	**155,535**	156,334	156,443
Adjusted number of shares 31.12., 1,000 shares [1]			
Free shares	**121,560**	121,746	122,461
Restricted shares	**33,834**	34,047	34,054
Total	**155,394**	155,793	156,515

[1] Number of shares, excluding the company shares held by the Group and Raisio plc's shares held by Reso Management Oy.

[2] According to the Board of Directors' proposal EUR 0.12 per share.

Calculation of key financial development indicators

Return on equity (ROE), %	Result before taxes – income taxes* / Shareholders' equity (average over the period)	x 100
Return on investment (ROI), %	Result before taxes + financial expenses* / Shareholders' equity + interest-bearing financial liabilities (average over the period)	x 100
Equity ratio, %	Shareholders' equity / Balance sheet total – advances received	x 100
Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss	
Net gearing, %	Net interest-bearing financial liabilities / Shareholders' equity	x 100

Calculation of key share indicators

Earnings per share*	Result for the year of parent company shareholders / Average number of shares for the year, adjusted for share issue**	
Cash flow from business operations per share	Cash flow from business operations / Average number of shares for the year, adjusted for share issue	
Shareholders' equity per share	Equity of parent company shareholders / Number of shares adjusted for share issue on 31 December***	
Dividend per share	Dividend distributed in the period / Number of shares at end of period	
Dividend per earnings*	Dividend per share / Profit per share	x 100
Effective dividend yield, %	Dividend per share, adjusted for share issue / Closing price, adjusted for share issue	x 100
Price per earnings (P/E ratio)*	Closing price, adjusted for share issue / Profit per share	
Market capitalisation	Closing price, adjusted for issue x number of shares without company shares on 31 December***	

* The calculation of key indicators uses continuing operations result.
** Excluding shares with a potential return obligation and shares held by Reso Management Oy
*** Excluding the shares held by Reso Management Oy

Shares and shareholders

Raisio plc's shares are listed on NASDAQ QMX Helsinki Ltd. Raisio's market value at the end of 2012 was EUR 509.3 million. Overall trading totalled EUR 81.7 million. The closing price of free shares on 31 December 2012 was EUR 3.08, and that of restricted shares EUR 3.10. The Board of Directors will propose a dividend of EUR 0.12 at the Annual General Meeting in spring 2013.

Share capital and share classes

The fully paid-up share capital of Raisio plc is EUR 27,776,072.91, which on 31 December 2012 was divided into 34,047,166 restricted shares (series K) and 131,101,864 free shares (series V). No nominal value is quoted for the shares. Restricted shares accounted for 20.6% of the share capital and 83.9% of the votes, while the corresponding figures for free shares were 79.4% and 16.1% (31 December 2012). The company's minimum share capital is EUR 25,000,000 and maximum share capital EUR 100,000,000. The share capital can be raised or lowered within these limits without amending the Articles of Association. There were no changes in the share capital during 2012. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd (hereafter referred to as the Stock Exchange) under the sector Consumer Goods and sub-sector of Food Products. The company's free shares are quoted in the Mid Cap segment and its restricted shares on the Prelist. The trading code for free shares is RAIVV and the ISIN code FI 0009002943, and for restricted shares RAIKV and FI 0009800395. The company's shares have been entered into the book-entry system.

Free and restricted shares have an equal entitlement to equity and profits. At the Annual General Meeting (AGM), each restricted share entitles the holder to 20 votes and each free share to one vote. At the AGM, no shareholder's shares are entitled to vote with more votes than one tenth of the total number of votes of the shares represented at the Meeting.

The assignment of restricted shares must be approved by the Board of Directors (Board). The approval is required even if the party who the shares are assigned to already owns restricted shares in the company. The approval must be given if the share recipient is a natural person whose primary occupation is farming. If the approval is not given, the Board must convert the assigned restricted share into a free share.

The Board may also convert restricted shares into free shares on request and likewise give advance information on whether the applicant will be granted permission to acquire restricted shares. In 2012, a total of 207,891 restricted shares were converted into free shares.

In the book-entry system, restricted shares for which the approval procedure is in progress or the approval has not been sought, will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. There were 6.4 million restricted shares on the waiting list on 31 December 2012.

Ownership structure

At the end of 2012, Raisio plc had 35,414 (36,366) registered shareholders.

In 2012, foreign ownership in the Company amounted to 9.4 per cent at its highest, to 7.7 per cent at its lowest and was 9.2 per cent at the end of the year (31 December 2011: 9.8%).

0.3 per cent of free shares and 1.8 per cent of restricted shares remain outside the book-entry system.

Company's own shares

At the end of the financial period 2012, Raisio plc held 5,059,233 free shares and 212,696 restricted shares acquired between 2005 and 2009 and in 2011 and 2012 under the authorisations given by Annual General Meetings. The management-owned Reso Management Oy of which, on the basis of the agreements, Raisio plc is seen to have the control, and which is thus regarded as a subsidiary, owns 4,482,740 free shares. The number of free shares held by Raisio plc and Reso Management Oy accounts for 7.3 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6 per cent. In all, the company shares held by these companies represent 5.9 per cent of the entire share capital and 1.7 per cent of overall votes.

Other Group companies hold no Raisio plc shares. A share in Raisio held by the company itself or by its subsidiary does not entitle the holder to participate in the AGM.

Raisio plc and its subsidiaries do not have any shares as collateral and did not have any during the financial period.

The Raisio Group Research Foundation holds 150,510 restricted shares, which is 0.44 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.37 per cent of the votes it represents. The Foundation does not or did not hold Raisio plc shares as collateral.

Structure of share capital on 31 December 2012

	Number of shares	% of total shares	% of total votes
Free shares	131,101,864	79.4	16.1
Restricted shares	34,047,166	20.6	83.9
Total	165,149,030	100.0	100.0

Shares held by management

The members of the Board of Directors and Supervisory Board and Managing Director as well as the companies and foundations of which they have control held a total of 1,350,830 restricted shares and 4,887,154 free shares on 31 December 2012. This equals 3.8 per cent of all shares and 3.9 per cent of overall votes.

Shareholder agreements

The Board is not aware of any valid agreements related to the ownership of the company's shares and the use of voting power.

Flagging notifications

During 2012, no changes were made in the ownership referred to in chapter 2, section 9, of the Securities Market Act.

Raisio shares traded on Stock Exchange in 2012

The highest price of the series V share was EUR 3.10, the lowest EUR 2.12 and the average price EUR 2.65. The year-end price of the V share was EUR 3.08. A total of 29.8 million V shares were traded (30.0 million in 2011), which equals some 23 per cent of the total volume of V shares. The value of share trading was EUR 78.8 million (EUR 73.7 million).

The highest price of the series K share was EUR 3.10 and the lowest EUR 2.08. The average price was EUR 2.69. The year-end price of the K share was EUR 3.10. A total of 1.1 million K shares were traded (0.8 million), and the value of share trading was EUR 2.9 million (EUR 2.1 million).

At the end of 2012, the share capital had a market value of EUR 509.3 million (EUR 394.7 million) and EUR 493.1 million (EUR 383.1 million) excluding the shares held by the company.

Dividend policy and dividend

Raisio aims to generate added value for all its shareholders by developing its business operations, improving its business profitability and following a long-range dividend policy. The target is to annually distribute half of the per-share earnings generated by continuing operations, provided the dividend payment does not compromise the company's ability to meet its strategic objectives.

The AGM held in spring 2012 decided on a dividend of EUR 0.11 per share. The dividend was paid on 12 April 2012. No dividend, however, was paid on the shares held by the company. The Board will propose a per-share dividend of EUR 0.12 at the AGM held in spring 2013. The record date is 3 April 2013 and the payable date 10 April 2013.

Acquisition and conveyance of own shares

Based on the authorisation given by the AGM 2012, the Board can purchase and/or accept as pledge a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 29 September 2013. The number of own shares that can be purchased and/or pledged as collateral based on this authorisation totals 3.8 per cent of all shares and 3.7 per cent of the votes they represent.

The acquisition of shares is carried out in the public trading organised by the Stock Exchange.

The shares may be acquired in order to develop the capital structure of the company, to finance or carry out acquisitions or other arrangements, to implement share-based incentive schemes or to be otherwise further assigned or cancelled.

The Board has the right to repurchase own shares otherwise than in proportion to the share classes and to decide on the order of repurchase of the shares. Since the repurchase is executed by buying shares through public trading, shares are acquired otherwise than in proportion to the shareholders' holdings.

On 31 May 2012, the Board decided, by virtue of its authorisation, to acquire a maximum of 5,000,000 free shares and a maximum of 1,250,000 restricted shares. The repurchase of shares was started on 11 June 2012. It is carried out through public trading organised by the Stock Exchange and it continues until the above mentioned amounts are acquired or until further notice.

During the financial period, a total of 407,900 free shares and 4,185 restricted shares were acquired. This equals 0.31 per cent of all free shares and the votes they represent, and 0.01 per cent of all restricted shares and the votes they represent. Furthermore, these shares are 0.25 per cent of all shares and equal 0.06 per cent of the votes they represent. A cash consideration of EUR 1,007,533 has been paid for the free shares acquired during the period and that of EUR 10,328 for the restricted shares.

Since all of the own shares were purchased in public trading, the Company does not know what proportion of them may have been purchased from its close associates.

In the review period, a total of 13,696 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the AGM 2012. The value of free shares assigned as fees to the Board was EUR 35,427 at the time of the assignment.

Share issue authorisation

The AGM of 2012 authorised the Board to decide on the share issues by disposing of all the shares held by the Company and any potentially repurchased own shares, a maximum total of 15,386,123 shares, 2,451,295 of which can be restricted shares at the maximum, and by issuing a maximum of 20,000,000 new free shares against payment.

Based on the authorisation, the number of the shares to be assigned and held by the Company on 31 December 2012 equals 3.2 per cent of the share capital and 1.15 per cent of the votes it represents. Furthermore, based on the authorisation, the number of issued new shares equals 12.1 per cent of the share capital and 2.5 per cent of the votes it represents.

The Board has been authorised to decide to whom and in what order the Company's own shares are assigned and new shares given.

The Board can decide on the assignment of own shares and giving new shares in another proportion than that in which the shareholder has a preferential right to acquire the Company's shares if there is a weighty financial reason for a deviation from the Company's point of view. Development of the Company's capital structure, financing or implementation of company acquisitions or other arrangements and realisation of share-based incentive schemes can be considered weighty financial reasons from the Company's point of view.

The Board can also decide on the assignment of own shares in public trading on the NASDAQ OMX Helsinki Ltd (the Stock Exchange) for raising funds for the financing of investments and possible company acquisitions.

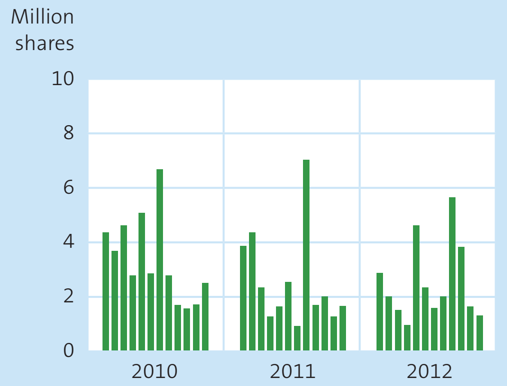
The shares can also be assigned against compensation other than money, against receipt or otherwise on certain terms and conditions.

The share issue authorisations will expire on 29 March 2017 at the latest.

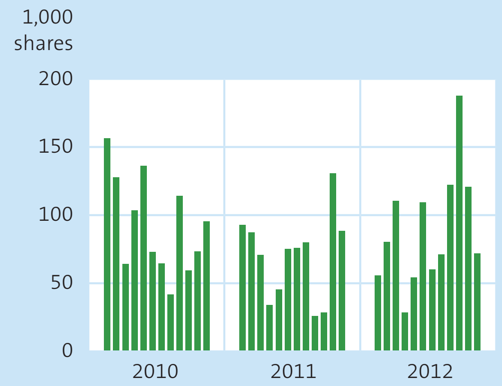
The Board has not used its share issue authorisation in the review period.

Under the Companies Act, the Board is also entitled to cancel all the own shares held by the Company. No shares were annulled in the review period.

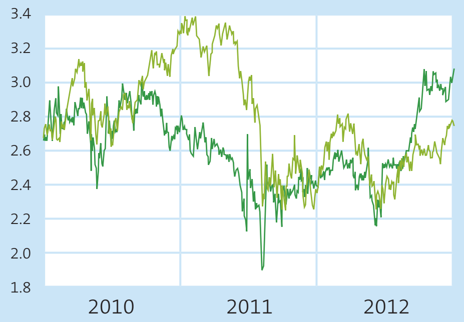
Trading volume, free share



Trading volume, restricted share



Share price development, EUR, free share



Raisio's free share   OMX Helsinki GI

Share price development, EUR, restricted share

Average quotation

Corporate Governance

Annual General Meeting and Company Management

The Annual General Meeting (AGM) is the Company's highest decision-making body. It meets annually by the end of April to decide on the matters within its responsibilities, such as the adoption of the financial statements and consolidated financial statements, dividend distribution, granting discharge from liability, the election of Board and Supervisory Board members and auditors, and the fees payable to them. Extraordinary General Meetings can be held if necessary.

The Board of Directors (Board) is responsible for the Company's administration and the proper organization of its operations. The Board is responsible for ensuring that the monitoring of the Company's accounting and asset management has been properly arranged.

The Board consists of a minimum of five and a maximum of eight members elected by the AGM. Their term begins at the end of the AGM at which the election takes place and lasts until the end of the following AGM.

The Supervisory Board supervises the corporate administration run by the Board and CEO and gives the AGM a statement on the financial statements and auditor's report.

The members of the company's Supervisory Board, who number 15 as a minimum and 25 as a maximum, are elected by the AGM, with the exception of personnel group representatives, for a term that begins at the AGM at which the election takes place and lasts until the end of the third AGM following the election. One-third of the members are replaced every year. The Supervisory Board also includes three members whom the personnel groups, formed by Raisio's employees in Finland, have elected as their representatives. Their term is approximately three years.

Shareholders on 31 December 2012	%
Households	52.5
Foreign owners [2]	9.3
Private enterprises [3]	12.4
Financial and insurance institutions [1]	5.9
Non-profit organizations	6.8
Waiting list and joint account	8.6
Public corporations	4.5

[1] excluding nominee-registered
[2] including nominee-registered
[3] including the shares held by the company

The body that elects the members of the Supervisory Board and the Board of Directors may make a new appointment decision at any time, meaning that the duties of a member or all members may be terminated before the term comes to an end.

Managing Director runs the company's day-to-day administration in accordance with the Board's guidelines and regulations and in line with the targets set by the Board (general authority), and is responsible for ensuring that the company's accounting complies with legislation and asset management arrangements are reliable.

The Managing Director is appointed and discharged by the Board. The Managing Director is appointed for an indefinite term.

Amendments to the Articles of Association

As a rule, the amendment of the Articles of Association requires that the proposed amendment is supported by at least two-thirds of the votes given and the shares represented at the meeting. In order to change sections 6, 7, 8, 9 and 18 of the Articles of Association, such a decision is required which is made at two successive General Meetings, held with an interval of at least 20 days, by a majority of three fourths of the votes given and of the shares represented. In certain matters, the Companies Act requires a vote by classes of shares and shareholder approval.

The Articles of Association have not been amended or proposed to be amended during 2012.

Shareholders						
25 major shareholders on 31 December 2012, according to shareholders register						
	Series K, no.	Series V, no.	Total, no.	%	Votes, no.	%
Ilmarinen Mutual Pension Insurance Company		5,452,178	5,452,178	3.30	5,452,178	0.67
Reso Management Oy		4,482,740	4,482,740	2.71	4,482,740	0.55
Niemistö Kari		4,120,000	4,120,000	2.49	4,120,000	0.51
The Central Union of Agricultural Producers and Forest Owners (MTK)	3,733,980	199,000	3,932,980	2.38	74,878,600	9.22
Varma Mutual Pension Insurance Company		2,799,500	2,799,500	1.70	2,799,500	0.34
Veritas Pension Insurance Company Ltd.		2,500,000	2,500,000	1.51	2,500,000	0.31
OP-Finland Value Fund		2,000,000	2,000,000	1.21	2,000,000	0.25
Mutual Fund Evli Finnish Equity		1,845,762	1,845,762	1.12	1,845,762	0.23
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		1,500,000	1,500,000	0.91	1,500,000	0.18
Relander Harald		1,428,000	1,428,000	0.86	1,428,000	0.18
The State Pension Fund		1,300,000	1,300,000	0.79	1,300,000	0.16
OP-Delta Fund		1,250,000	1,250,000	0.76	1,250,000	0.15
Savings Bank Finland Fund		1,123,338	1,123,338	0.68	1,123,338	0.14
Sijoitusrahasto Aktia Capital		1,065,475	1,065,475	0.65	1,065,475	0.13
Mutual Insurance Company Pension-Fennia		1,057,300	1,057,300	0.64	1,057,300	0.13
Maa- ja Vesitekniikan Tuki ry.		1,000,000	1,000,000	0.61	1,000,000	0.12
Oy Etra Invest Ab		1,000,000	1,000,000	0.61	1,000,000	0.12
OP-Finland Small Firms Fund		830,000	830,000	0.50	830,000	0.10
Brotherus Ilkka	42,540	784,500	827,040	0.50	1,635,300	0.20
Laakkonen Mikko		826,823	826,823	0.50	826,823	0.10
Etera Mutual Pension Insurance Company		818,400	818,400	0.50	818,400	0.10
The central union of Swedish-speaking agricultural producers in Finland (SLC)	772,500		772,500	0.47	15,450,000	1.90
Langh Hans	754,480		754,480	0.46	15,089,600	1.86
FIM Fenno Sijoitusrahasto		751,367	751,367	0.45	751,367	0.09
Haavisto Heikki	574,374	51,090	625,464	0.38	11,538,570	1.42

Shares registered under foreign ownership, including nominee registrations, totalled 15,272,449 on 31 December 2012, or 9.2% of the total and 11.6% of free shares. At the end of the year, Raisio plc owned 5,271,929 company shares, which represents 3.2% of the total.

Split of shareholdings on 31 December 2012								
	Free shares				Restricted shares			
Shares	Omistajia		Shares		Omistajia		Shares	
no.	no.	%	no.	%	no.	%	no.	%
1–1,000	21,823	65.8	10,203,003	7.8	3,397	57.6	1,207,333	3.5
1,001–5,000	8,943	27.0	21,384,253	16.3	1,598	27.1	3,830,876	11.3
5,001–10,000	1,502	4.5	11,180,943	8.6	460	7.8	3,304,105	9.7
10,001–25,000	625	1.9	9,790,781	7.5	305	5.2	4,758,490	14.0
25,001–50,000	141	0.4	5,013,884	3.8	90	1.5	2,919,167	8.6
50,001–	141	0.4	73,179,780	55.8	45	0.8	11,008,604	32.3
waiting list			0	0.0			6,405,861	18.8
joint account			180,770	0.1			612,730	1.8
special accounts			168,450	0.1			0	0.0
total	33,175	100.0	131,101,864	100.0	5,895	100.0	34,047,166	100.0

31 December 2012 Raisio plc had a total of 35,414 registered shareholders.

Parent company income statement

(EUR million)	Note	1.1.-31.12.2012	1.1.-31.12.2011
NET SALES		**2.13**	2.03
Other income from business operations		**0.00**	0.00
Materials and services	1	**-0.04**	-0.05
Personnel expenses	2	**-1.69**	-1.45
Depreciation and write-downs	3	**-0.03**	-0.04
Other expenses from business operations	4	**-4.62**	-6.67
EBIT		**-4.25**	-6.18
Financial income and expenses	5	**-0.13**	+0.94
RESULT BEFORE EXTRAORDINARY ITEMS		**-4.37**	-5.24
Extraordinary items	6	**9.29**	+11.00
RESULT BEFORE APPROPRIATIONS AND TAXES		**4.91**	5.76
Appropriations	7	**-0.02**	+0.00
Direct taxes	8	**-1.21**	-2.01
RESULT FOR THE FINANCIAL PERIOD		**3.68**	3.74

Parent company balance sheet

(EUR million)	Note	31.12.2012	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**0.05**	0.02
Tangible assets	9	**0.44**	0.37
Holdings in Group companies	10	**304.47**	249.51
Other investments	10	**66.80**	48.97
		371.75	298.87
CURRENT ASSETS			
Inventories	11	**0.02**	0.03
Current receivables	12	**25.11**	24.43
Securities under financial assets	13	**54.84**	120.52
Cash in hand and at banks		**26.47**	20.91
		106.44	165.89
TOTAL ASSETS		**478.19**	464.76
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	14		
Share capital		**27.78**	27.78
Premium fund		**2.91**	2.91
Reserve fund		**88.59**	88.59
Invested unrestricted shareholders' equity fund		**10.62**	10.62
Retained earnings		**160.52**	175.27
Result for the year		**3.68**	3.74
		294.10	308.91
ACCUMULATED APPROPRIATIONS	15	**0.02**	0.00
LIABILITIES			
Non-current liabilities	16	**55.46**	76.25
Current liabilities	17	**128.61**	79.60
		184.07	155.85
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**478.19**	464.76

Parent company cash flow statement

(EUR million)	2012	2011
CASH FLOW FROM BUSINESS OPERATIONS		
Profit (loss) before extraordinary items	-4.37	-5.24
Adjustments:		
Planned depreciation	0.03	0.04
Unrealised foreign exchange gains and losses	1.06	1.70
Other income and expenses not involving disbursement	0.04	0.04
Financial income and expenses	-0.93	-2.64
Other adjustments	0.00	1.92
Cash flow before change in working capital	-4.19	-4.18
Increase (–)/decrease (+) in current receivables	-0.27	-3.92
Increase (–)/decrease (+) in inventories	0.00	-0.01
Increase (+)/decrease (–) in current interest-free liabilities	-2.41	2.39
Change in working capital	-2.68	-1.54
Cash flow from business operations before financial items and taxes	-6.86	-5.72
Interest paid and payments for financial expenses from business operations	-4.04	-2.93
Dividends received	0.02	0.02
Interest and other financial income	5.22	6.26
Income taxes paid	-1.42	-0.54
CASH FLOW FROM BUSINESS OPERATIONS	-7.09	-2.91
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-0.11	0.00
Investments in shares of Group companies	-54.97	-96.35
Proceeds from sale of Group company shares	0.00	14.65
Proceeds from sale of securities	0.00	10.06
Loans granted	-20.00	-24.37
Repayment of loan receivables	2.21	15.81
CASH FLOW FROM INVESTMENTS	-72.87	-80.21
Cash flow after investments	-79.96	-83.12
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	-15.96	64.49
Increase (+)/decrease (–) in current liabilities	43.32	27.82
Increase (–)/decrease (+) in loan receivables	0.00	0.15
Group contributions received and paid	11.00	11.80
Repurchase of company shares	-1.02	-1.74
Dividend paid and other distribution of profit	-17.51	-16.00
CASH FLOW FROM FINANCIAL OPERATIONS	19.84	86.52
Change in liquid funds	-60.12	3.40
Liquid funds at beginning of period	141.44	138.03
Liquid funds at end of period	81.31	141.44

Parent company accounting principles

The parent company's financial statements have been drawn up in compliance with the Finnish Accounting and Companies Acts. The accounts have been drawn up in euros.

Valuation of non-current assets

Planned depreciation has been deducted from the acquisition cost of tangible and intangible assets recognised on the balance sheet. Acquisition cost includes all the variable expenses resulting from the acquisition and manufacturing. Planned depreciation has been calculated using straight line depreciation method based on the useful life of tangible and intangible assets. Depreciation has been made from the month of introduction of the asset.

The depreciation periods are as follows:
- buildings and structures 10–25 years
- machinery and equipment 4–10 years
- intangible rights 5–10 years
- other long-term expenses 5–20 years

Acquisition cost of non-current assets, whose probable useful life is less than three years, as well as small purchases (below EUR 850) have been recognised as an expense in their entirety.

Sales profits and losses are determined by comparing the sales profit to the carrying amount. Sales profits and losses are included in the income statement under other operating income and expenses.

Valuation of inventories

Inventories have been recognised in the balance sheet at their acquisition cost or repurchase price lower than that or probable selling price. Acquisition cost is determined by the weighted average cost.

Valuation of receivables and liabilities

Receivables have been measured at their acquisition cost or at their probable value lower than acquisition cost. Liabilities have been valued at their nominal value.

Pension arrangements

Statutory and voluntary pension security for Raisio's personnel is arranged through pension insurance companies. The company's Managing Director is entitled and obligated to retire upon turning 62.

Provisions

Provisions are recognised when the company has a legal or actual obligation arising from past events, the realisation of the payment liability is likely and the amount of the obligation can be reliably estimated. If part of the obligation can be compensated by a third party, the compensation is entered as a separate asset, but only when, in practical terms, it is certain that the compensation will be received.

A rearrangement is entered when the company has prepared a detailed rearrangement plan and started the implementation of the plan or a notification of the matter has been issued.

Net sales

Net sales consist of product sales as well as income from services that the parent company provides to Group companies.

Other income from business operations

Other income from business operations has been included profit from the sale of assets and other regular income not related to actual sales of goods or services, such as rents.

Extraordinary income and expenses

Extraordinary income and expenses consist of received and paid Group subsidies.

Income taxes

The taxes in the company's income statement include the taxes paid in the financial period, calculated on the basis of the taxable profit, as well as taxes paid in previous financial periods. The financial statements show accrued appropriations in full on the balance sheet, and the tax liability included in them is not treated as debt. Deferred taxes have not been entered.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency items

The company's foreign currency receivables and liabilities have been converted into euros at the mean rates on the date of closing. Realised exchange rate differences, as well as gains and losses arising from the valuation of receivables and liabilities, have been entered in the income statement. Exchange rate gains and losses related to actual business operations are treated as adjustment items on sales and purchases, and those related to financing are entered under financing income and expenses.

Derivative contracts

In line with its risk management policy, Raisio uses derivatives to hedge against foreign exchange and interest rate risks. Currency derivatives are used to hedge foreign currency receivables and liabilities and exchange rate differences arising from them are recorded in the income statement.

The interest rate risk of the portfolio consisting of the Group's interest-bearing receivables and liabilities is reduced using interest rate swaps. The accrued interest from swaps is entered under financial income or expenses to adjust interest expenses or income from the receivables and liabilities portfolio. The market value of the interest rate swaps has not been recorded.

Company shares

Acquisition of the company shares and related costs have been presented in the company's financial statements as deduction from retained earnings. Conveyance of the company shares has been presented as an addition to earnings except for the company shares assigned in the directed share issue. The subscription price of these shares has been entered in the invested unrestricted equity fund and their acquisition cost is presented in the earnings.

Cash flow statement

Cash flows for the financial period have been categorised into cash flows from business operations, investments and financing. The statement of cash flows has been prepared using the indirect method.

Notes to the parent company income statement

(EUR million)	2012	2011
1. MATERIALS AND SERVICES		
Materials, supplies and goods		
Purchases in the period	**0.04**	0.06
Change in inventories	**0.00**	-0.01
Total	**0.04**	0.05
2. PERSONNEL EXPENSES		
Wages and fees	**1.23**	1.18
Pension expenses	**0.24**	0.17
Other personnel expenses	**0.22**	0.10
Total	**1.69**	1.45
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director	**0.79**	0.72
Members of the Board of Directors	**0.18**	0.18
Members of the Supervisory Board	**0.03**	0.04
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Office workers	**4**	2
PENSION LIABILITY		
Pension liability for members of the Board of Directors and the Managing Director		
The parent company's Managing Director is entitled and obligated to retire upon turning 62.		
3. DEPRECIATION AND WRITE-DOWNS		
Planned depreciation	**0.03**	0.04
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	**0.06**	0.07
Certificates and reports	**0.01**	0.02
Tax consultancy	**0.00**	0.00
Other services	**0.01**	0.00
Total	**0,08**	0,10

(EUR million)	2012	2011
5. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	**0.02**	0.02
Total	**0.02**	0.02
Total interest received from long-term investment		
From Group companies	**1.48**	1.28
Total income from long-term investment	**1.49**	1.29
Other interest and financial income		
From Group companies	**0.25**	0.55
From others	**1.35**	2.38
Total	**1.60**	2.94
Total financial income	**3.10**	4.23
Exchange rate differences		
To Group companies	**2.64**	2.25
To others	**-2.03**	-1.45
Total	**0.61**	0.81
Impairment of investments		
Impairment of long-term investments	**-0.04**	0.00
Total	**-0.04**	0.00
Interest paid and other financial expenses		
To Group companies	**-0.89**	-0.69
To others	**-2.90**	-3.40
Total	**-3.79**	-4.10
Total financial expenses	**-3.18**	-3.29
Total financial income and expenses	**-0.13**	0.94
6. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	**12.78**	11.86
Total	**12.78**	11.86
Extraordinary expenses		
Group subsidies paid	**-3.49**	-0.86
Total	**-3.49**	-0.86
Total extraordinary income and expenses	**9.29**	11.00
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	**0.02**	0.00
8. INCOME TAXES		
Income tax on extraordinary items	**-2.27**	-2.86
Income tax on ordinary operations	**1.06**	0.85
Taxes on previous financial years	**0.00**	0.00
Total	**-1.21**	-2.01

Notes to the parent company balance sheet

9. INTANGIBLE ASSETS 2012

(EUR million)	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1.1.	0.25	0.37	0.63
Increase 1.1.–31.12.	0.03		0.03
Acquisition cost 31.12.	0.28	0.37	0.65
Accumulated depreciation and write-downs 1.1.	0.23	0.37	0.60
Depreciation for the year	0.00	0.00	0.01
Accumulated depreciation 31.12.	0.23	0.37	0.61
Book value 31.12.2012	0.05	0.00	0.05
Book value 31.12.2011	0.02	0.00	0.02

9. TANGIBLE ASSETS 2012

(EUR million)	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost 1.1.	0.70	0.26	0.26	1.23
Increase 1.1.–31.12.		0.09		0.09
Acquisition cost 31.12.	0.70	0.35	0.26	1.31
Accumulated depreciation and write-downs 1.1.	0.64	0.22		0.86
Depreciation for the year	0.01	0.01		0.02
Accumulated depreciation 31.12.	0.65	0.23	0.00	0.88
Book value 31.12.2012	0.06	0.12	0.26	0.44
Book value 31.12.2011	0.07	0.04	0.26	0.37
Book value of the production machinery and equipment				
31.12.2012		0.00		
31.12.2011		0.00		

10. INVESTMENT 2012

(EUR million)	Group company shares	Participating interest company shares	Other shares	Receivables, Group companies	Other receivables	Total investment
Acquisition cost. 1.1.	249.51	0.03	0.03	48.91	0.00	298.47
Increase 1.1.-31.12.	54.96			20.04		75.00
Decrease 1.1.-31.12.	0.00			2.21	0.00	2.21
Acquisition cost 31.12.	**304.47**	**0.03**	**0.03**	**66.74**	**0.00**	**371.27**
Book value 31.12.2012	**304.47**	**0.03**	**0.03**	**66.74**	**0.00**	**371.27**
Book value 31.12.2011	**249.51**	**0.03**	**0.03**	**48.91**	**0.00**	**298.47**

SHARES AND HOLDINGS 2012

	Group holding, %	Parent company holding, %
GROUP COMPANIES		
Proteinoil Oy, Raisio	**100.00**	100.00
Raisio Finance NV, Belgium	**100.00**	99.99
Raision Konsernipalvelut Oy, Raisio	**100.00**	100.00
Raisionkaari Industrial Park Ltd, Raisio	**100.00**	50.00
Raisio UK Limited, UK	**100.00**	100.00
Glisten Limited, UK	**100.00**	0.00
Raisio Nutrition Ltd, Raisio	**100.00**	100.00
Raisioagro Ltd., Raisio	**100.00**	100.00
Reso Management Oy, Raisio	**22.22**	22.22
ASSOCIATES		
Vihervakka Oy, Pöytyä	**38.50**	38.50

11. INVENTORIES

(EUR million)	2012	2011
Materials and supplies	**0.01**	0.02
Finished products and goods	**0.01**	0.01
	0.02	0.03

12. RECEIVABLES

(EUR million)	2012	2011
Current receivables		
Accounts receivables	**0.00**	0.00
Receivables from Group companies		
Accounts receivables	**0.10**	0.08
Loan receivables	**8.80**	4.40
Other receivables	**12.81**	11.89
Prepaid expenses and accrued income	**1.94**	6.96
	23.65	23.35
Receivables from participating interest companies		
Accounts receivables	**0.00**	0.00
Other receivables	**0.00**	0.05
Prepaid expenses and accrued income	**1.45**	1.04
Total current receivables	**25.11**	24.43

Prepaid expenses and accrued income include items related to the timing of operational income and expenses, financial items and taxes.

13. MARKETABLE SECURITIES

(EUR million)	2012	2011
Repurchase price	**55.08**	121.14
Book value	**54.84**	120.52
Difference	**0.24**	0.62

14. SHAREHOLDERS' EQUITY

(EUR million)	2012	2011
Restricted shareholders' equity		
Share capital 1.1.	27.78	27.78
Share capital 31.12.	27.78	27.78
Premium fund 1.1.	2.91	2.91
Premium fund 31.12.	2.91	2.91
Reserve fund 1.1.	88.59	88.59
Reserve fund 31.12.	88.59	88.59
Total restricted shareholders' equity	119.27	119.27
Unrestricted shareholders' equity		
Invested unrestricted shareholders' equity fund 1.1.	10.62	10.62
Invested unrestricted shareholders' equity fund 31.12.	10.62	10.62
Retained earnings 1.1.	179.02	193.04
Dividend distributed	-17.62	-16.10
Unclaimed dividends	0.10	0.04
Disposal of company shares	0.04	0.04
Repurchase of company shares	-1.02	-1.74
Retained earnings 31.12.	160.52	175.27
Result for the year	3.68	3.74
Total unrestricted shareholders' equity	174.83	189.64
Total shareholders' equity	294.10	308.91
Distributable equity	174.83	189.64

Company share capital dividend by share series as follows:

	2012		2011	
	shares	EUR 1,000	shares	EUR 1,000
Restricted shares (20 votes/share)	34,047,166	5,726	34,255,057	5,761
Free shares (1 vote/share)	131,101,864	22,050	130,893,973	22,015
Total	165,149,030	27,776	165,149,030	27,776

Company shares held by Raisio:

	2012		2011	
	shares	Acquisition cost EUR 1,000	shares	Acquisition cost EUR 1,000
Restricted shares (20 votes/share)	212,696	416	208,511	406
Free shares (1 vote/share)	5,059,233	19,052	4,665,029	18,070
Total	5,271,929	19,468	4,873,540	18,476

The probable assignment price of company shares held by the Group on the date of the financial statements was EUR 16.2 million (EUR 11.6 million in 2011).

15. ACCUMULATED APPROPRIATIONS

Accumulated appropriations consist of the accumulated depreciation difference.

16. NON-CURRENT LIABILITIES

(EUR million)	2012	2011
Loans from credit institutions	**55.46**	76.25
Total non-current liabilities	**55.46**	76.25

17. CURRENT LIABILITIES

(EUR million)	2012	2011
Loans from credit institutions	**47.01**	20.43
Accounts payable	**0.13**	0.09
Liabilities to Group companies		
Accounts payable	**0.00**	0.00
Other liabilities	**78.94**	53.64
Accrued liabilities and deferred income	**0.21**	0.27
	79.15	53.91
Other liabilities	**0.42**	0.48
Accrued liabilities and deferred income	**1.89**	4.69
Total current liabilities	**128.61**	79.60
Accrued liabilities and deferred income include accrued business expenses, financial items and taxes.		
Interest-free debts		
Current	**6.15**	6.39

Other notes to the parent company accounts

18. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS

(EUR million)	2012	2011
CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due in 2013	**0.01**	0.00
Payables at a later date	**0.01**	0.00
Total	**0.02**	0.00
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	**37.77**	37.54

19. DERIVATIVE CONTRACTS:

(EUR million)	2012	2011
The company uses derivative contract for hedging. The values of underlying instruments for derivative contracts, stated below, indicate the scope of hedging measures. The fair values of derivative contracts show the result had the derivative position been closed at market price on the closing day.		
Currency forward contracts:		
Fair value	**0.89**	2.25
Value of underlying instrument	**65.06**	65.80
The value of the underlying instrument in currency forward contracts is the sum of open forward contracts, converted into euros at the exchange rate of the closing day.		
Interest rate swaps:		
Fair value	**-1.71**	-1.82
Value of underlying instrument	**48.25**	56.16
The value of interest rate swaps is the nominal amount of open contracts.		

Board's proposal for the disposal of profit

Shareholders' equity according to the balance sheet at 31 December 2012 is EUR 174,826,175.05. The Board of Directors proposes that a dividend of EUR 0.12 per share be paid from the parent company's earnings

totalling	EUR 19,817,883.60
carried over on the retained earnings account	EUR 155,008,291.45
Total	EUR 174,826,175.05

However, dividend will not be paid on the shares which are held by the company at the record date 3 April 2013.

There has not been any essential changes in the Group's financial condition since the end of the financial period. The Group's liquidity is good and the payment of the proposed dividend does not, in our opinion, endanger the company's liquidity.

Raisio, 12 February 2013

Simo Palokangas
Anssi Aapola
Erkki Haavisto
Matti Perkonoja

Michael Ramm-Schmidt
Pirkko Rantanen-Kervinen
Matti Rihko
CEO

Auditors' report

To the Annual General Meeting of Raisio Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raisio Oyj for the year ended 31 December, 2012. 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 Managing Director

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

Auditor's Responsibility

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

Raisio, 12 February 2013

Johan Kronberg
Authorised Public Accountant

Kalle Laaksonen
Authorised Public Accountant

Statement of the Supervisory Board

At its meeting today, the Supervisory Board studied the financial statement, the consolidated financial statement and auditors' report for the financial period 1 January – 31 December 2012.

The Supervisory Board gives its assent to the approval of the financial statements and the consolidated financial statements and concurs with the Board of Directors' proposal for the allocation of profits.

Ascot, Great Britain 27 February 2013

For the Supervisory Board
Michael Hornborg
Chairman

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