Raisio Group in brief

Raisio Group is one of the most innovative grain experts and a forerunner in ecology. The Group was the first company in the world to label a consumer product with carbon and water footprints. Moreover, Raisio is the most profitable and international listed food company in Finland.

Raisio is a specialist of plant-based nutrition. Our key products include foods, Benecol product ingredient plant stanol ester, feeds, feed protein, vegetable oils and bioenergy. Grain and oil plants are the main raw materials used in Raisio's products. Raisio is the largest industrial grain user in Finland.

Raisio's strategic target is to grow organically and through acquisitions. During its growth phase, Raisio has acquired two British snack companies. Both transactions fully meet our acquisition criteria. Raisio will continue to be active in acquisitions as we aim to be one of the leading snack companies in Northern Europe.

> Raisio's growth continues

Raisio plc is a Finnish company founded in 1939 and it is listed on NASDAQ OMX Helsinki Ltd. The company has over 36,000 shareholders. Raisio employs some 1,400 persons and operates in 12 countries. Raisio's key market areas are Finland, Great Britain, Sweden, Russia, Ukraine, Poland and the Baltic Countries. In 2011, the Group's net sales totalled EUR 553 million and EBIT was EUR 32 million.

Raisio is known for its brands

> Raisio is growing profitably

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 in Benecol products.

Raisio's food brands well-known in their own market areas are Elovena, Honey Monster, Sunnuntai, Carlshamn, Nordic and Dormens.

Raisioagro is a reliable and competent partner for livestock producers and contract farmers. Its service concept covers the needs of the farms from feeds, fertilisers and seeds to farming supplies. Raisioagro is also known for its expertise in nutrition and cultivation.

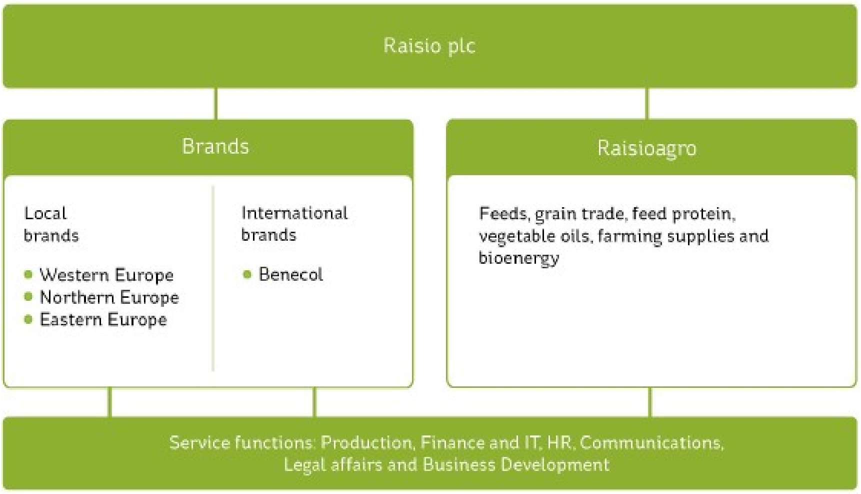
Sustainable development

Raisio's activities are based on tasty, ecological, healthy and safe products that meet the customer need. In all our operations, the emphasis is placed on sustainable development and continuous improvement. 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. We also develop new innovative solutions to produce bioenergy from the field biomass, which we process almost a billion kilos annually as the largest Finnish company.

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 continue our activities that the change in consumer buying behaviour has proved right.

Group structure



Review of 2011

January

- Raisio plc's Research Foundation's donation to the University of Turku

February

- Raisio acquired Big Bear Group
- New meta-analysis confirms dose-response of plant stanol ester also with higher than currently recommended intakes

May

- Interim Report: Strong net sales growth in Raisio's Brands Division

June

- Raisio plc's Research Foundation's donation to the University of Helsinki

July

- Malt business divested to Viking Malt

August

- Interim Report: 73% improvement in Raisio's EBIT
- Raisio agreed on cooperation with Yara

September

- Long-term cooperation agreement on malting barley procurement with Viking Malt
- Raisioagro combines Raisio's feeds, production inputs and grain trade

November

- Interim Report: Raisio's profitability good

December

- Raisio raised its EBIT estimate for 2011
- Simpli snack drink awarded as The Best Smoothie of the Year in the United States

> Group > Raisio Group in brief > Key figures 2009-2011

Key figures 2009-2011

KEY FIGURES, RESULT EXCLUDING ONE-OFF ITEMS	2011	2010	2009
NET SALES			
Brands, M€	314.6	236.4	177.6
Raisioagro, M€	241.1	188.8	179.7
Other operations, M€	1.4	0.9	0.9
Interdivisional net sales, M€	-4.6	-2.5	-8.1
Total net sales, M€	552.6	423.6	350.0
EBIT			
Brands, M€	31.2	20.0	20.5
Raisioagro, M€	2.9	1.9	-0.1
Other operations, M€	-2.4	-2.8	-3.3
Eliminations, M€	0.0	0.0	0.3
Total EBIT, M€	31.8	19.2	17.4
% of net sales	5.8	4.5	5.0
Financial income and expenses, net, M€	-1.5	-1.9	-0.5
Share of the result of associates, M€	0.0	0.0	0.1
Result before taxes, M€	30.3	17.4	17.0
Income taxes, M€	-5.7	-5.1	-5.1
Result for the financial period, M€	24.6	12.3	11.9
Earnings per share, €	0.16	0.08	0.08

KEY FIGURES, BALANCE SHEET	31.12.2011	31.12.2010	31.12.2009
Return on equity (ROE), %	6.5	3.8	3.7
Return on investment (ROI), %	7.3	5.0	5.3
Interest-bearing liabilities at period-end, M€	115.7	67.2	62.8
Equity ratio, %	60.2	67.6	73.4
Net gearing, %	-7.5	-22.5	-46.6
Equity per share, €	2.13	2.06	2.06

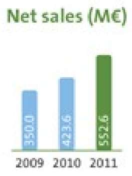
Key figures 2011

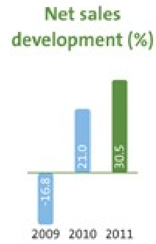
KEY FIGURES, RESULT EXCLUDING ONE-OFF ITEMS	Q4/2011	Q3/2011	Q2/2011	Q1/2011	2011
NET SALES					
Brands, M€	79.1	81.5	81.1	72.9	314.6
Raisioagro, M€	60.1	60.5	71.0	49.5	241.1
Other operations, M€	0.5	0.5	0.2	0.2	1.4
Interdivisional net sales, M€	-1.0	-0.9	-1.9	-0.8	-4.6
Total net sales, M€	138.7	141.7	150.5	121.7	552.6
EBIT					
Brands, M€	6.6	10.4	8.4	5.8	31.2
Raisioagro, M€	-0.5	0.4	2.3	0.7	2.9
Other operations, M€	-1.2	-0.4	-0.2	-0.5	-2.4
Eliminations, M€	0.0	0.3	-0.3	0.0	0.0
Total EBIT, M€	4.9	10.7	10.2	6.1	31.8
% of net sales	3.5	7.5	6.8	5.0	5.8
Financial income and expenses, net, M€	-0.3	-0.2	-0.9	-0.1	-1.5
Share of the result of associates, M€	0.0	0.0	0.0	0.0	0.0
Result before taxes, M€	4.6	10.5	9.2	6.0	30.3
Income taxes, M€	0.4	-2.6	-2.2	-1.3	-5.7
Result for the financial period, M€	5.0	7.9	7.0	4.7	24.6
Earnings per share, €	0.03	0.05	0.05	0.03	0.16

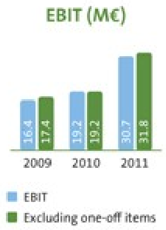
Key figures 2011

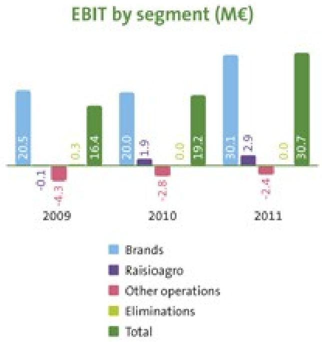
KEY FIGURES, BALANCE SHEET	31.12.2011	30.9.2011	30.6.2011	31.3.2011
Return on equity (ROE), %	6.5	6.7	5.2	1.3
Return on investment (ROI), %	7.3	8.1	6.7	3.0
Interest-bearing liabilities at period-end, M€	115.7	115.7	112.9	125.0
Equity ratio, %	60.2	60.5	60.7	56.7
Net gearing, %	-7.5	-0.2	13.5	16.5
Equity per share, €	2.13	2.08	2.02	1.95

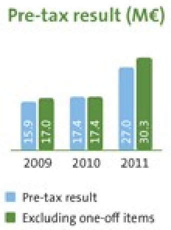
Key figures, graphs





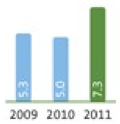




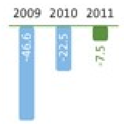


Key figures, graphs

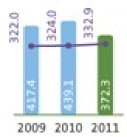
Return on investment, ROI (%)



Net gearing (%)



Market capitalisation (M€)

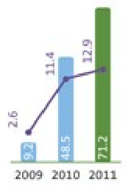


— Equity

Excluding the company shares held by the Group.

Enterprise value, EV (M€)

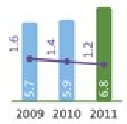
Investments (M€)



— % of net sales

The largest investment in 2011 was the acquisition of Big Bear Group.

R&D expenses (M€)



— % of net sales

Sites

Chief Executive's review

The year 2011 was excellent for Raisio by all indicators. Our EBIT increased to EUR 32 million and cash flow was strongly positive, EUR 50 million. The company was able to become net debt free again despite the large acquisition completed and generated 8% return on investment excluding one-off items, which is very good for the sector. We continued the implementation of our growth strategy and succeeded well in it.

Over the last five years, Raisio has made a long journey from a company in crisis to the most international, profitable and financially sound food company listed on the Helsinki Stock Exchange. Over the five last years, Raisio's EBIT from continuing operations has improved almost every month, taking into account seasonal variations, and the company has rewarded shareholders with steadily rising dividends. Besides us, there are not many similar cases on the stock exchange.

These results have been achieved through the strategy drawn up in the beginning. According to this strategy, we first tackled the acute profitability problem, then focused on the company's strongest and promising sectors and finally, started internationalisation through acquisitions. We will continue to implement this strategy as it has proven to be effective.

Raisio is growing profitably

Raisio has two divisions: Brands and Raisioagro. The Brands Division focuses on healthy and ecological snacks and seeks growth in all Northern European markets. Great Britain has become the largest market area of the Brands Division; the UK market brings almost half of our net sales with strong brands, such as Honey Monster, Dormen and Fox. Our most international brand is still Benecol, sold in over 30 countries all over the world. Thanks to its clinically proven better effectiveness, Benecol will continue its expansion into new markets.

At Raisioagro, we have completed major reforms. Firstly, our feed operations were streamlined to better meet future challenges. Secondly, the grain trade was combined with feed operations, which allows us to manage all our customers from one place. The third reform was the development of a modern online store introduced in early 2012. The divestment of the traditional malt business to a Finnish buyer was also a major change. The divestment was a necessary economic reality for us, but the quick end of operations in Raisio was still a bitter disappointment.

Bioeconomy – an opportunity for Finland and for Raisio

The world keeps changing. The middle class is growing rapidly and at the moment, there are two billion people with purchasing power in the world. It has been very fast as the number has doubled in just over ten years and now it is estimated that there will be three billion middle-class people with purchasing power by 2030. Demand for all resources will be growing, which is a threat in terms of the earth's carrying capacity, but at the same time, an opportunity for the companies capable of finding solutions. This change is described as the transition to a bioeconomy. In the bioeconomy, resources such as water and nutrients are recycled effectively.

For a company of its size, Raisio is an extremely strong operator in R&D. We were the first in the world to create carbon and water labels for consumer products. Benecol has created a globally new category that improves people's health, well-being and quality of life. As the latest example, I would like to mention our innovation called Maituri 12000 E. With this milk feed, cows feel better and, therefore, produce 10% more milk. Moreover, this milk contains more fat and protein. We have filed a global patent application that may significantly affect the globe's ability to satisfy the growing middle class demand for animal protein.

These innovations are examples of commercial opportunities that the bioeconomy can provide. Around the world, there are an unprecedented number of people with purchasing power, who are more educated than before and interested in not only their own well-being but also in the well-being of the environment.

The transition to the bioeconomy is an opportunity to create a "Green Engine" that produces sustainable well-being. In Finland, there is biomass expertise across different industries. We are able to create new generation nutrition, energy and matter from biomass and meet the global demand, in exports of both goods and knowledge. Furthermore, we are self-sufficient in water, the key liquid of the bioeconomy era. Raisio is involved in this development and we are confident of our ability to grow profitable business and to create wealth for our shareholders also in the future.

Matti Rihko
CEO

Business strategy

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 strategy is built upon this vision.

To be a forerunner in the Brands Division’s operations can be seen in the innovation of healthy and ecological snacks meeting consumer needs. To be a forerunner in the Raisioagro Division shows in the company’s aim 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.

Raisio aims at growth through acquisitions and through organic growth in the company’s domestic markets. Raisio’s strong balance sheet and cash flow provide a good basis to continue implementation of the growth phase. Raisio continues to be active on the acquisition front.

Raisio Group is comprised of Brands and Raisioagro Divisions. The Brands Division includes international brands and local food brands. Raisioagro includes feeds, grain trade, protein meals and vegetable oils, production inputs and bioenergy. In the Brands Division, the best opportunities for growth come through acquisitions. At Raisioagro, organic growth is sought with modern agricultural trade and with the new comprehensive service concept.

Growth strategy

Raisio aims at growth through acquisitions and through organic growth in the company's domestic markets. Raisio's strong balance sheet and cash flow provide a good basis to continue implementation of the growth phase. Raisio continues to be active on the acquisition front.

Growth through acquisitions

Excellent opportunities for acquisitions

Globalisation of the trade and its distribution channels requires additional structural arrangements, which means that the food industry also has to become more international. Acquisitions provide the fastest way to internationalise and Raisio has excellent opportunities for this. The company is small and flexible with an ability to make quick decisions. Additionally, Raisio has strong balance sheet and cash flow. Currently, the company has approximately EUR 400 million to use for acquisitions.

Strong balance sheet results from the divestments carried out during the last few years. Raisio divested potato and diagnostics businesses in 2007, margarine business in 2009 and malt business in 2011. Respectively in 2010 and 2011, Raisio acquired two UK companies producing breakfast and snack products. With these divestments and acquisitions, Raisio has focused more clearly on grain-based products. Raisio's strategic focus is on ecological and healthy snacks.

Acquisitions based on strict criteria

Raisio is interested in companies that comply with its strategy and represent small and growing product segments as well as new market areas.

Raisio has defined strict criteria that potential acquisition targets need to meet. These four criteria are related to product applications, consumer brands, customer base and purchase price.

A Applications	• Strategic fit (HEM) • Small and growing categories
B Brands	• Strong, locally known brands • Ability to develop brands
C Customers	• Expansion of customer base and partnerships • Efficient logistics and sales channels
E Euro	• Large and small acquisitions possible • Ability to create added value

Raisio has completed successful acquisitions

At Raisio, we have shown our ability to complete successful acquisitions. The acquisition of British Glisten plc in April 2010 was the first concrete example of the implementation of Raisio's growth strategy. The acquisition of Big Bear Group in February 2011 complemented very well the Glisten acquisition and brings the necessary critical mass for the future. With the completed acquisitions, Raisio has gained a solid foothold in the UK breakfast and snack market.

> Group > Business strategy > Strategic targets

Strategic targets

The Group aims to grow both organically and through successful acquisitions. The Brands Division’s ambition is to achieve EBIT of 10% of net sales. Our target is to grow into a leading snack company in Northern Europe. The Raisioagro Division has an annual EBIT target of EUR 10 million.

Raisio is growing profitably

Over the last five years, Raisio has undergone a major transformation successfully. A loss-making company has grown into the most profitable and international listed food company in Finland. Raisio has shown stable improvement in results although our operating environment has been changing. The steady improvement in the constantly changing environment shows that we have chosen the right path and been able to implement our strategy successfully.

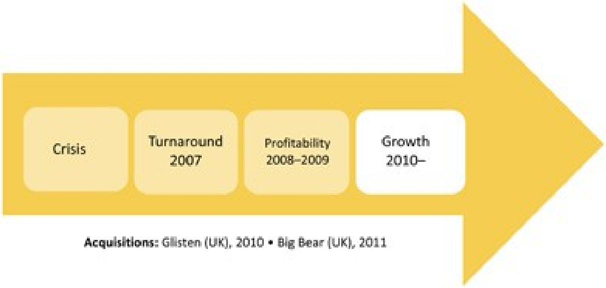
During our growth phase, we have acquired two companies in the UK. With these acquisitions, we have gained a solid foothold in the UK breakfast and snack product market. EBIT percentage of net sales measuring profitability of our Brands Division bears comparison even with large multinational food companies. Despite the completed acquisitions, Raisio is again a net debt free company with a strong cash flow also during the growth phase.

Outlook 2012

Raisio continues the implementation of its growth strategy both organically and through acquisitions. We expect EBIT to improve further annually.

Strategic phases

Development of Raisio's business operations falls into three strategic phases. In 2010, following the phases of turnaround and profitability, Raisio moved to the growth phase that still continues.



Growth, 2010-

Raisio's main objectiveis profitable growth. The growth phase targets are examined under the heading [Growth strategy] in this Annual Report. During the three strategic phases, Raisio has faced different challenges. However, all successful phases have had a common factor: the ability to detect opportunities and to benefit from them efficiently with the competent organisation and partnerships.

During its growth phase, Raisio has completed two acquisitions in the UK and, in the summer 2011, the company divested its malt business, whose synergies with other operations were not significant. Raisio continues contract farming of malting barley and delivers malting barley to the Viking Malt plants.

Raisio has shown its ability to make profitable acquisitions, and for example the profitability in the UK operations was better at the end of 2011 than at the acquisition date.

> Raisio's growth phase continues implementing the strategy

Profitability, 2008-2009

During the 2008-2009 profitability phase, Raisio focused strongly on the profitability improvement. Measures to achieve this included the renewal of product range to better meet consumer needs, enhancement of business processes and development of logistics chain. In addition, Raisio launched new products in its domestic market area and prepared to enter into new markets 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.

> Becoming the most profitable listed food company in Finland

Turnaround, 2007

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. Moreover, the organisation was 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. The company started flexible pricing with retail trade and introduced a fixed-price direct purchasing system for grain to contract farmers.

Group > Business strategy > Values

Values

At Raisio, we are competent, responsible and cooperative. Our values support the company's strategy and help achieve strategic objectives.

In recent years, we have learnt to operate consistently, fast and flexibly, which is shown in profitability, enhanced operations and continuous improvement. In the development of Raisio's operations, the importance of skilled personnel is central.

Our responsible ways of operating and sustainable use of natural resources are also essential in all our activities. Open cooperation has been seen in steadily improving operations and in close partnerships with customers and other interest groups. In the radically changing food chain, strong expertise of the personnel as well as the company's ability to quickly adapt to market changes are important factors for future success.

Operating environment

Over the last five years, Raisio has undergone a major transformation successfully. The loss-making company has grown into the most profitable and international listed food company in Finland. There has been steady improvement in profits although our operating environment has been constantly changing. At the same time, we have been able to implement our strategy with successfully.

During our growth phase, we have acquired two companies in the UK. With these acquisitions, we have gained a solid foothold in the UK breakfast and snack product market. Despite the completed acquisitions, Raisio is again a net debt free company and has been able to maintain a strong cash flow also during the growth phase.

Raisio emphasises the significance of strong brands as growth enablers. Last year, a major change was carried out in our feed and grain trade operations. With this change, our operations are adapted to the future market situation. With operations streamlining, we aim to create added value for customers by, e.g., providing them with a wider range of products and by making their everyday lives easier with competitive and logistically effective activities. Groundwork for the change was started already in 2011 and now we continue with a new brand – Raisioagro.

Strong brands and trends

Raisio has shown its ability to complete successful acquisitions

Our UK sales developed well and through the acquisitions, we now have a more versatile range of branded products in this largest market area for Raisio's Brands Division. In 2011, the UK market situation remained challenging as families' disposable income fell by some 15 euros per week. The level of promotional sale in the main retailers even increased versus 2010. Raisio also increased its promotional investment. On the other hand, sales in premium, luxury and functional products showed growth. Low-cost food sales also increased.

Similar change took place in competitive conditions of the UK trade as discount chains gained market share but luxury chains also showed increased sales. Raisio has demonstrated its ability to provide its customers with products that meet changing consumer needs also in challenging market conditions.

In Finland, sales in healthy and ecological snacks showed growth. The market situation was, however, tough as a result of the changed consumer buying behaviour. Market uncertainty was seen in sales increase of private label products in Finland.

In the autumn, we started the launch of the international breakfast cereal brand, Honey Monster in Finland. Honey Monster is a very well-known brand in the UK, Sweden and Denmark. The main focus of the launch is in 2012.

Gluten free now a new global trend

Gluten free has been identified as a growing global trend. Pure oat products in the renewed Provena brand provide consumers with healthy and delicious treats. Besides Finland and Sweden, Provena products are sold in Denmark, the Baltic Countries and Poland.

In 2011, Benecol products showed stable growth and market position remained almost unchanged in the key markets. There were, however, considerable differences between geographic regions. The current difficult economic situation affects many markets. Nevertheless, sales in Benecol products increased in many of these markets, such as the UK, Ireland and Greece.

Change into Raisioagro

In autumn 2011, Raisio started the renewal of legal and operational structures in order to better meet changed market conditions, to enable growth and to ensure the Company's future competitiveness. Raisioagro replaced the Business to Business Division and feeds, feed components, grain trade and farming supplies as well as bioenergy were centralised in the new Division. With the new structure, Raisio has a competitive advantage, which customers can see as cost-effective and comprehensive service.

Raisioagro: cost-effective and comprehensive service

Feeding expertise and feeding concepts are at the core of our feed operations. Raisio has extended the product range of traditional feed and grain trade to also include farming supplies that can create added value for customers without heavy logistics and cost structures.

In summer 2011, Raisio sold its malt business to Viking Malt, but continues the contract farming of malting barley. Raisio and Viking Malt entered into a long-term cooperation agreement on the procurement of malting barley. Raisio continues its activities in contract farming of malting barley, at least to the same extent as before, as part of the agreement signed with Viking Malt.

Raisio lost some market share in some product groups due to tight competition, but still maintained its strong position in the Finnish feed market. Direct invoicing in feed mixes and cooperation with strategic partners were developing according to objectives.

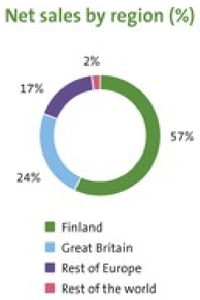
Livestock production remained more or less at the previous year′s level in Finland although the number of livestock farms continued to fall sharply. Demand for dairy products increased and higher production costs were offset by increases in producer price of milk. More than half of Raisio′s feed volume is sold to cattle farms. Pork producers in particular suffered from the fact that increased production costs could not be transferred forward in the chain. In fish feeds, sales increased and Raisio continues as a market leader in Finland.

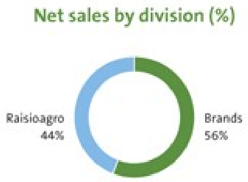
Raisio delivered rapeseed oil to Neste Oil until the end of 2011 to be used as raw material for renewable diesel.

Financial development 2011

As a result of the acquisition, Big Bear Group became part of the Brands Division's Western European operations from 4 February 2011. Glisten, acquired in 2010, is included in the figures of the comparison period starting from the second quarter of 2010.

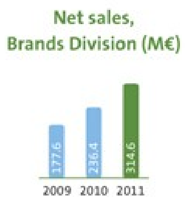
- Raisio's net sales increased +31%. The Group's net sales from continuing operations totalled EUR 552.6 million (EUR 423.6 million in 2010).
- EBIT increased +66%. EBIT excluding one-off items was EUR 31.8 million (EUR 19.2 million) accounting for 5.8% (4.5%) of net sales.
- Good profitability for the Brands Division. EBIT was 9.9% of net sales.
- Raisioagro's profitability improved. EBIT was EUR 2.9 million. Our target of EUR 10 million is expected to be achieved in the next few years.
- Cash flow from operations was EUR 50.0 million (EUR 23.0 million).
- After the acquisition of Big Bear Group, Raisio was again a net debt free company in the third quarter of 2011.
- Return on investment excluding one-off items rose to over 8%.
- Earnings per share for continuing operations were EUR 0.16 (EUR 0.08) and, including one-off items, EUR 0.14.
- The Board of Directors proposes a dividend of EUR 0.11 (EUR 0.10) per share.

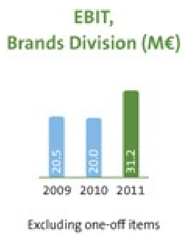


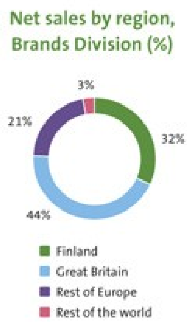


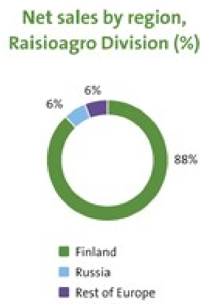
> Group > Operating environment > Key figures, graphs

Key figures, graphs









Risks and risk management

Risk management is an activity that aims to identify and assess significant external and internal uncertainties that may threat strategy implementation and target achievement. 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 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, e.g., in connection with annual planning. 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, e.g., in conjunction with risk surveys carried out at individual sites.

Risk management function is responsible for coordination, development and monitoring of risk management, and reports to the CFO. 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. Internal control findings and business risks are reported to the Board of Directors as part of monthly financial reporting.

Business risks have been described in the Annual Report under Business reviews and, e.g., financial risks in the financial statements.

Research Foundation

Raisio plc’s Research Foundation was founded back in 1958. The purpose of the non-profit Foundation is to promote the operations of the entire food chain. This is implemented by holding scientific seminars and by awarding grants and scholarships.

The Foundation's activities cover scientific research work focusing on human and animal nutrition, plant breeding as well as manufacturing and processing methods of food, feed and ingredients.

Raisio plc’s Board of Directors is the supreme decision-making body of the Foundation. It, among other things, decides on the total amount of grants awarded and the composition of the Board of the Foundation. The main task of the Foundation’s Board, which includes three representatives from the Raisio Group and three from the scientific community, is to decide on the awarding of grants. Grant decision-making is based on scientific criteria and particular attention is paid to the quality of the research plan, the applicant’s curriculum and the supervisor’s opinion, etc.

Over the past ten years, Raisio plc’s Research Foundation has awarded approximately EUR 200,000 in grants every year. In 2012, the amount totalled EUR 220,000.

Towards a graduate school

Some EUR 200,000 awarded in grants annually

For several years already, Raisio plc’s Research Foundation’s operations have been steered towards a Graduate School. In practice, this policy means that Research Foundation has allocated its grants to research aiming at doctoral dissertation. The objective has been to facilitate young researchers’ qualification process at the beginning of their academic career. High-quality research also develops the knowledge capital of the entire food sector, which is in line with the objectives of National Food Strategy (Finland).

Grants in 2011

The grants were awarded to 15 researchers aiming at doctoral dissertation. They work at the Universities of Helsinki, Turku and Eastern Finland, Åbo Akademi, MTT Agrifood Research Finland and Technical Research Centre of Finland (VTT).

Approximately EUR 100,000 was granted to the research field of animal nutrition and EUR 100,000 to the field of human nutrition or to its close field of food research. Some EUR 20,000 was allocated to studies exploring the processing methods of different plant materials. One third of the grant recipients are starting their doctoral dissertations, one third continue their well-started studies and one-third is about to complete their studies.

The results of the studies funded by Raisio’s Research Foundation are public and thus available for the entire food chain. For Raisio Group’s R&D staff, monitoring of research projects opens up excellent opportunities to further develop their expertise and also for natural interaction between research and industry.

Donations to the Universities of Helsinki and Turku

In addition to the established research funding activities, Raisio’s Research Foundation made two significant donations last year. The Universities of Helsinki and Turku received each EUR 100,000 as part of the state-sponsored fundraising scheme, in which the Finnish Government has increased the Universities' basic capitals 2.5-fold in proportion to the capitals raised by the Universities themselves as donations. Both Universities make high-quality research work in the fields falling within the scope of Research Foundation.

Businesses

The Raisio Group is an innovative expert in plant-based nutrition. Raisio is known worldwide for Benecol products that effectively lower cholesterol. In different market areas, the company is known for its strong brands that include, e.g., Elovena, Honey Monster, Sunnuntai, Dormen, Nordic and Carlshamn. Moreover, farmers and livestock producers in Finland also recognise Raisio as a modern agricultural trader, Raisioagro. Our key market areas are Finland, Great Britain, Sweden, Russia, Ukraine, Poland and the Baltic Countries.

This section describes Raisio's businesses as well as R&D in more detail.

Division	Business	Brand	Product groups	Market areas	Further information
Brands	International brands	Benecol	Snacks, margarines, non-dairy products, dairy products	Global markets, 30 countries	Several licence partners
		Simpli	Snacks	USA	Licence partner Oat Solutions LLC
	Local brands	Elovena	Breakfast and snack products	Finland, Poland	
		Sunnuntai	Baking products	Finland	
		Torino	Pasta products and grain accompaniments	Finland, Estonia	
		Carlshamn Mejeri	Non-dairy products	Sweden	
		Nordic	Flakes, snack biscuits, pasta products, wheat flour	Russia, Ukraine, Baltic Countries	
		Provena	Gluten free flakes, flour mixes, mueslis and frozen bread rolls	Finland, Sweden, Denmar, Poland, Baltic Countries	
		Nordic	Non-dairy products	Finland	Beginning 2012
		Honey Monster	Breakfast and snack products	UK, Finland, Sweden, Denmark	
		Dormen	Nuts and savoury snacks	UK	
		Harvest Chewee	Snack bars	UK	
		Fox's, XXX, Mint, Just	Confectionery	UK	
Raisioagro	Feeds	Herkku, Maituri, Melli	Cattle, pig and chicken feeds	Finland, Russia, Baltic Countries	
		Herkules, Herkules LP	Fish feeds	Finland, Russia, Baltic Countries	
	Feed protein		Protein source for feeds	Finland	
	Rapeseed oil	Lubria	Technical bio-oils	Finland, Baltic Countries	
			Raw material for foods, feeds and biofuels	Finland, Russia, Denmark, Norway	
	Farming supplies		Fertilisers, seeds and plant protectants	Finland	Vara, partner in fertilisers

International brands - Benecol

Main events in 2011

- New research results show that higher than recommended daily doses of plant stanol ester of Benecol products enhance cholesterol lowering. Enhanced cholesterol lowering has been shown only with products containing plant stanol ester.
- Benecol feta cheese was launched in Greece.
- Benecol yogurt drink was launched in Chile.
- Strong sales growth continued in the UK, the largest market of Benecol products.

Operating environment

Global population ageing and the growing problem of high cholesterol, particularly in Asia and South America, together with strong consumer health trends are factors that are estimated to increase the demand for cholesterol-lowering foods.

In 2011, markets for cholesterol-lowering functional Benecol® products grew in the UK and Ireland, and remained relatively stable in other market areas. The greatest growth potential for Benecol products is in Asia and South America.

Cholesterol-lowering Benecol products containing plant stanol ester are sold in 30 countries world-wide. Benecol's growth strategy is based on increased sales in current markets and on new market entry.

For the company's growth strategy, Raisio sees Asia and South America as well as individual countries like Brazil, Russia, India and China as attractive markets.

Growth in the UK, stable elsewhere in 2011

In 2011, Benecol products showed stable growth and the market position remained almost unchanged in the key markets. There were, however, considerable differences between geographic regions. The current difficult economic situation affects many markets. Nevertheless, sales in Benecol products increased in many of these markets, such as the UK, Ireland and Greece. The majority of Benecol product sales still come from Europe.

In many countries, such as Spain, Portugal and Poland, the market situation for Benecol products was very challenging. Sales were up considerably in the countries where Benecol brand was recently launched, as in Indonesia, Columbia and Chile. Benecol feta cheese was launched in Greece in 2011. Benecol feta cheese is the first cholesterol-lowering feta cheese in Greece and the product was well received in the market.

Consumers trust Benecol brand

Global markets for cholesterol-lowering functional foods continue to focus strongly on three brands, of which Benecol is one. Sales increased in private label products but the percentage of total sales is still very small. Consumers value the credibility associated with the best-known brands.

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 Food Safety Authority (EFSA) and the European Commission. Benecol was one of the first, and still one of the few recipients of the approval.

A new 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 doses of plant stanol ester. This feature reinforces the image of Benecol brand as an effective cholesterol-lowering food. Read more at [Benecol R&D](#)

Strong partners

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

- Benecol brand
  - Raisio owns the brand and licences it to the cooperation partners worldwide.
  - As a forerunner in the category, the credibility of the brand is strong. Using this credibility, it is possible to increase the user base of functional foods.
- Plant stanol ester, a unique ingredient
  - Widely patented ingredient that 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
  - Support to both consumers and health care professionals in the marketing strategy development
  - In addition, our support covers production, preparation of authorisations and 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

Targets

Strategic targets

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

In terms of the future success of Benecol business, it is important to strengthen the Benecol brand in the current markets and to expand into new, growing Asian and South-American markets. Moreover, it is important to have favourable development of the authorisations related to Raisio's cholesterol-lowering ingredient, plant stanol ester, and to the cholesterol-lowering food category.

The strategic strength of Benecol business consists of three factors:

- Strong consumer brand Benecol,
- Unique plant stanol ester ingredient proved effective by over 60 clinical studies and
- Raisio's wide expertise in the functional food category.

Targets for 2012

Growth in current markets

- Benecol brand provides the credibility that is needed in order to obtain new consumers and to retain the current users of cholesterol-lowering foods worldwide. Benecol has the same necessary credibility also in completely new markets. Raisio continues to develop new solutions to further strengthen the Benecol brand. The global brand strategy is implemented in close cooperation with Benecol licence partners.

Expansion into new markets

- Raisio is expanding into new markets by licencing the Benecol brand to locally strong food companies. The licence partners have the access to the Raisio's widely patented cholesterol-lowering ingredient, plant stanol ester. To support new launches of Benecol products, Raisio works in close cooperation with its new licence partners. The company also shares its strong expertise to support local sales and marketing efforts. Raisio continues negotiations worldwide to find new licence partners. With these partners, Raisio aims to expand into new growing markets of Asia and South America.

Use of new research results in business operations

- Raisio continues the cooperation with research institutes and universities to benefit from new research results. Meta-analysis results open new opportunities for the development of business. Research results provide consumers and health care professionals with additional assurance of the effectiveness of plant stanol ester in cholesterol lowering.

Priorities and sources of uncertainty in 2012

Priorities	Sources of uncertainty
To ensure sales growth for cholesterol-lowering Benecol products in existing markets	A prolonged recession in Europe may affect consumer behaviour in some key markets
To continue supporting the success of Benecol partners with strong Benecol solution	Changes in legislation may have adverse effects and permit processes may draw out
To expand into new growing markets in Asia and/or? South-America	Sales growth may slow down if investments into consumer communications and education for other stakeholders decrease markedly
To utilize new research results to support business development	

International brands - Simpli

Simpli OatShake is a snack drink launched in California by Raisio's licence partner Oat Solutions LLC in March 2011. The product was awarded as the Best Smoothie of 2011 in the United States, which was a significant achievement. This was the first time American consumers chose a plant-based product to be awarded for the best taste.

BevNET's Best of awards, also called Oscars of non-alcoholic beverages, are granted annually in Santa Monica, California, by the experienced and respected jury. Only one European beverage, Red Bull, has achieved the first prize earlier. The award that Simpli received in December 2011 has attracted considerable attention in professional circles, which speeds up the construction of coverage in the US market and, accordingly, may also require additional investments.

Oat-based and dairy free Simpli OatShake is an innovation developed and manufactured by Raisio. In the US markets, the snack drinks are sold and marketed by the company Oat Solutions LLC.

Read more: http://www.livesimpli.com

New in the United States

Simpli is a Finnish oat innovation

Simpli OatShake snack drinks have created a new product category of snack drinks in the US by introducing completely plant-based and lactose-free snack drinks. The products are developed by Raisio and made of Finnish oat. The snack drink is available in two flavours: fresh Tropical Fruits and creamy Chocolate.

Local brands, Northern Europe

Main events in 2011

- Honey Monster products, popular in the UK, were launched in Finland.
- Sales growth in healthy and ecological Elovena snacks. Elovena snack biscuits are the most popular.
- Nalle brand expanded into children's food in Finland.
- Raisio expanded its range of organic products.
- Almost 38% sales increase in non-dairy products sold in Sweden under Carlshamn brand.
- Sales growth slowed down due to change in Finnish consumer buying behaviour.
- Strong price volatility in raw materials was controlled by flexible pricing.

Operating environment

In 2011, sales increased in healthy and ecological snacks. This was also affected by successful launches of new products. The year 2011 did not, however, fully meet the expectations in the grain product markets of Raisio's Northern European operations. In Finland, strong rise in grain market prices in the autumn 2010 affected the situation and it influenced as a change driver still in summer 2011. Consumer demand was affected by volatility in raw material prices and by the low-carb trend intensifying during the year. Market uncertainty was seen in sales increase of private label products in Finland.

Novelties delighted consumers

The growth of the entire snack biscuit market was driven by Elovena snack biscuits and particularly by their new flavours. Elovena chocolate snack drink soon gained popularity among consumers. Renewed Benecol products, particularly Benecol drinks and yoghurts, increased their share in cholesterol-lowering functional foods with the development and advertising of the good brand.

Gluten free has been identified as a growing global trend. Pure oat products in the renewed Provena brand provide consumers with what they want: healthy and delicious treats. Apart from Finland and Sweden, Provena products are also sold in Denmark and the Baltic Countries

Gluten free - a new global trend

New: Elovena online store

Demand for organic products increased. Raisio launched organic versions of its main products. For example, Elovena oat flakes and Sunnuntai wheat flour were joined by organic alternatives.

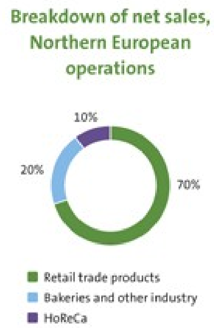
In 2011, the launch of the international breakfast cereal brand, Honey Monster, was started in Finland. Honey Monster is a very well-known brand in the UK, Sweden and Denmark.

Among the first Finnish food companies, Raisio opened its online store. Elovena online store offers an increasing range of products that are not available otherwise.

Raisio has developed its supply chain activities together with the central companies operating in the Finnish retail sector enhancing its own and the customers' operations. Moreover, we have cooperated with the retail trade in many different areas, e.g., in the development of new product concepts.

Volatility both in the market and raw materials

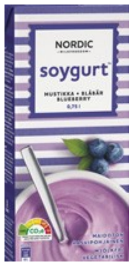
Total volume in the market of bakery products fell, which in turn clearly affected the demand for industrial flours. Raisio made new customer agreements for special products. For instance, Raisio provided its Finnish industrial customers with confectionery granules from the company's UK plants. These products have special properties facilitating the preparation or adding value to the finished product.



HoReCa products (Hotels, Restaurant, Catering) market was stable although the prices of ready products increased sharply due to raw material price volatility. At the beginning of the year, lunch restaurants and staff canteens suffered from sales decrease in the same way as during the recession but the market was balanced at the end of the year. Meals, barley and added value pasta products delivered the most significant sales success. On the other hand, sales in oat and wheat products remained below the target. HoReCa sales development was restrained by the low-carb trend.

Operating environment

Strong growth in Sweden



Sales in non-dairy products sold in Sweden under Carlshamn brand increased almost 38% in 2011. At the same time, Raisio's market share in non-dairy products rose above 10%. Our market share in non-dairy yoghurts was almost 35%. Gluten free Provena products were also launched in Sweden.

Raisio transferred the distribution of Honey Monster products to its own organisation at the end of 2011. With this, Raisio aims to strengthen the brand visibility and to speed up the launches of new products in the coming years. In Sweden, the company also carried out an organisational reform and a change in operations model that further enhanced operations.

The Baltic Countries were still suffering from the recession, which slowed down sales growth in Raisio's branded products. Nordic is Raisio's most well-known brand in the Baltic Countries. Gluten free Provena products were also launched in the Baltic markets. In Estonia and Latvia, we aim to strengthen our position in 2012.

Carbon footprint labels becoming more common

Raisio added a label indicating the product's carbon footprint on the package of Elovena oat flakes as early as 2008. At the moment, Raisio has more than 30 products equipped with a CO2e label. Raisio continues the carbon footprint labelling of its products.

In 2011, a breakthrough was seen in labelling as some Finnish food companies introduced a carbon footprint label on their products. As labelling is getting more common, it will be easier for consumers to make ecologically based choices. Labels have raised lively discussion in connection with various projects. Consumer organisations, among others, have regarded Raisio's label as a success.

Targets

Strategic targets

The Group's vision is to provide clear guidelines for the strategic targets of Northern European food operations. We aim to increase the current snack market with plant-based, innovative and ecological products as well as through successful campaigns in Finland, Sweden and the Baltic Countries. Moreover, the company aims to further strengthen the leading position in breakfast and baking categories with its strong brands.

Main target is growth in brand products

Northern European operations aim to expand into new market areas, to strengthen both new international brand concepts and existing local brands. Raisio continues to support the growth of strong local brands and to expand into new product categories. To succeed with new product concepts, it is essential to know the consumer needs and to be able to combine this knowledge with strong product development.

As the largest grain company in Finland and as one of the most innovative grain experts in Europe, Raisio has a good opportunity to achieve its strategic targets since the company can process innovative, ecological and delicious snacks, meeting the customer needs, from grain and other plant-based raw materials.

Targets for 2012

- Sales growth • Launch of Honey Monster brand in Finland will continue
- Renewal of non-dairy products sold under Keiju brand and their launch under Nordic brand in Finland
- Renewal of Elovena Hetki product family
- Focus on exports of international gluten free Provena products

Priorities and sources of uncertainty in 2012

Priorities	Uncertainties
Organic growth	Decline in consumers' purchasing power
Boosting of the new international brands	Volatility in grain raw material prices
R&D focus on healthy and ecological snacks	Changes in consumer behaviour
Streamlining of the entire supply chain together with customers	

Businesses > Local brands, Western Europe

Local brands, Western Europe

Main events in 2011

- Raisio acquired British Big Bear Group in February. The acquisition considerably strengthened Raisio's foothold in the UK breakfast and snack product market.
- In the autumn, considerable restructuring of Western European operations was carried out. The operations were streamlined into two divisions. They are breakfast and snack product division and confectionery division.
- In addition, production activities were centralised. The Park Royal's savoury snack production near London was transferred to the nearby Southall site and most of the staff was transferred to the new location.
- In spring, Raisio was granted Own Label Confectionery Supplier of the Year award for the service and quality of products. This highly regarded award is voted by the UK's major retailers.
- All production plants received or renewed their A grade in the quality system BRC developed by the British Retail Consortium.

Operating environment

In 2011, market conditions in the UK continued to be challenging and disposable incomes for the average family reduced considerably on a year-on-year basis. As a result, consumers mainly focused their spending on essentials and promotional offers. The level of promotional sale in the main retailers even increased versus 2010. Raisio also increased its promotional investment. Promotional sale gave our main products increased support and visibility in the retail channel, which represents around 60% of Raisio’s UK sales.

In 2011, sales of premium, luxury and functional products showed growth. On the other hand, low-cost food sales also grew. Similar change took place in competitive conditions of trade as discount chains gained market share but luxury chains also showed increased sales. Raisio has demonstrated its ability to provide its customers with products that meet changing consumer needs also in challenging market conditions.

Brands

The breakfast and snack division is responsible for the brands Honey Monster, Harvest Cheweee and Dormens, and as a licence partner, for the Weight Watchers brand and for several international brands owned by our major cooperation partners.

The confectionery division is responsible for Fox's, XXX, Poppets, Victoria and Just as well as for the licence brands of SunMaid and Weight Watchers and for several private label confectionery brands owned by retail stores. The division also includes Nimbus Foods delivering products to business-to-business customers. Raisio is the fifth largest confectionery producer in the UK and we have special expertise, e.g., in nafnaf confectionery (no artificial flavours, no artificial colours).

Targets

Strategic targets

Raisio's target is to become the leading provider of healthy and ecological snacks in Western European markets. We will particularly focus on breakfast and snack products, whose markets are dynamic and growing also in the current economic situation.

We aim to increase sales and market share in our breakfast and snack brands. With innovative R&D, we can create added value for both our own brands and for our licencing and other partners.

Aiming at growth

We will expand our range of products aimed at children. Furthermore, we will try to clearly separate the brands targeted at families and, on the other hand, at adults only as through segmentation we can target our messages more precisely.

In production and distribution, we aim to enhance our operations. We continue to focus on innovation in order to increase our operational flexibility and reaction speed as well as the attractiveness of our products.

Targets for 2012

In 2012, we will continue the streamlining of operations. This will increase productivity and deliver synergies.

We believe that the UK market situation remains challenging throughout 2012. In retail trade, we expect the high promotional level to continue for our key brands but to reduce toward the end of the year. We will place increasing emphasis on new product development, particularly on packaging and pack formats which add value to our products. Moreover, we will continue our expansion into new market areas.

Priorities and sources of uncertainty in 2012

Priorities	Uncertainties
Strong focus on innovation, on new product development and on a wider range of branded products to meet customer needs.	Recession in the UK will constrain consumer spending on non-essential and in premium products.
Sales growth in current markets and expansion into new international markets.	Instability of the euro will encourage imports to the UK and, correspondingly, dampen the exports.
Careful streamlining of operations to increase productivity and synergies.	
Cost-effectiveness in all operations.	

Local brands, Eastern Europe

Raisio achieved positive EBIT in its Eastern European operations. Sales increased in Russia, Ukraine and Poland.

In Poland, Raisio's brands include Benecol, Elovena and Provena. Benecol drinks showed good growth, which is expected to continue. Sales in Elovena biscuits and porridges were also up. Furthermore, sales growth is expected to remain good with the expansion of the product range during 2012. Provena products were launched and the product range will be expanded.

In Russia and Ukraine, Raisio's key brand is Nordic. Sales growth was also affected by new distributors' operations. In highly competitive markets, sales in Nordic products grew well and business profitability was at a good level. In 2011, our product range was expanded to include pasta products and snack biscuits.

Targets

Raisio aims at growth in the Eastern European food markets. In Poland, growth is sought from a wider product range and through acquisitions. In Russia and Ukraine, the focus is on organic growth through, e.g., product range expansion. Eastern European operations still cover a relatively small percentage of Raisio’s Brands Division's net sales.

Moreover, we aim to increase the customer awareness of Benecol, Nordic and Elovena brands in Poland, Russia and Ukraine as well as further strengthen their market position. In the Eastern European markets, we want to provide local consumers with high-quality branded products that meet their needs.

Raisioagro

Main events in 2011

- Raisioagro's net sales increased 28% mainly due to the impact of higher raw material prices on sales prices. Also wider product range increased net sales.
- Business to Business Division is now Raisioagro following the renewal of legal and operational structures. Raisioagro includes feeds, grain trade, protein meals and vegetable oils, farming supplies and bioenergy.
- In feed protein business, considerable imports of seeds undermined profitability and affected competitive conditions in the markets. Raisio had to import almost 2/3 of rapeseed seed used as raw material in feed protein production as harvest in Finland was significantly below the needs of Finnish industry.
- Raisio sold its malt business to Viking Malt, but continues the contract farming of malting barley.
- Raisio and Viking Malt entered into a long-term cooperation agreement on the procurement of malting barley. According to the agreement, Raisio delivers Finnish malting barley to all Viking Malt production plants in the Baltic Sea region.
- Raisio started the sale of Yara's low carbon footprint fertilisers. Furthermore, the companies agreed on a joint project aiming to reduce environmental impacts of Raisio's contract farming and to secure good harvest yield with correct fertilisation.
- Over 95% of the grain Raisio uses is from Finland. Only special grains need to be imported.
- All raw materials used at Raisio are GMO-free. Those raw materials provide responsible operators in processing industry a new opportunity to stand out from competitors.
- NesteOil, Raisio and Boreal made a cooperation agreement related to the processing of rapeseed varieties in order to obtain a significant increase in harvest yield.

Operating environment

Raisio lost some market share in some product groups due to tight competition, but still maintained its strong position in the Finnish feed market. Direct invoicing in feed mixes and cooperation with strategic partners were developing according to objectives. The level of customer management in direct invoicing has improved creating a good basis for expansion into other services, too.

Expansion of Raisio's input and farming supply trade as well as the establishment of Danish DLA in the Finnish agricultural trade were factors that shaped the competitive field during the past year.

Livestock production remained more or less at the previous year's level although the number of livestock farms continued to fall sharply. Demand for dairy products was good during the year and higher production costs were moderately offset by increases in producer prices of milk. More than half of Raisio's feed volume is sold to cattle farms.

> Finnish GMO-free milk chain is doing fine

Particularly pork producers suffered from the fact that increased production costs could not be transferred forward in the chain. This resulted in a sharp decline in profitability. Reduced profitability of pig farms was also shown in the farm liquidity and in extended payment times. Raisio's strict credit policy led to some customer losses during the year.

In fish feeds, sales increased and Raisio continues as a market leader in Finland. Our export of fish feeds reached a satisfactory level even though the fish farming suffered from a very difficult heat period. The key market area in exports is Northwest Russia where Raisio is also a market leader.

Profitability improved in the feed industry, although remained below target level.

Raisioagro

Raisioagro's cost-effective service concept

As a significant partner of Finnish livestock and grain farms, Raisio has been looking for ways to improve competitive conditions and profitability in the long term. Raisio renewed its legal and operational structures by centralising feeds and feed components, grain trade, inputs and bioenergy under the same Division. At the same time, Raisio Feed Ltd became Raisioagro Ltd. Officially the new company name was introduced on 1 January 2012, but our new way to operate, separation of production and reformed organisation were gradually taken into use at the end of 2011. With the restructuring, we aim at a cost-effective service concept and at close cooperation with the farms.

Feed manufacturing and sales as well as contract farming of grains and oil plants will remain at the core of our operations. In Finland, Raisioagro is the largest industrial operator in contract farming of grains and oil plants. As a feed manufacturer, the company is a nationally significant operator and the market leader in cattle and fish feeds.

Raisioagro's existing customer service organisation and cost structure different from rest of the agricultural trade allow the company to provide its customers with a wide range of competitively priced inputs and farming supplies. As the margins of larger inputs are traditionally low, customers' purchase decisions are made based on smaller details, such as quality of service, logistics efficiency and functionality of auxiliary services, financing and advance payment systems. Raisioagro focuses particularly on the convenience of contact and on the service concept in which all matters are solved with the customer's own two contact persons.

A new online store has been introduced to complement Raisioagro's service offering. The online store, primarily targeted at farmers, focuses on clarity, ease of use and competitive prices.

Already familiar with the new online store?

Raisioagro's expanded product range and changed customer needs resulted in the new online store that was opened in February 2012. Our online store will provide services for contract customers as well as for occasional buyers. Online store customers can make their orders at any time, regardless of the day or time.

Feed plants specialising

As part of the streamlining programme in feed production, it was decided to separate the production so that Raisio unit manufactures pig, poultry and fish feeds while Ylivieska and Kouvola plants focus on cattle feed.

With the separation decision, we aim to improve production efficiency and product safety. The change also opens up opportunities for R&D to better develop the product range based on the specific needs of different animal groups. A total of 1,500m2 new storage space was built in connection of Kouvola feed plant to support the product range expansion and the development of logistic functions.

In the late summer of 2011, Raisio and Yara agreed to start cooperation on fertilisers. Under the cooperation, Raisio and Yara will invest in the development of environmental efficiency in plant cultivation. Our long-term experience in contract farming and the models we have developed for environmental efficiency calculation will be used in the development work aiming at more accurate use of nutrients, which in turn leads to considerably reduced environmental impacts of production. As natural part of this cooperation, Raisio started the sale of Yara fertilisers.

Growth through partnerships

Raisio sold its malts

The malt industry, which had long struggled with profitability problems, was divested to Viking Malt. Raisio made a delivery agreement on malting barley with Viking Malt. This creates a strong foundation for the future contract farming of malting barley. Malting barley produced by Raisio's contract farmers will be mainly delivered to Viking Malt's production plants, both in Finland and abroad.

Raisioagro

Contract farming and environmental efficiency

Raisio is the biggest processor of field products in Finland. After the malt business divestment, Raisio's own grain use is nearly 400 million kilos. Over 95% of the grain Raisio uses is from Finland. Raisio has more than 2,500 contract farmers. As farms are growing in size, an increasing part of Raisio's annually used grain is purchased from contract farmers.

Rapeseed harvest in 2011 was significantly lower than in 2010. Just over a third of 160,000 tons of rapeseed Raisio uses is from Finland and as much as 2/3 of the seed is imported.

Raisio's expertise in contract farming and grain procurement is widely recognised, which has increased the interest in export markets. Export volumes of grains are growing strongly.

Read more about Raisio's environmental activities in farming and for the development of grain chain.

More domestic rapeseed needed in Finland

For the Finnish protein self-sufficiency and for the industry processing oil plant seeds, it is extremely important that the raw material (rapeseed) could be delivered from Finland in future. Last harvest season, arable land fell by nearly half from the previous year, to approximately 90,000 hectares. This, together with low yields per hectare meant that only just over a third of pressed seeds is from Finland.

Apart from domestic seed, it would also be very important to find a profitable market for the oil generated in protein meal production, either in the food chain or as bioenergy. This is the second basic requirement for the sustainable increase of protein self-sufficiency. For two years now, Raisio has also invested in technical applications of rapeseed, such as lubricants, aiming at environmentally more sustainable solutions. So far, the general economic situation and related attitude climate have not significantly supported the increase in the use of such products. Furthermore, Finnish legislation and state measures do not contribute to the increased rapeseed-based lubricant use, unlike in many other EU countries.

Raisioagro will invest heavily in order to increase the farmers' willingness to grow rapeseed. We aim to increase the arable land in Finland to at least 150,000 hectares. To have arable land established at this level, a significantly higher harvest level and better cultivation reliability are required.

> Businesses > Raisioagro > Targets

Targets

Strategic targets

Raisioagro aims at strong growth in Finnish agricultural trade. Raisioagro is a significant operator as a purchaser and processor of agricultural crop products. Around half of Finnish livestock farms have a customer relationship with Raisioagro. Expanding of production input trade is ideal in operations where contact with customers is regular and guidance is an important part of customer relation management. In input trade, we are investing in effective practices and logistics.

Our primary objective in contract farming is to be able to meet the needs of our own production with high-quality raw material. Furthermore, Raisioagro will operate as an active grain trader both nationally and internationally.

In feed production, we aim at improved profitability. This we can reach through increased value added of products and feeding concepts and by abandoning unprofitable segments. Along with good production results, the environmental impact of production is an important criterion when developing new feeding concepts.

During its first year, Raisioagro aims to strengthen the existing customer relationships and to expand into new product categories. The development of comprehensive feeding solutions and the support given to farmers for good production results will continue to be our key focus in feed trade. Services and concepts targeted at contract farmers aim to raise the harvest yield and quality of Raisioagro's contract farmers and to reduce the environmental impact of production.

Targets for 2012

Raisioagro's key targets for 2012 include the development of customer-driven operating concept in line with the new structure, net sales increase and profitability improvement.

With the new Raisioagro, Raisio centralised all the operations related to the primary production chain into one organisation. The change aims to create added value to customers. This is implemented by boosting synergy benefits, improving customer service, increasing logistic efficiency and lowering costs related to agricultural input trade. Raisioagro is a new generation agricultural trader challenging traditional operators with its light cost structure and competitiveness.

The service concept creating added value to customers will be fully operational in 2012. Raisioagro aims to substantially increase its customer base.

A major priority in 2012 is to expand the product range to cover all product categories significant in volume. These include, e.g., fertilisers, plant protectants, seeds etc. Moreover, Raisioagro's feed range is expanding to cover feed mixes designed for organic production. In the first stage, the product range includes feeds for dairy cows and beef cattle.

New online store offers interesting opportunities and it is being developed and its product range will be actively increased in 2012.

Research and Development

R&D in Raisio's foods in Finland and Sweden focused on the development of healthy, ecological and natural snacks.

Plant stanol ester, a cholesterol-lowering ingredient of Benecol products, has been approved as part of several national and international care guidelines aiming to decrease cardiovascular risks. Benecol business cooperates extensively with Finnish and international research institutes and universities.

Feeding know-how and cultivation expertise are at the core of Raisioagro's activities and these are ensured by R&D that is based on strong research inputs and solid practical experience.

Benecol

Plant stanol ester in Benecol® products is a unique cholesterol-lowering ingredient. According to the meta-analysis published in February 2011 by a Canadian research team, plant stanol ester lowers the LDL serum cholesterol, or "bad" cholesterol, dose-dependently. The study showed that plant stanol ester provided additional effect in LDL cholesterol lowering as the ingredient was used more than currently recommended (>2g plant stanol/day). With the new scientific findings, Raisio aims to further strengthen its forerunner position in cholesterol-lowering foods by applying to the European Commission for a stronger health claim approval on a daily plant stanol dose of 3 grams.

Plant stanol ester lowers blood cholesterol effectively by reducing the absorption of cholesterol from the digestive tract. This lowers both total and LDL cholesterol concentrations.

Cholesterol-lowering Benecol products since 1995

Raisio is a pioneer in cholesterol-lowering functional foods, and Benecol has created a completely new product category globally. Benecol is an internationally known and valued product family of cholesterol-lowering foods.

As a proof of extremely strong research evidence, plant stanol ester has been approved as part of several international and national treatment guidelines aiming to decrease cardiovascular risks. Two important new guidelines were issued in 2011: Guidelines for the management of dyslipidemias, or lipid disorders, by the European Society of Cardiology (ESC) and the European Atherosclerosis Society (EAS) as well as Guidelines for cardiovascular health and risk reduction in children and adolescents by the National Heart Lung and Blood Institute in the USA. Both new guidelines emphasise that Benecol products containing plant stanol ester are an effective dietary way to lower cholesterol.

Objectives in R&D activities

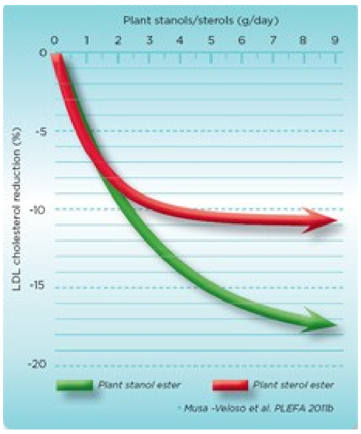
Benecol business cooperates extensively with Finnish and international research institutes and universities. In 2011, clinical researches were conducted in five different countries. The research focus is still on the functional properties of plant stanol ester, the active ingredient in Benecol products. The research focus has, however, shifted to also include other health effects than just the lowering of bad LDL cholesterol. Furthermore, Raisio is investigating other ingredients promoting heart health to be used as ingredients in new functional foods.

> Safe cholesterol lowering with Benecol products for 16 years already

Published clinical studies

Three plant stanol ester studies were published in 2011. Extensive meta-analysis of a Canadian research team (Musa-Veloso et al. 2011) compared the LDL cholesterol lowering effect of plant stanols and plant sterols by combining the results of previously published clinical studies to the same statistical analysis.

The study showed that plant stanol ester of Benecol products lowers LDL cholesterol dose-dependently, i.e., LDL cholesterol lowering is boosted with higher than currently recommended daily intakes of plant stanol (>2g per day). In this study, plant sterol ester used in competing products did not produce the additional effect with higher than currently recommended daily intakes. The meta-analysis by Musa-Veloso et al. confirmed the results of the dose-dependency study published in 2010 by researchers at Maastricht University, according to which plant stanol ester lowers LDL cholesterol dose-dependently with intakes up to 9 grams per day (Mensink et al., 2010).



Benecol

According to the study published in spring 2011 by the research team of the University of Eastern Finland (Hallikainen et al., 2011), plant stanol ester lowers cholesterol effectively also in those patients with type 1 diabetes that already use cholesterol-lowering statin medication. At baseline, the study subjects had an average LDL cholesterol level of some 2.0 mmol/l. For a period of four weeks, the subjects used either vegetable oil based spread that contained plant stanol ester (intervention group) or corresponding control spread with no plant stanol ester (control group). Inclusion of plant stanol ester in the daily diet (3 grams of plant stanols per day) further lowered LDL cholesterol by 15% compared to the control group.

Plant stanol ester of Benecol products lowers LDL cholesterol dose-dependently, i.e. greater daily intakes produce greater effects.

Kriengsinyos et al. showed that plant stanol ester lowers cholesterol also in healthy Thai subjects whose cholesterol levels were slightly elevated. The study subjects had a bottle of soy-based drink each day. The test group's drink included plant stanol (2 grams/day) while the control group's drink did not include added plant stanol ester. In the plant stanol group, LDL cholesterol lowered 9% compared to the control group (Kriengsinyos et al., 2011).

Health claims and other authorisation matters

The use of plant stanol ester in foods nearly always requires a separate market-specific authorisation. A possible health claim may Moreover require the approval of local food authorities.

The use of health claims in the EU has undergone a major change over the past years. Plant stanol ester, the Benecol ingredient, was one of the first ingredients that were granted a health claim on disease risk reduction in the EU already in 2009. The Benecol ingredient is still one of the very few ingredients that have passed the strict scientific assessment of the European Food Safety Authority (EFSA) concerning the health claim on disease risk reduction.

Plant stanol ester, the Benecol product ingredient, was among the first to have the EU Commission's health claim approval already 2009.

Health claims on foods will be facing significant changes in the EU over the next years. From the beginning of 2013, only health claims accordant with the EU regulation will be allowed in the markets. This will have substantial effects on the current situation. Since 2009, a health claim approved by the EU Commission has been used in Benecol products: *"Plant stanol ester has been shown to lower blood cholesterol. High cholesterol is a risk factor in the development of coronary heart disease."*

In the USA, the local health authority Food and Drug Administration (FDA) has published new requirements for the use of health claim regarding reduced risk of coronary heart disease. According to these new FDA requirements, a daily plant stanol dose is raised from 0.8 grams to 2 grams since a sufficient amount of plant stanol is needed to reach a clinically significant cholesterol-lowering effect. The new requirement also matches with Raisio's own guidelines as our original recommendation for consumers, since the Benecol products were launched, has been 2 grams of plant stanol per day. FDA requirements came into effect in early 2012.

Authorisation processes may be long and laborious

Authorisation matters are often complicated and time consuming; India is a very good example of this. The authorisation process aiming at the use of Benecol ingredient in Indian foods was started as early as 2004. Now, eight years afterwards, the authorisation process is in the homestretch.

Foods

Raisio’s vision to be the forerunner and specialist in ecological, plant-based nutrition realised very well in the development projects of new products in foods during 2011.

Simpli OatShake - the Best smoothie of 2011 in the US

Raisio’s most significant achievement in 2011 was the award for the Best Smoothie of 2011 in the Unites States. The awarded product is the oat-based, dairy free Simpli OatShake snack drink developed and manufactured by Raisio. BevNET’s Best of awards, also called “Oscars” of non-alcoholic beverages, are granted annually in Santa Monica, California, by the experienced and respected jury.

Only one European beverage, Red Bull, has achieved the first prize earlier. Simpli OatShake snack drink is an ecological, all-natural alternative to the US smoothie category. The products are made of Finnish oats with great skill and expertise.

Elovena continued strong

R&D in Raisio's foods in Finland and Sweden focused on the development of healthy, ecological and natural snacks. Our oat-based snacks with dark chocolate, Elovena Velvety Chocolate Snack Drink and Elovena Dark Chocolate Snack Biscuit, had a warm welcome among consumers.

New trend of gluten-free foods

Consumers in Europe and the US are very interested in so called “Free from” products, such as gluten-free products. Raisio’s response to this demand is the development of an international series of gluten-free products, Provena.

Provena products are made of pure oat whose entire production chain is carefully secured. New packages have an international look and multilingual texts. Apart from the package design, the product range was expanded with flour mixes and breakfast products.

Raisio developed a product range for children

During 2011, Raisio launched healthy Nalle whole grain foods for 8- and 12-month-old children in Finland. To meet the strict requirements of children’s food regulation on raw material purity, product texture and manufacture, large investments in R&D and raw material procurement were needed.

Raisioagro

Feeding know-how and cultivation expertise are in the core of Raisioagro's activities. Product development based on strong research inputs and solid practical experience secures this expertise. R&D in feeds aims to improve the profitability of livestock production, increase the animal well-being and reduce the environmental load of livestock production. Field cultivation is developed to achieve effective, functional and environmentally friendly cultivation concepts.

R&D in feeds focuses on the development of new feed mixes and feeding solutions that

- improve the effectiveness and profitability of livestock production,
- secure the health and well-being of animals,
- reduce the environmental load of livestock production,
- make feeding work easier and
- improve the nutritional quality of livestock products.

Efficiency in both cultivation and livestock production is the best way to protect the environment.

Ecology emphasised in R&D of feeds

The better we know the nutritional needs of animals, the better we can feed them and the lower the emissions from livestock production. This is why Raisio continuously invests in research projects studying the nutrient needs of animals. Our main cooperation partners are MTT Agrifood Research Finland, the Department of Agricultural Sciences of the University of Helsinki and the Finnish Game and Fisheries Research Institute.

Raisioagro invests in research projects whose results can be used in product development. Moreover, the Raisio Group Research Foundation annually supports, for more than EUR 200,000, studies with general interest in various fields of food chain. These studies also provide a good basis for applied R&D work.

Phytase is an enzyme that enhances plant-derived phosphorus digestibility in feeding of pigs, poultry and now also rainbow trout fed with Raisioagro's feed. With phytase, it has been possible to reduce the release of phosphorus in manure into the environment by some 20-30%.

Lower environmental emissions from production with Raisio's feeds

Pig and poultry feeds also contain enzymes that help digest fibre-rich carbohydrates. This way, animals get more energy from the feed and the amount of released nutrients into the environment is lower.

Protease is an enzyme improving the digestion of feed protein. With protease, animals can utilise larger part of feed protein and the part loading the environment is decreased. Protease enzyme, introduced at the end of 2010 in poultry feed, has found its place and its use in other feeds is also studied.

Raisioagro

Cattle feeds renewed

Raisioagro renewed its cattle feed concept in the autumn 2011. The focus was on efficiency, animal well-being and ease of choice. The new cattle feed concept includes three product series for various goals of dairy farms. The series Maituri 12000 enables high yields and ensures animal well-being. The Pro Maituri series aims in particular at a good protein content of milk. The Opti series optimises feeding costs, the amount of work and effective production.

Milk producers make their own feed choices according to digestibility and protein content of silage and to set targets in milk production. The choice is easier with the feeding plan concept available for Raisioagro's contact persons.

Rapeseed oil makes pork extra delicious soon also in Sweden

Raisioagro and HK Ruokatalo have together developed a feeding concept, in which pork fat can be changed to better correspond to the nutritional recommendations by using rapeseed oil in feeding. HK launched their Rapeseed Pork products in Finland in February 2011.

Moreover, Raisioagro entered into a cooperation agreement with Swedish HK Scan Ab regarding the feeds and feeding methods used in the Rapeseed Pork concept. The cooperation has expanded to include farms and results can be expected this year.

Poultry farming in cages is history

A directive banning battery cages in poultry farming throughout Europe came into force at the beginning of 2012. Raisioagro prepared for the new situation by adjusting its feeds to fit alternative forms of production.

A new concept for broiler feeding was also introduced. The new 'Kunto' feed concept improves the growth, feed efficiency and health of birds. A protein-rich breeding concentrate was developed for young chickens grown for egg laying.

Looking for new trends in R&D of fish feeds

There are two new dimensions in R&D of fish feeds: recirculating aquaculture and new species for fish farming. Feeds suitable for recirculating aquaculture are developed together with the largest operators of the field in Finland. Furthermore, R&D of feeds for sturgeon and pikeperch farming is carried out together with our cooperation partners. Raisio continues the research aiming at more efficient use of nutrients together with the Finnish Game and Fisheries Research Institute.

Carbon footprints of feeds have been calculated but the work continues

During 2010, we also defined the carbon footprints of our feed mixes. Last year, we started a project aiming at the use of carbon footprint calculation in the feeding design. The processing industry of livestock products has already used Raisioagro's know-how in its own calculations.

Carbon footprint meter for contract farmers

Raisio provides its contract farmers with a CarbonPlus tool designed for calculation of carbon footprint of cultivation. Using the tool, our contract farmers can estimate the impact of different measures on the carbon footprint.

Our work for the environment and improved profitability continues

Safeguarding profitability is vital for the future of agricultural production. This objective also defines Raisioagro's R&D activities. We will continue our close cooperation with the livestock processing industry in all livestock production sectors as we believe that by working together, we can highlight the strengths of Finnish livestock production in the way that consumers increasingly require and appreciate. All measures taken will have to be environmentally sustainable and reduce environmental impacts of livestock production.

Responsibility

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. Population growth and climate change are estimated to have a major impact on the future food chain.

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.

In all our operations, the emphasis is placed on sustainable development and continuous improvement. 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.

Preserving natural resources, Raisio develops ecological and healthy products and solutions to meet consumer and customer needs.

Materiality

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.

In 2011 FoodChainCR project lead by MTT Agrifood Research investigated how the sustainability of Finnish food chain could become a business opportunity. Seven dimensions of sustainability were identified during the project. We have renewed Raisio’s corporate responsibility reporting according to these seven dimensions while still taking the GRI guidelines into account. Later on FoodChainCR project will release some indicators which will probably guide the development of Raisio’s corporate responsibility reporting also in the future. Raisio took part in the development project.

Dimensions of food chain responsibility

- Product safety
- Nutrition
- Environment
- Well being at work
- Animal welfare
- Locality
- Financial responsibility

Responsibility > Sustainable food chain

Sustainable food chain

Population growth and climate change are estimated to have a major impact on the food chain in the future. There will be a global shortage of natural resources, productive land and water. Future food chain and economy at large will be based on bioeconomic know-how and new bioeconomic innovations.

The bioeconomy is an economy that is based on the sustainable use of natural renewable components and services, e.g., by biotechnological means or as renewable energy. In the bioeconomy, biomass is utilised sustainably as food, health, fibre and industrial products or as energy. Raisio is a forerunner in the bioeconomy. We think that we can get both food and other commodities sustainably from the fields as we work together with bioeconomy experts of other branches of industry.

The country and the area that can first draw conclusions for the development path leading to bio-economy will attain a long-lasting competitive advantage. Finland, a country rich in natural resources and with a high level of know-how, has an excellent potential to this.

The EU considers the bioeconomy as an extremely important competitive factor. Moreover, a major change in thinking is underway. 40% of the EU's bio-economy has so far been forest economy. A significant, yet untapped bioeconomic potential is seen in the enhancement of agricultural-based production. In the future, the entire value chain will be examined from biomass production to finished products and to materials re-usability. In 2012, the Commission will announce the guidelines for bio-economy extending to 2020.

Energy production is one part of the bioeconomy. The European Environment Agency has prepared an assessment of how much bioenergy could be produced in Europe without harming the environment. Field biomass, currently poorly used in energy production, plays a key role in this assessment. Use of field biomass for energy production may also provide Finnish bio-economy experts with new business opportunities.

	2003	2010	2020	2030
Total	**69**	**187**	**228**	**284**
Wood direct from forest	-	43	43	55
Wastes and residues	67	100	100	102
Energy crops from agriculture	2	44	85	122

EEA: How much bioenergy could be produced in Europe withouth harming the environment. Unit million tonnes

The grain chain is a basis for food security throughout the world. Raisio brings new solutions into the everyday life of our contract farmers, livestock producers, processing industry, trade and every consumer. Bioeconomic thinking is based on open-minded cooperation creating new business opportunities. For example, measuring the environmental impacts of cultivation has an important role in the identification of development targets. Our work contributing to sustainable development is based on comprehensive data collection and environmental information measurement.

Memberships

Raisio or its representatives belong to dozens of Finnish and international associations and organisations relevant for the business operations.

The EU is harmonising regulations concerning environmental protection and product safety, and developing guidelines and standards for different industries. Raisio participates in this authority cooperation through its several European industry organisations like FEFAC (European Feed Manufacturers' Federation), FEDIOIL (EU Oil and Proteinmeal Industry), CEEREAL (European Cereal Breakfast Association) and GAM (European Flour Milling Association). Raisio is the first Finnish company to join Round Table of Responsible Soy (RTRS), the organisation developing sustainable soy procurement. In 2011 Raisio became a member of Roudtable of Sustainable Palmoil (RSPO). Raisio's employees also have direct personal memberships in the EU's decision-making and expert bodies.

The interaction between various collaborating parties constitutes an effective cooperation network that helps the company follow the legislative proposals and prepare to the future challenges caused by them. It is also important to utilise the companies' competence in the EU's decision-making process.

Case: Raisio committed to responsible palm oil

In the autumn 2011, Raisio made a decision that by 2015 the company will use only certified palm oil produced in line with the principles of sustainable development. In Great Britain, part of palm oil used by Raisio is already now RSPO-certified. Moreover, Raisio was approved as a member of Roundtable on Sustainable Palm Oil (RSPO).

In WWF's international Palm Oil Scorecard, Raisio's scoring exceeded the European average. Among the Finnish companies, Raisio showed the highest improvement in performance since the 2009 scoring regarding responsible palm oil procurement.

Raisio does not purchase palm oil as such, the oil is included in the formula of certain raw materials Raisio buys. Palm oil is used in cases where the required product properties are not other ways possible to achieve.

Case: Elovena Power Day is happy exercising

Our successful Elovena Power Day is a form of cooperation between Elovena and Finnish Athletics Federation (Suomen Urheiluliitto, SUL) that brings energy and power to the school children's day with exercise and nutrition tips. The project was started five years ago as it was found that several schools had inadequate sports equipment. Moreover, sports facilities are sometimes located far away or in poor condition.

Elovena Power Days are carried out in the school yards by instructors trained by SUL and with Power Van. In 2011, we arranged Power Days at 33 schools. We also provided three schools with Power Packages including up-to-date and safe sports equipment. During the Power Day, children get to jump, throw, run and test who is the nutritional wizard of the class or group.

Power Days have received very good feedback from the schools. Especially people at smaller schools and smaller towns have been very positive about the project. Nearly 500 schools send us a Power Day application every year. We have arranged Power Days all around Finland and every school has an equal chance to have their own Power Day visit irrespective of size or location.

Due to good feedback from the schools, Elovena Power Days have also been arranged at shopping centres and market places. These events have gained great success especially among families with children. In the autumn 2011, we arranged three popular market place events in Helsinki, Turku and Tampere.

In 2012, Power Days are continued in the form of 35 activity days. Moreover, we focus on developing of the contents of Power Days and updating of equipment.

Elovena Power Days in figures

Starting from 2007
- 110 Elovena Power Day schools with almost 60,000 children
- 100 Elovena Power Packages to schools to exercise 50,000 children
- more than 40 shopping centre and market place events; 25,000 children participating with their parents

Nutrition and safety

Raisio has a responsibility to ensure that our products are safe and in accordance with regulations and that consumers are provided with sufficient correct product information.

Already in the product development stage, product conformity with laws is ensured, needed information related to raw and packing materials is studied and all necessary tests are conducted. In the production stage, safe quality and regulation conformity of products are secured through various quality assurance measures. Traceability is part of product safety. Clear product descriptions and labelling make sure that necessary information is delivered to customers and consumers.

> Raisio is a forerunner in healthy, ecological snacks with leading brands and an active developer of the sustainable food chain.

In 2011, genetic modification was widely debated in Finland. Raisio has followed its policy not to use genetically modified raw materials. This is a particularly significant issue regarding feeds, in which e.g. imported soya is used as a source of protein. In Finland, there are already other producers' feed products containing genetically modified raw materials.

Raisio employees active in specialist work

Raisio's employees work as experts in areas such as product safety related law drafting in Finland and several cooperation organisations of the industry at European level. This allows us to provide valuable practical information on issues such as the applicability of regulations. It is necessary to constantly follow the development in order to make sure that production processes are ready for new solutions.

Benecol – new research results

Interesting new research data was published in 2011 on health effects of plant stanol ester, the cholesterol-lowering ingredient in Benecol® products.

The meta-analysis of a Canadian research team compared the LDL cholesterol lowering effect of plant stanols and plant sterols by combining the results of previously published clinical studies to the same statistical analysis1. This extensive meta-analysis included a total of 182 research materials and showed that the maximum cholesterol-lowering efficacy of Benecol products is clearly and significantly higher than that of plant sterol ester used in competing products. Moreover, only plant stanol ester provided an additional effect in LDL cholesterol lowering as the ingredient was used more than currently recommended (>2g plant stanol per day). Plant sterol ester did not provide any additional effect with higher than currently recommended intakes.

The new meta-analysis results are important since they indicate convincingly that there is a difference in the LDL cholesterol-lowering efficacy of plant stanol ester and plant sterol ester. Furthermore, the meta-analysis confirmed a clear dose-dependency of plant stanol ester: up to 9 grams, the higher the daily intake of plant stanol, the greater the LDL cholesterol-lowering effect. The same dose-dependency was not found with plant sterol ester.

A study published in 2011 by a research team at the University of Eastern Finland also provided interesting new information. According to the study, plant stanol ester lowers cholesterol effectively also in those patients with type 1 diabetes that already use cholesterol-lowering statin medication2. The inclusion of plant stanol ester in a daily diet (3 grams plant stanol per day) further lowered LDL cholesterol by 15% compared to the control group. Plant stanol ester has proved to be a very effective way to lower cholesterol also in these patients as already earlier it has been shown that plant stanol ester lowers cholesterol effectively in type 1 diabetics not using cholesterol-lowering medication. Effective cholesterol lowering is very important for all diabetics.

A study conducted by a research team at Thai university further confirmed that plant stanol ester lowers cholesterol as effectively regardless of the subjects' ethnic background, or of the food into which it is incorporated3. The study included healthy Thai subjects whose cholesterol levels were slightly elevated. The product used in the study was a soy-based drink and the daily intake of plant stanol was 2 grams in the test group. The test group’s LDL cholesterol lowered 9.4% compared to the control group.

As a result of strong and continuously strengthening research evidence on the cholesterol-lowering effect of plant stanol ester, major domestic and foreign treatment and dietary guidelines recommend the use of plant stanol ester enriched foods as part of cholesterol-lowering diet. Two important new guidelines were issued in 2011: guidelines for the treatment of dyslipidemias by the European Society of Cardiology (ESC) and the European Atherosclerosis Society (EAS)4 as well as for cardiovascular health and risk reduction in children by the National Heart Lung and Blood Institute in the USA5. Both guidelines regard foods containing plant stanol ester as an effective dietary way to lower cholesterol.

1. Musa-Veloso et al. PLEFA2011; 85: 9-28.
2. Hallikainen et al. Atherosclerosis 2011; 217: 473-478.
3. Kriengsinyos et al. J Med Assoc Thai 2011; 94: 1327-1336.
4. Task Force for the management of dyslipidaemias of the European Society of Cardiology (ESC) and the European Atherosclerosis Society (EAS). Eur Heart J 2011; 32: 1769-1818.
5. Expert Panel on Integrated Guidelines for Cardiovascular Health and Risk Reduction in Children and Adolescents. Pediatrics 2011; 128: S1-S44.

Comprehensive certification and expertise sharing

All of Raisio’s functions in Finland are ISO 9001 ja ISO 14001 certified. Raisio’s production plant in the US is ISO 9001 certified. In the food production plants, we also use food safety standards in order to ensure continuous improvement in product safety and to maintain and improve customer satisfaction. All the production plants of our Brands Division in the UK and Finland are certified in accordance with the Global Standard for Food Safety

The BRC certification is monitored through Raisio’s internal audits and by an independent external auditor. The BRC standard is renewed approximately every three years. One of its principles is a particularly strong goal of continuous improvement. There are some 14,000 sites within the BRC in more than a hundred countries.
Sharing of expertise and know-how is central in Raisio’s activities. E.g. Raisioagro has carried out expertise training for internal auditors and the units supplying raw material. These trainings have covered microbiological purity and elimination of the spread of salmonella bacteria.

Research cooperation

Research cooperation with universities has a significant role in the product development work of Raisio’s different businesses/business operations.

Benecol

Benecol business carries out continuous research co-operation with Finnish and international research institutes and universities. Moreover, Benecol business is constantly conducting clinical studies together with its cooperation partners all over the world. Thanks to all this research work, it is possible to have new information about the properties and effects of plant stanol ester. Local clinical studies also contribute to the marketing of Benecol products.

Northern European Food operations

Raisio’s Northern European Food operations took part in several Finnish public projects also in 2011. Raisio’s representatives participated in the following project steering groups: Climate Communication II, Food ChainCR - Developing food chain responsibility into business opportunities, SustFoodChoice – Towards sustainable food choices, Food Chain CSR - Integrating responsibility into the food chain management as well as Hybrid Tools for healthy foods with appealing texture and high stability. Furthermore, we have been involved in projects regarding grain research, such as Fibereffects and Manglin Food/Gluten intolerance.
Northern European Food operations have collaborated with Technical Research Centre of Finland (VTT), MTT Agrifood Research Finland and the Universities of Helsinki, Kuopio and Turku within the projects mentioned above.

Raisioagro Division

The closest research partners of Raisio’s feed business are the University of Helsinki, MTT Agrifood Research Finland and Finnish Game and Fisheries Research Institute. Specification of animals’ nutrient needs form the key area of joint studies. The research data is used as source information in the development of more effective and environmentally friendly feeds.
A doctoral thesis on the methane formation of ruminants proceeded as planned under the guidance of Professor Pekka Huhtanen in Umeå unit of Swedish University of Agricultural Sciences.

The research regarding feeding and lipometabolism of dairy cows generated practical results as Raisioagro filed a patent application on a feed innovation, which helps increase milk fat content and milk production. The patent was filed in early 2012.

Raisioagro started together with Neste Oil and Boreal Plant Breeding Ltd a research project aiming at 40% increase in the harvest levels of spring rapeseed varieties by 2020.
Raisioagro also participated in the project of MTT on rainbow carbon “tailprint” or carbon footprint as well as on other environmental impacts.

Case: Rapeseed Pork concept expanding to Sweden

Raisio develops feed mixes and feeding solutions improving the effectiveness and profitability of livestock production and ensuring animal health and well-being. Raisio's long-standing cooperation partner HK Ruokatalo, the producer of Rapeseed Pork products, is one of the largest meat companies in Finland.

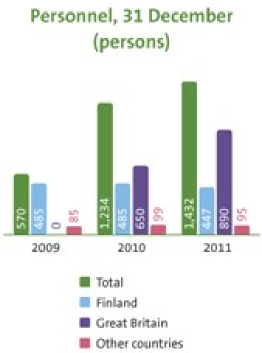
With feeds and feeding solutions of farm animals, it is possible to affect the quality of meat. Raisio was HK's partner as the company was developing the concept HK Rapeseed Pork®. Raisio also delivers feed to HK's pork farms. 2/3 of the fat in Rapeseed Pork is unsaturated containing more omega-3 fat acids than ordinary pork.

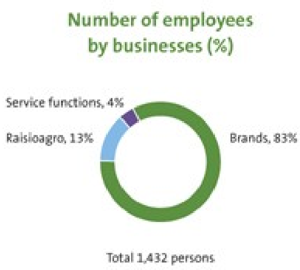
Due to good experience gained from the Finnish market, HK Scan's Swedish subsidiary Scan Ab has made a decision to launch the Rapeseed Pork concept also in Sweden. In that connection, Scan Ab and Raisioagro have signed a cooperation agreement. Raisioagro helps Scan Ab with the issues concerning the feeding of the pigs in the Rapeseed Pork scheme. Our cooperation in Sweden has had an excellent start.

> Responsibility > Personnel

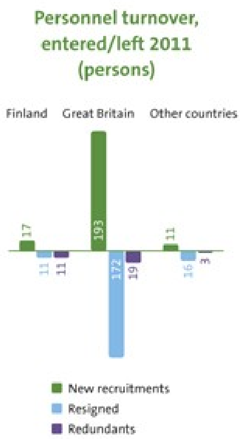
Personnel

- At the end of 2011, Raisio employed 1,432 (1,234) persons, 31% (39%) of whom worked in Finland, 62% (53%) in the UK and 7% (8%) around the world. Raisio has personnel in twelve countries.
- Raisio's growth phase continues and the number of employees is increasing.
- In February, Raisio acquired Big Bear Group. With the acquisition, Raisio Group had 250 new employees all working in the UK. Comparison figures for the years before 2011 do not include Big Bear Group personnel.
- The focus remained on core competence, and Raisio sold its malt business to Viking Malt Ltd. 24 former Raisio employees were transferred to Viking Malt.
- Raisio's Western European operations were restructured into two divisions: Breakfast and snacks + Confectionery
- Streamlining of UK activities continued, and the activity of Park Royal savoury snacks plant was transferred to the Southall plant. Both units operated in London area and most of the Park Royal's personnel transferred to Southall.
- Strengthening of the role of superiors and internal communication continued. Training and informative events were arranged for superiors, and the focus was on Raisio's topical issues and development of the company from the responsibility viewpoint.





Personnel


Personnel turnover, entered/left 2011 (persons)
Finland
Great Britain
Other countries
17
11
11
193
172
19
11
16
3
New recruitments
Resigned
Redundants

Case: Does cholesterol really matter?

During 2011, the significance of elevated cholesterol levels as a reason or as a risk factor for arterial diseases was pondered in the Finnish media and internet discussion forums. Top experts in arterial diseases and blood lipid values as well as key expert organisations of the field all agree that cholesterol is important.

They state that diverse and extremely solid research evidence shows unquestionably that elevated LDL cholesterol concentration is not only a significant risk factor but also in direct causal connection with the arterial diseases, such as coronary artery disease. Lowering of LDL cholesterol is, in fact, according to all guidelines essential in the prevention and treatment of arterial diseases and each 1% fall in LDL cholesterol decreases the risk of coronary artery disease by some 1-2%.

> To change the diet more heart friendly is always the primary means in cholesterol lowering.

It is also worth to pay attention to cholesterol because the means, by which it can be affected, are known very well. All major Finnish and foreign guidelines for nutrition and treatment include the use of foods containing plant stanol ester as part of cholesterol-lowering diet. Sufficient daily use of Benecol products considerably enhances the cholesterol-lowering effect of the diet. In one study, four of five study subjects with a mild hypercholesterolemia achieved their target level by starting a diet containing Benecol products. Recommended diet changes are continued also in the case that cholesterol-lowering medication is needed to achieve lower cholesterol levels.

HR strategy

Raisio’s business strategy is growth and internationalisation. Our mission is to renew food business by combining ecology, ethics and economy.

Strategic focus areas in HR – management, renewal and common practices of business units – enable strategy implementation.

Raisio’s leadership consists of three Es

Ecology refers to environmental awareness in all management. Ethics is management with a responsibility of ensuring staff well-being. Economy requires results-oriented and cost-effective leadership.

Raisio has defined international HR policies for the Group. The policies include common guidelines for management, HR planning and reporting, recruiting, staff development and rewarding. Raisio also has common rules for minimum wages and the termination of employment relationships that comply with local legislation.

Regular team meetings are arranged between the employer and employees to discuss business conditions and other topical issues. In addition, each personnel group (workers, office staff and managerial employees) has elected its own representative to the Supervisory Board.

Human rights and equality

Raisio respects the UN declaration of human rights and the fundamental principles and rights at work as defined by the ILO.

These rights cover the freedom of association, the right to organise or not to organise, the right to collective bargaining, the elimination of forced and compulsory labour, as well as child labour, and the employees' right to equal treatment and opportunities. 33 % of Raisio's employees are organised into unions.

All employees are entitled to a safe work environment. Behaviour that is mentally or physically coercive, threatening, offensive or abusive is not permitted.

Employees are selected for their duties based on their personal traits and skills. Continuous learning and self-development are made possible by internal and external training and on-the-job learning. Discrimination on the grounds of race, gender, sexual orientation, religion or political beliefs is prohibited.

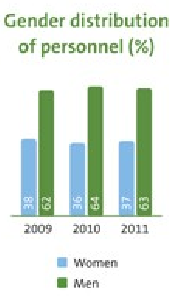
Raisio considers staff versatility a strength.

The goal is for Raisio's equality and well-being plans to cover the entire staff. Raisio's Finnish units have, at their disposal, a specially drawn up equality plan, which is updated on an annual basis. The plan includes a description of equality in the workplace and the measures taken to promote equality between men and women. There are no gender-based differences in the average wages of men and women. The difference in average wages results from different demands of tasks.

One of the targets of the equality plan is to increase the share of women in managerial posts and management teams. In 2010, Raisio's management team consisted of one woman and eight men.

Raisio mainly employs local staff at all of its sites.

Gender distribution



Age of personnel

<p>

Human rights and equality

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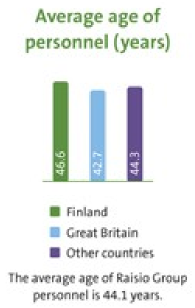
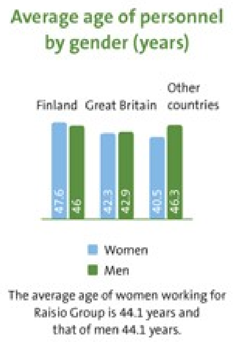
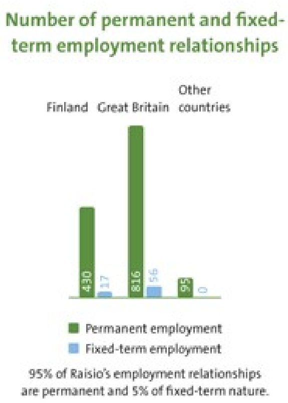
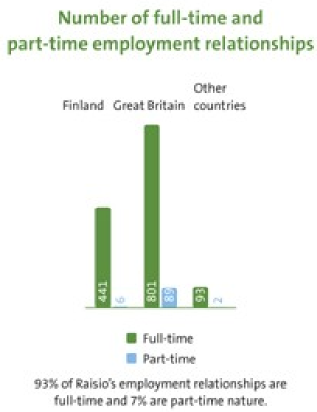
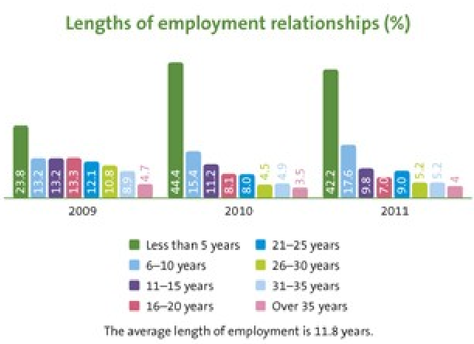




Employment relationships



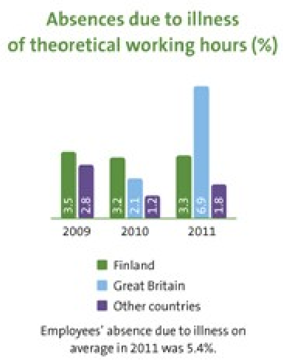




Well-being at work

The development of well-being at work includes all activities related to the health, well-being, competence, work community, and work and working conditions of an individual employee. Work well-being at Raisio means taking care of the basics of well-being.

Activities aiming to maintain well-being at work have long traditions in Raisio's Finnish units. Similar activities are arranged at Raisio's international sites. Our long-term efforts aim to increase job motivation, make systematic use of in-house expertise, decrease absences due to illness and prevent early retirement. As means to achieve this, we use, e.g., supportive management, good superior-subordinate relationships, work community training, supported recreational activities and health and rehabilitation services. The level of work well-being is monitored through various indicators, such as absences due to illness, personnel turnover and regular personnel surveys and performance appraisals.



Occupational health and safety

Raisio purchases occupational health care services from the best providers in each country and area. This allows us to continuously develop occupational health care services and competence together with healthcare professionals. In 2011, we continued systematic preventive healthcare work, such as health checks, workplace visits for ergonomic run-through and preventive safety activities. In the UK, occupational safety has a strong role. In Finland, 60% of occupational health care is preventive and optimally, the share of preventive health care is greater than medical treatment.

Competence

In the Raisio Group, competence development covers the entire lifecycle of an employment.

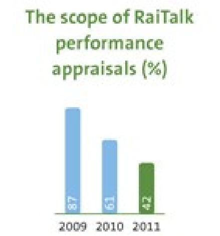
With careful induction planning we ensure that a new employee has adequate knowledge to perform his/her job right from the beginning. Personal objectives and means to learn more skills and abilities needed at work are discussed in annual performance appraisals. At Raisio, we have many ways to develop competence: internal and external training programmes, self-study opportunities, work rotation, benchmarking and participation in various networks. Through such activities, Raisio can also have new views and insights for the development of policies. As the employment is terminated, we ensure that the organisation gets feedback from the employee on matters that were functioning properly as well as on matters that need to be further developed.

Sufficient and correct competence resources in the businesses are ensured through the annual HR review that includes, among other things, plans regarding successors.

Raisio arranges internal training programmes when necessary and supports the staff participation in external development programmes and networks improving expertise and managerial or occupational skills.

Performance appraisals

In 2011, the scope of performance appraisals was 42%, the target being 100%. At Raisio's Finnish sites, the scope of performance appraisals was 100%. RaiTalk performance appraisals were also started in the UK operations.



In 2011, the coverage of performance appraisals carried out in Finland and the USA was 100%.

Personnel training

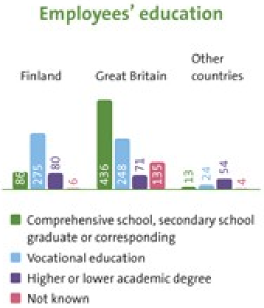
Raisio trains its employees and encourages them to maintain their occupational skills. In 2011, competence development focused on occupational training and internal operations. Additionally, the staff was provided with communication, work safety, first aid and IT as well as quality and environmental related trainings.

Development of superior-subordinate relations was continued. The focus was on the development of operating efficiency and internal communication. The seventh group started in the Leading Raisio management training at the end of 2011. The objective is, e.g., 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.

The Group continued its heavy emphasis on occupational health and safety trainings. Top priority was given to occupational safety card trainings, superiors' work safety responsibilities and initial fire extinguishing skills. The company also continued hygiene training for its own personnel, customers and representatives of other interest groups.

In 2011, Raisio invested EUR 339 000 (270 000) in personnel training. Internal trainings are not included in the figure.

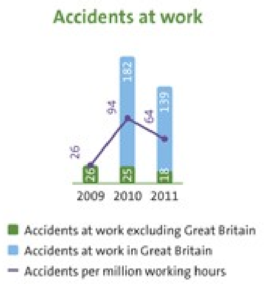
Employees are encouraged to take quality, environmental, health and safety aspects into consideration as best they can in their own work. Training in these matters is arranged to improve employees' competence and to ensure their skills are always up to date. Responsibility is one of Raisio's values, and the company continues to actively develop responsibility matters with its personnel.



Occupational safety

Raisio's approach to safety is based on division-specific rescue plans and occupational safety guidelines. The guidelines fall into two categories: those concerning the entire industrial area in general and those taking special features of a task into account. By good management of occupational safety, Raisio aims to keep its personnel free from injury and to ensure uninterrupted operations at all times.

The goal is to make Raisio a forerunner in terms of occupational safety in each country that it operates in. The annually updated action plan for occupational health and safety helps the company management to steer the divisions' occupational safety operations. The key long-term target is zero accidents.



Labour intensive production is one reason for the high occupational accident rates in the UK. To reduce occupational accidents in the UK, monitoring and treatment of accidents were systemised, occupational safety training was increased and operations models enhancing work safety were introduced.

Employees receive regular training and guidance in occupational health and safety matters, also through practical training. In 2011, a wide evacuation drill was organised at Raisio's industrial area. Apart from our own production units also other companies in the area attended the drill. Moreover, training for initial extinguishing was arranged. Raisio has already for many years required its own production staff as well as all employees of service companies to hold a valid occupational safety card.

Rewarding

Raisio's policy is to provide its personnel compensation that is competitive in each country and business area.

Personnel rewarding is a comprehensive package with monetary reward, staff and fringe benefits, work and the way of working as well as development opportunities. Payroll and incentive schemes as well as social and other benefits are assessed regularly.

Raisio's goal is to maintain and develop schemes that are fair and motivating and reward good performance in each country and business area. The Group's reward systems help to achieve targets.

Raisio regurarly monitors salaries in the market in order to maintain its competitiveness. In 2011, the wages and fees paid by Raisio totalled EUR 62 (48,9) million including other personnel expenses.

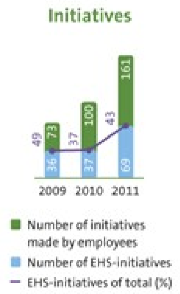
REWARDING AT RAISIO

Work and meaningful way of working	Development
• Meaningful work and job description • Good working conditions • Targets • Performance appraisals • Operating system • Good leadership and superior-subordinate relations • Internal communications	• On-the-job-learning • Job rotation • Internal and external training • Networks
Monetary rewarding	**Staff and fringe benefits**
• Salary • Allowances • Incentives and bonuses • Initiative fees • Fees for employee inventions	• Sickness funds and insurances • Occupational health care • Staff canteen • Staff shop • Sports vouchers and other ways to support spare time activities • Staff events and parties

Initiative scheme

Raisio's initiative scheme aims to encourage employees to develop their own workplace and environment. Implemented initiatives ultimately benefit the proposer of the initiative, the company and the entire work community.

In 2011, the initiative committee in Finland continued its policy of recent years by meeting ten times and rewarding initiatives found sustainable. During the year, altogether 161 initiatives were made of which some 37% were implemented entirely or nearly as proposed. 43% of the initiatives concerned occupational safety and environmental issues. Initiatives were received from all units and locations in Finland. The staff at Ylivieska feed plant deserves a special mention for their activity, altogether 28 initiatives.



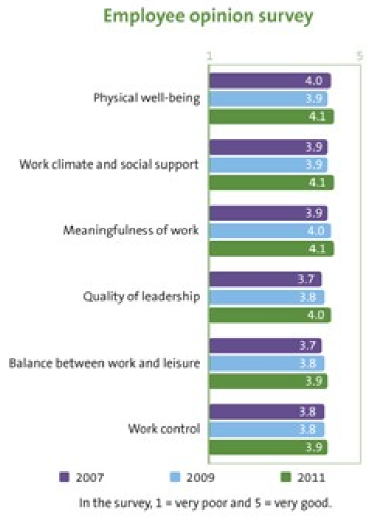
A total of EUR 6,405 was paid as initiative rewards. The action plan for 2011 drawn up by the initiative committee was carried out as planned. It included, among other things, an initiative contest, arranged in the autumn, and the participation of the company management in the initiative committee meeting in November. During the year, a workgroup was formed to study internet-based initiative system options and to choose a suitable system for Raisio. Idea Forum was selected as our new initiative handling system. It has been tested and developed in Raisio's Benecol Division during 2011. The new operations model was introduced at the beginning of 2012.

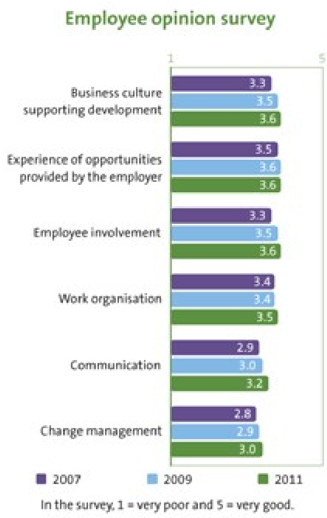
In 2011, Raisio had active initiative operations only in Finnish units.

Case: Employee opinion survey

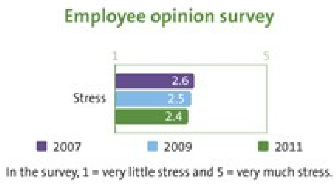
The improvement of personnel's job satisfaction is a key indicator supporting the HR strategy. Job satisfaction is measured by an employee opinion survey carried out every second year. The results have improved year by year and they are good for all the measured areas.

In early 2011, an opinion survey similar in contents as in 2007 and 2009 was conducted among Raisio's personnel in Finland, the United States, Poland, Russia and Sweden. Raisio reached the highest score in the areas of physical well-being, work climate, social support and meaningfulness of work. The lowest scores Raisio got, as also in 2009, in change management, communications and work organisation.





Case: Employee opinion survey



The response rate for the survey was 71.6%. Differences in opinions were very small when examined by age, gender and position. Office employees are most satisfied with the working culture supporting development, work climate and social support, management and leadership, employee involvement possibilities, physical well-being, communications, meaningfulness of work and experience of opportunities provided by the employer. On the other hand, workers are most satisfied with job control and balance between work and leisure. Office staff gave the best estimates in the areas of change control and work organisation. Workers experience the least stress.

As different countries were compared, some significant differences were found. The biggest ones are in the areas of employee involvement, business culture supporting development and opportunities provided by the employer. In Poland, people experience stress the most, in the USA the least. The best average in all categories is recorded in the USA, Russia is the second and Poland the third.

Although the results show that average values are at a good level, differences in opinions can be found, for example between different units. More specific results were discussed in feedback meetings of each unit and sub-unit. Apart from the problems found through the survey, attention was also paid to matters functioning well as they are resources for work community. Work communities chose 1-3 development areas and made a concrete development plan with schedules and persons responsible.

Case: Raisio's employee commuting survey

In May 2011, Raisio carried out a survey on the current state of its personnel's commuting. The survey concerned the company's Raisio site only. The results of the survey resulted in distance work experiments and in the improvement of social premises at Raisio site.

The Group conducted the survey together with Valonia, the service centre for sustainable development and energy of Southwest Finland. In Turku region, Raisio Group's Raisio site is one of the five pilot projects in which a similar type of survey was carried out. Projects were also conducted at, e.g., Turku University Hospital and the industrial area of Avanti-Tuulissuo-Littoinen. The survey was part of the project aiming to study the current state of commuter traffic in provice of Varsinais-Suomi and to find solutions for improved personal mobility. The project is funded by the Ministry of Transport and Communications and the Finnish Transport Agency.

Good potential for increased cycling, low usage of public transport

The survey showed there would be potential for increasing bicycle commuting among Raisio's employees. 31% of employees live less than six kilometres from the workplace and the area has a good and extensive bike route network.

In terms of commuter traffic, it is easy to travel to Raisio site by car, there are good and sufficient parking areas as well as efficient public transport on the so called central axis, or on the route of Kaarina-Turku-Raisio-Naantali. The survey showed that the public transport usage is, however, quite low, which probably results from the fact that employees do not live along the central axis.

Improvements raised by the survey

The survey resulted in audits of washing and dressing facilities at Raisio site. The aim was to examine the utilisation rate and usability of the facilities. As a result of the audit, the company decided to renovate several social rooms during the spring 2012 to better serve users and to attract employees to the use of lighter commuting options.

Based on the results, Raisio also started a distance work experiment in December 2011. The experiment will result in more flexible working hours but the most significant thing, from an environmental point of view, will be the reduction in commuter traffic. We are collecting experience of the experiment to further develop distance work practices.

Valuable information from the survey also for decision-makers

The survey provided valuable information that can be used both immediately and in the future decision-making. The representative of Raisio City's technical department was listening to the survey results and personnel's proposals in the event arranged on 3 November. A new era will start in Turku region's public transport in July 2014 as the lines of the newly set up joint municipal public transport organisation will start operating. These lines have gone through the competitive bidding process. Thinking of the entire region, there will be more of frequently operating trunk lines and more integrated ticket practices.

Environment

Environmental responsibility is wide-ranging in the food chain. Several factors affect environmental responsibility as food travels from field to table. Food has an impact on the environment even when ending up as waste. As a significant plant-based raw materials user and food producer, Raisio has the desire and opportunity to further strengthen the sustainability of the food chain.

Measuring, reporting and result assessment of Raisio's own operations show necessary development priorities and guide operational activities. Raisio has set targets, and meters to follow these targets, for the key environmental impacts of our operations: water and energy use and generation of landfill waste. This report has published the most significant environmental targets and their realisation in 2009-2011 as well as new targets for the following three years.

Raisio's work on the environmental responsibility of food chain is not limited to the development of our own processes. In addition, we aim to affect environmental responsibility in the primary production, by, e.g., supporting the contract farmers with our Closed Circuit Cultivation CCC® concept and farming guidance services. By labelling our products with carbon and water footprints, we can provide environmentally aware consumers with valuable information to support their purchasing choices.

Foods account for 20-30% of the environmental impacts of the total consumption in Europe. * With population growth, demand for food will triple globally over the next decades. So, it's not irrelevant what we eat.

Raisio develops ecological and healthy products and solutions to meet consumer and customer needs with a focus on the conservation of natural resources.

Environmental impacts

Raisio bears responsibility for the environmental impacts of its production chain. We also help our contract farmers by providing them with guidance and various meters indicating environmental impacts as well as consumers by labelling our products with carbon footprints.

Raisio mainly uses Finnish field products as raw material. We effectively utilise our plant-based raw materials in the production processes. In the food and feed industry, there are special features and requirements that pose challenges particularly to the improvement of energy and material efficiency. In Raisio's activities, hygiene requirements are given priority and they are often examined together with environmental impacts. Environmental factors and requirements of the best available technology are always taken into consideration when changes are made in the production processes.

The generation of environmental impacts

Life cycle environmental impacts of foods have been extensively researched in recent years. Various research institutes have studied the total life cycle environmental impact of Raisio's products. In addition, Raisio itself has actively studied climate impacts of its products for several years already.

The studies show that Raisio's production is part of the food chain, in which the key environmental impacts are generated in the primary production and in the production and use of agricultural inputs. Moreover, environmental impacts are generated in the food and feed production through energy consumption.

To support sustainable production, Raisio has developed a Closed Circuit Cultivation CCC® concept that helps measure how well all inputs, such as nutrients, used for farming are recovered. This way, farmers obtain information on their own nutrient and energy efficiency, carbon dioxide emissions and their development. With measuring and result reporting, we provide the conditions for continuous development of operations.

> Finnish grain produced sustainably is very important for Raisio.

Production processes, production of foods, ingredients and feeds also cause their own environmental impacts, of which energy use, water consumption and wastewater generation are the most significant. We are looking for efficiency opportunities and a new solution is implemented as long as it takes safety and environmental risk aspects into account and is economically feasible.

Scope of reporting

Raisio reports on its environmental responsibility in compliance with the international Global Report Initiative guidelines (GRI) on sustainable development. In terms of environmental indicators, environmental responsibility reporting includes the information of the Group's subsidiaries in Finland, the United States and partly also in the UK.´

In summer 2011, Raisio sold its malt operations, which is why the information on Raisio Malt is not included in the 2011 environmental reporting. As a new entity, however, the reporting now includes Raisio's UK production plants for their key environmental impacts. Reporting on these plants will be expanded as more follow-up data is obtained.

For the first time, this year's environmental responsibility reporting also includes some UK indicators.

Objectives 2009-2011

Raisio Group's numerical long-term environmental objectives for 2009-2011 were not fully achieved. New environmental objectives have been set for 2012-2014 in Finland. The company will set targets for the production plants in other countries as soon as enough monitoring data has been collected.

Raisio's environmental objectives are site-specific, and the definition and monitoring of these objectives are carried out as part of the Group's annual planning and reporting. The objectives relate to Raisio's key environmental impacts: energy and water use as well as waste and wastewater generation. Monitoring and graphs have been revised to correspond to the present Group structure.

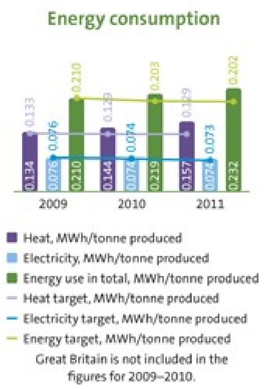
In addition to the numerical targets, Raisio's other important environmental aspects include, e.g., reduction of air emissions, optimisation of transport distances and package material use. Raisio uses renewable field products as raw material and therefore the company sees the environmental impact of farming as an important investment area when the environmental impacts of products are examined. Generally, identification and selection of ecological alternatives is a strategically chosen operations model. Raisio continues the challenging and target-oriented environmental work.

Changes in business environment together with weather conditions made the achievement of environmental objectives difficult

The divestment of Raisio's malt business made the achievement of the company's environmental targets even more challenging than before in relation to the set target figures. The malt company was Raisio's single largest user of water and energy, so the company had invested considerably in the reduction of its consumption volumes over the years. As the malt business was divested, the specific consumptions per ton of product in Raisio's Finnish production plants rose, with the exception of electricity, and the environmental targets were not achieved. This was also affected by reduced production volumes. As Raisio's production structure has changed, it is no longer as easy to find areas where it would be possible to achieve savings and efficiency gains.

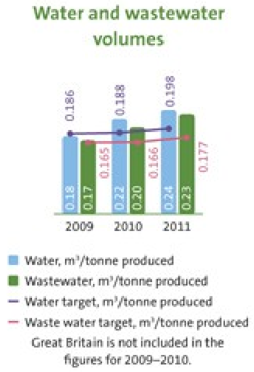
What was significant though was that after the divestment of the malt business, the total energy use in Finland is estimated to fall by a quarter and water and wastewater volumes to be halved annually.

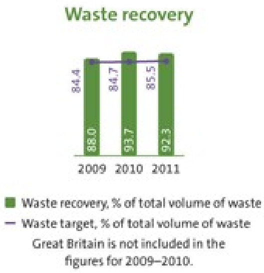
Exceptional weather conditions did not help in the achievement of numerical targets. Hot summer increased cooling needs and thus also electricity and water consumption. Hygiene, an extremely important factor in production processes, increases the need for process heat and, at the same time, makes it difficult to increase the efficiency.



In spite of the measures aiming at improvements, the objectives were not realised as expected. We conducted various projects aiming at enhanced **energy-efficiency and water use** during the reporting year. In our enhancement efforts, we used means such as extension of water measurement, development of energy use and monitoring, waste heat recovery as well as optimisation of motors and fans.

Our **waste** sorting and waste recovery remained effective, and we achieved the objective set on waste recovery.





Responsibility > Environment > Objectives 2012-2014

Objectives 2012-2014

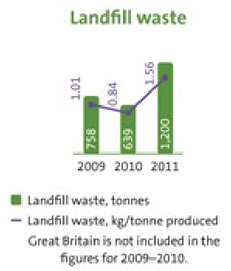
Raisio Group has set new numerical environmental objectives for 2012-2014. At this stage, the objectives are set only for Finnish production plants, but the same will be done with our foreign plants as soon as enough monitoring data has been collected.

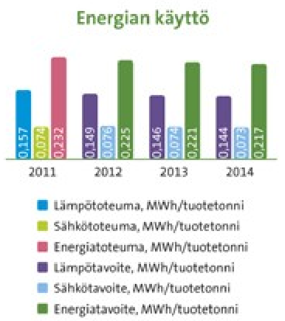
We continue to focus on reducing our key environmental impacts, i.e. energy and water use, and on preventing the generation of waste and wastewater. The targets have been set for the specific use of commodities per tonne of product. Environmental objectives are taken into consideration also in the design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

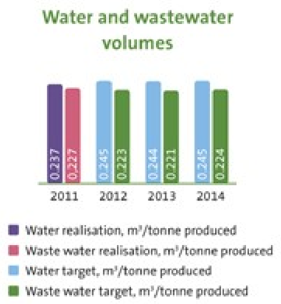
In waste, the target is to **reduce the landfill waste volume** instead of increasing the recovery proportion of current waste. An objective of 45% decrease compared to 2011 has been set for landfill volume per tonne of product.

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 are predicted to remain largely unchanged per tonne of product.



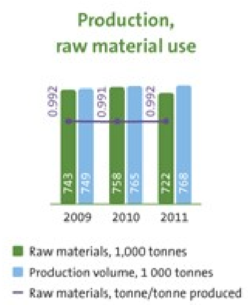




Raw material, water and energy

Raw materials and material efficiency

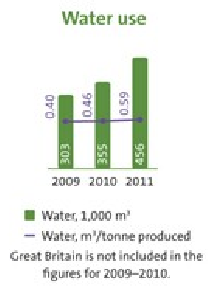
Raisio mainly uses renewable resources as raw material. Our objective is economical and efficient use of raw materials. We can almost fully utilise the acquired raw materials and direct them to the best-suited production purpose.



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

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.



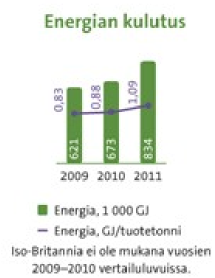
As Raisio disposed of its malt business in summer 2011, the water use at Raisio site was reduced by 68%. Reducing water consumption remains Raisio's key objective. Means to enhance operations include, e.g., monitoring water use in general, reducing rinses, recoveries of used waters and recycling.

The graph attached shows the water consumption only in Finland during 2009-2010. Water consumption in the UK is included in the figures of 2011, 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.

Raisio's power plant operates as a reserve power station using heavy fuel oil. Raisio's own boiler plant produced 1.5% of all steam needed in the company's industrial area. The steam heating plant in Kouvola delivers steam to Raisio's feed plant but also to other chemical industry in the area. The steam heating plant uses natural gas.



The graph attached shows the energy consumption of production only in Finland during 2009-2010. Energy consumption of the UK production is included in the figures of 2011, which causes the increase in both total energy consumption and in energy consumption per tonne of production.

Energy efficiency

In spring 2009, Raisio joined the energy efficiency agreement for the energy-intensive industry. Under this agreement, Raisio continues the reduction of energy consumption. Energy efficiency system (EES) is included in Raisio's ISO 9001 and ISO 14001 certified operating system. EES covers the Raisio Group's Finnish operations.

Responsibilities in energy efficiency matters are divided between the Divisions and assigned to specifically designated persons. At Raisio, energy efficiency is taken into account in all decisions related to investments, production development and purchases.

Emissions, wastewater and waste

Raisio recognises the environmental impacts of its operations. Prevention of the impacts of production activities is part of our everyday activities.

In addition to direct air emissions from energy production, there are emissions in the form of noise, dust and particles. The most significant sources of noise include, for instance, compressors and blowers, ventilation fans and their outlets as well as cooling tower fans. Planned preventive maintenance is very important in the prevention of dust and particle emissions of fans and dust filters.

Air emissions of production plants

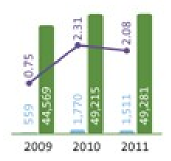
Environmental emissions of production plants as well as noise and particle emissions are monitored in connection with maintenance work. Measurements are carried out regularly in the vicinity of the plants and in the surrounding area of the industrial area. Extensive noise and particle emission measurements were conducted at the Raisio and Nokia sites last in 2010. At Raisio site, next noise level measurements will be carried out during 2012. For odour emissions, we participate in locally arranged panels as far as possible.
Emission measurement is carried out regularly in the production plants that generate volatile organic compounds (VOC). Continuous monitoring of these compound emissions is also performed through calculations. Hexane emissions of the feed protein operations in the Raisio industrial area decreased by 34% from the previous year. Emissions were significantly dropped as some blockages formed in the distillation column were removed during the shutdown carried out in January 2011.

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.

CO_2e emissions

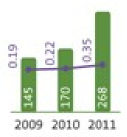


■ CO_2e emissions from own operations, tonnes
■ Indirect CO_2e emissions, tonnes
— CO_2e emissions from own operations, kg/tonne produced

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.

Wastewater



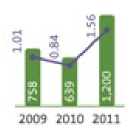
■ Wastewater, 1,000 m³
— Wastewater, m³/tonne produced
Great Britain is not included in the figures for 2009–2010.

The graph attached shows the wastewater of only Finnish production during 2009-2010. Wastewater of the UK production is included in the figures of 2011, which explains the increase in total wastewater volume and in the volume of wastewater generated per tonne of production.

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. Reduced waste amounts can be achieved only with the help of all employees. Guidance and advisory work provide the basis for effective operations.

Landfill waste



■ Landfill waste, tonnes
— Landfill waste, kg/tonne produced
Great Britain is not included in the figures for 2009–2010.

As Raisio is a company packing consumer products, the use of packing material is also an important environmental factor. Our objective is to reduce environmental impacts by the package development. The purpose of a package is to protect the product, which sets requirements related to package durability. Product protection also prevents the generation of food waste, which has more significant environmental impacts than packages. Package design and material selection are important in Raisio's operations. Furthermore, it has to be possible to utilise the packaging material either recycled or as an energy source.

The graph attached shows the landfill waste of only Finnish production during 2009-2010. The landfill waste of the UK production is included in the 2011 figures, which explains the increase in the total volume of landfill waste and in the landfill waste generated per tonne of production.

Transports

Food transports

In Raisio’s Finnish operations, the number of companies transporting bulk has been systematically reduced for a few years already. centralising transports, we have prevented fragmentation of volumes and this way also reduced environmental load. With the transport reporting system introduced in early 2012, we can monitor load sizes, kilometres and emissions of bulk transports. By optimising the routes and delivery days, we can reduce both kilometres driven and emissions.

For the transport planning of bulk cargo, Raisio is actively looking for a solution that would allow not only the operative efficiency but also simulation of alternative operations models. We should also be able to encourage our customers to choose more environmentally friendly options.

In courier deliveries Raisio uses, whenever possible, companies that undertake to neutralise emissions arising from transportation. Emission neutralisation is carried out in different ways, e.g., by planting trees. According to annual reports, Raisio is able to verify the development of emissions and when needed, to change its activities towards a more sustainable direction.

In our exports to Sweden, Raisio has been actively looking for alternatives in order to reduce emissions resulting from transports. We always try to agree with our customers on a procedure, which allows us to reduce the number of delivery places and to grow transport sizes. By these means, we are able to reduce greenhouse gas emissions by up to 50%.

We also continue to pay attention to environmental issues in the audits of transport companies. Environmentally friendly transport equipment and the active development of emission measurements are key considerations.

Raisioagro’s transports

In Raisioagro’s transports, product safety and hygiene are always given first priority. In raw material transports, we use return transports whenever possible. Feed deliveries to farms are only driven by contract transport companies whose vehicles are constantly monitored in the hygiene programme.

The centralised operating model based on contract operators ensures the effective use of transport equipment. It enables reduced kilometres and allows the planning of loads causing less emission.

Our map-based route planning programme makes more efficient and environmentally friendlier transports possible. The programme has been used for several years now and it has been further developed to meet Raisio's needs. In addition to feed transports, the fertiliser transports are also designed using this map-based transportation planning tool. Moreover, we intend to integrate the grain transports from provinces to production plants into the same programme.

In 2011, Turku School of Economics conducted a project aiming to find out the environmental performance level in Raisioagro’s transports and to identify possible improvement areas. The results showed that it is essential for Raisio to commit drivers to pay attention to emissions and opportunities for improved operations. It was positive to notice that the transports companies involved in the project were willing to commit themselves to the cooperation. It forms a good basis for further cooperation between Raisio and transport companies.

Travel

Raisio Group's personnel are encouraged to use telephone, video or web conferencing whenever possible instead of travelling. Internalisation has, however, increased Raisio's carbon dioxide emissions of air travel.

Raisio has followed the volume of air travel already for a few years. Total number of flights ordered in Finland rose by 13% in 2011 compared to 2010. Internalisation has led to longer flights and therefore also carbon dioxide emissions due to flights increased almost 50%.

Raisio's management and other personnel have partly started with the use of web conferencing. Web conferencing is a time-flexible, ecological and cost-effective alternative.

Land use and biodiversity

Raisio has production facilities in 14 locations in Finland, Great Britain and the United States.

In Finland, there are production plants in five places and our administered industrial land area is about 72 hectares. Production plants in Raisio and Kouvola Kaipiainen are located in sensitive areas in terms of nature conservation. The factories in Raisio and Kouvola have some 47.5 hectares of land area.

The production facilities in Raisio are located two kilometres from the Raisio bay area that is classified as nationally valuable bird water. The Raisio bay is included in the national conservation programme for bird wetlands.

The Kaipiainen feed plant is located in a Category I groundwater area. Proximity of groundwater has been taken into account in the plant’s technical solutions even though the operations of feed factories, in general, have not been detected to impact the quality of groundwater.

The operations of factories in Nokia and Ylivieska are not considered to directly affect biodiversity, as they are not located in sensitive natural areas.

Compliance with regulations

Raisio's activities, supervision of environmental impacts and reporting has met the requirements of environmental directives. Noise-level tests will be carried out at the Raisio site in 2012.

Raisio has not received any fines or sanctions related to violation of environmental legislation.

Accidents and their prevention

Raisio had no environmental damages during year 2011. There was a minor fire at the Raisio site's feed silo which caused no environmental damages or significant property damage.

Investments and operating costs

Raisio's activities focus on the operationally important environmental impacts and on the reduction of these impacts.

Economically the most significant environmental, health and safety investments in 2011 focused on improving energy efficiency and work safety. Moreover, we invested in the improvement of process safety. A total of some EUR 1 million was used to environmental, health and safety investments in Finland.

Operating costs of environmental activities include costs from environmental conservation measures. These include costs from wastewater treatment, waste management and air pollution prevention as well as soil and water protection, covering, e.g., equipment use and maintenance, monitoring of environmental protection and payments made to outside service providers. Operating costs from environmental protection were some EUR 1 million, water protection and waste management costs being the most significant sources.

Financial responsibility

We create added value and well-being for our interest groups and society at large. Knowledge sharing and open-minded search for new business opportunities are essential in this. In terms of our customers and other cooperation partners, we want to be a reliable and attractive partner with whom it is easy to communicate.

Our aim is that Raisio's operations are built on an economically, ethically and ecologically solid foundation. In the long term, respecting principles of sustainable development is the only economically viable way to operate.

Raisio develops, manufactures and sells products to its customers, purchases raw materials, materials and services from suppliers, pays salaries, dividends and taxes, indirectly employs subcontractors and participates in social activities. These activities generate substantial cash flows, which give an idea of the importance of dialogue between Raisio and its interest groups.

Raisio creating business opportunities

Raisio's cooperation with Neste Oil is a good example of an open-minded way to create new business opportunities related to the bioeconomy. In Finland, fields provide important protein for humans and animals as well as biofuels.

Producers and farmers are one of our key interest groups. Farmers are actively seeking new ways to improve productivity and competitiveness - cost-effective services, inputs as well as feeding and cultivation concepts are needed. The merger of Raisio Feed and Raisio Grain Trade Unit to Raisioagro Ltd on 1 January 2012 responds to farmers' needs. In Raisioagro's way to operate, we want to emphasise the desire to create competitiveness, profitability and well-being based on information and know-how. We provide farms with our research and development skills as well as our comprehensive product and service range.

Competitiveness from knowledge sharing

Growing interest in our know-how and products is the best evidence of our interest groups' appreciation and trust in our ability to create added value.

Raisio people are increasingly invited to share their knowledge and to participate in a wide range of development projects all around the world, new bioeconomic opportunities and solutions as well as health and environmental impacts of food being the key themes. For example, cholesterol lowering and Raisio's Benecol know-how interest worldwide.

Appreciation and interest also bring responsibility. As we are dealing with health and well-being issues of both people and animals, we want our operations to be based on the best possible research data and safe products. Raisio's procedures are always based on researched data and strong development work. This is a fundamental principle in all our operations. Raisio cooperates with numerous universities and research institutes in Finland and other countries. One important part of creating new is our goal-oriented cooperation with civic organisations WWF and Baltic Sea Action Group.

Active social influence

Influencing enables Raisio to be at the leading edge of development and gives us access to the latest information. It is also a way to affect the legislation, composition, healthiness and purity of the products at the EU level, and to share our versatile knowhow with others.

In addition to cooperation with authorities, Raisio works actively in the organisations of its own industries, such as CEEREAL, the European Cereal Breakfast Association. Raisioagro has a representation in the Sustainability working group of FEFAC (the European Feed Manufacturers' Federation) and in the vegetable oil industry organisation FEDIOL.

Operating philosophy

Raisio's core values - competence, responsibility and open co-operation - play an increasingly important role in efficient and profitable business operations.

Raisio's core values

The company is committed to take responsibility for its operating environment, environmental matters and personnel. We follow local legislation in all our operations. In Finland Raisio is an active participant in developing the whole grain chain from field to fork.

Raisio's key policies and principles include:

- quality, environmental, health and safety policy
- HR policy
- ethical principles
- GMO policy
- principles of animal testing

In addition to the Group's vision and strategy, Raisio's Board of Directors has approved the company's quality, environmental, health and safety policy, ethical principles and risk management policy. Furthermore, the Group's Management Team has defined the company's GMO, as well as HR policies and its principles concerning animal testing.

Quality, environmental, occupational health and safety objectives

Raisio's responsible operations are guided and defined by objectives set for group-wide quality, environmental, occupational health and safety activities:

- to develop and produce safe, healthy, and environmentally friendly products using methods that preserve naturel resources,
- to prevent operational hazards, accident risks and their possible consequences,
- to ensure a safe work environment, with the target of zero accidents,
- to reduce the amount and harmfulness of emissions and waste and to increase waste recovery,
- to improve energy efficiency
- to ensure active development of operations and continuous learning.
- to promote open debate and interaction on safety, occupational health and environmental issues with customers, the procurement chain, authorities, stakeholders and the personnel,
- and to continually improve customer satisfaction.

Contacts

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merja.lumme(at)raisio.com

Sustainability
Pasi Lähdetie, Director, Sustainability
pasi.lahdetie(at)raisio.com

Communications
Marika Kelokari, Communications Specialist
marika.kelokari(at)raisio.com; communications(at)raisio.com

Tel. +358 2 443 2111

Strategic ecology group

One part of Raisio's sustainability work is a strategic ecology group. Ecology is part of Raisio's day-to-day work and vision. On group level ecology projects are handled e.g. in the strategic ecology group. Besides Raisio's CEO and sustainability specialists organisations such as production, product development, food marketing, communications and Raisioagro have a representation in the group.

Investors

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 Thursday, 29 March 2012, 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 19 March 2012 and who have informed Raisio of their participation by Thursday, 22 March 2012, 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.

Information to shareholders

Annual General Meeting

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Dividend payment

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.11 be paid for each V and K share for 2011.

Ex-dividend date	30 March 2012
Record date	3 April 2012
Payable date	12 April 2012

Dividend policy

Raisio aims to distribute half of the per-share earnings generated by continuing operations, provided that the dividend payment does not compromise the company's ability to meet its strategic targets.

Basic information about Raisio's shares

	V share	**K share**
Listed on	NASDAQ OMX Helsinki Oy, MidCap segment	NASDAQ OMX Helsinki Oy, Prelist
Sector	Consumer Goods	-
Trading code	RAIVV	RAIKV
Shares on 31 December 2011	130,893,973	34,255,057
- of which the company holds	4,665,029	208,511

For more information about Raisio's shares and shareholders, see pages 51-55, Shares and shareholders, in the separate Financial Statements

Information to shareholders

Changes in contact information

We kindly request that Raisio’s shareholders inform the bank or brokerage in which they have their book-entry account of any changes in their contact information. This will ensure that the information is also updated in the registers maintained by Euroclear Finland Ltd.

Financial information for 2012

Raisio will publish the following financial reports in Finnish and English for 2012.

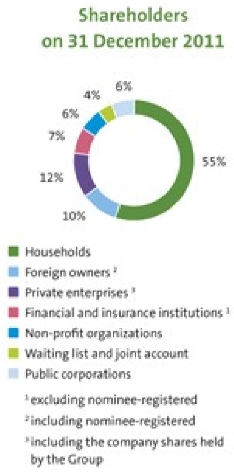
Interim report January–March	8 May 2012
Interim report January–June	14 August 2012
Interim report January–September	6 November 2012
Financial statements release	February 2013
Annual report	March 2013

Ordering publications and releases

Raisio’s annual report, interim reports, financial statements release and press and stock exchange releases are available immediately after publication on the company’s website at News.

You can sign up as an email subscriber to interim reports, as well as stock exchange and press releases, at News - Subscribe releases

Dividend and shareholders, graphs



Information to investors

The main task of Raisio's IR is to give investors as realistic picture as possible of Raisio as an investment target and to support the correct development of the share price by providing information about the company's strategy, operations, business environment, targets and financial standing.

Our goal is to regularly provide all capital market participants with equal, correct, sufficient and up-to-date information. Our activities are based on accuracy, transparency and expertise.

IR implementation and contacts are handled by Raisio's corporate communications jointly with company management. Our IR include financial reports, company's website, capital markets day, roadshows as well as other investor meetings and seminars.

Silent period

Raisio observes a two-week "silent period" before the publication of its annual results and interim reports. During this time, the company does not meet with capital market representatives or comment on its finances.

IR contact

Heidi Hirvonen,
Communications and IR-Manager
Mobile: +358 50 567 3060
Email: heidi.hirvonen(at)raisio.com

Investment analyses

To the best of our knowledge, at least the following banks and brokerages follow Raisio as an investment target. The list may be incomplete. The companies mentioned in the list monitor Raisio at their own initiative. The Group cannot be held accountable for the analysts' views.

Carnegie Investment Bank
Evli Pankki Oyj
FIM Capital Markets
Handelsbanken Capital Markets
Inderes Oy
Nordea Oyj
Pohjola Pankki Oyj
SEB Enskilda
Swedbank Markets
Pankkiiriliike E Öhman J:or.

A list of analysts monitoring Raisio is available on the company's website at Analysts

Investment services online

In addition to the information mentioned here, the Investors section on Raisio's website displays trading information delayed by 15 minutes, a list of insiders with a duty to declare and their shareholdings, as well as different types of services, such as analysts' performance forecasts and recommendations.

RAISIO

2011

Financial Statements

Contents

Financial reporting

Raisio Group reports on its performance in line with continuing operations. All figures mentioned in this review are comparable. The malt business sold in summer 2011 is reported under discontinued operations. The Divisions reported in line with continuing operations include Brands and Raisioagro.

The Brands Division includes international brands (Benecol) and local brands. Local brands are examined by key market areas in the text. Western European operations have been reported as part of the local brands from the second quarter of 2010, after the completed Glisten acquisition. Big Bear Group is included in the figures of Western Europe starting from 4 February 2011.

Raisioagro Division includes feeds, grain trade, protein meals and vegetable oils, production inputs and bioenergy.

Report of the Board of Directors 2011

Continuing operations

Net sales

Raisio Group's net sales from continuing operations totalled EUR 552.6 million (EUR 423.6 million).

Net sales increased by 31% from the comparison year. Net sales were mainly boosted by the following factors: Big Bear Group's integration as part of Raisio's reporting, good sales development in the UK and impact of volatile raw material prices on selling prices. Net sales from outside Finland represented 43% (41%) of the total, or EUR 239.0 million (EUR 175.3 million).

Net sales of the Brands Division were EUR 314.6 million (EUR 236.4 million), those of the Raisioagro Division EUR 241.1 million (EUR 188.8 million) and those of other operations EUR 1.4 million (EUR 0.9 million).

Result

Raisio's EBIT from continuing operations in 2011 totalled EUR 31.8 million and, including one-off items, EUR 30.7 million (EUR 19.2 million) accounting for 5.8% and, including one-off items, 5.6% (4.5%) of net sales. The Brands Division's EBIT for the first half of 2011 included a one-off item of EUR 1.1 million resulting from acquisition costs following the due diligence process. In addition to these one-off items, the consolidation and restructuring of the UK companies had a negative impact of EUR 1.0 million on the ordinary result.

EBIT of the Brands Division amounted to EUR 31.2 million and, including one-off items EUR 30.1 million (EUR 20.0 million), that of Raisioagro EUR 2.9 million (EUR 1.9 million) and that of other operations EUR -2.4 million (EUR -2.8 million).

Depreciation and impairments, allocated to operations in the income statement, totalled EUR 17.0 million (EUR 15.1 million).

The pre-tax result for 2011 was EUR 30.3 million and, including one-off items, EUR 27.0 million (EUR 17.4 million). The Group's net financial items totalled EUR -1.5 million and, including one-off items, EUR -3.7 million (EUR -1.9 million). Additional purchase price debt of EUR 2.2 million to Raisio UK's non-controlling interest, resulting from the acquisition of Big Bear Group, has been recorded in financial items in the first quarter. The Group's post-tax result from continuing operations totalled EUR 24.6 million and, including one-off items, EUR 21.3 million (EUR 12.3 million). Earnings per share were EUR 0.16 and, including one-off items, EUR 0.14 (EUR 0.08).

Balance sheet and cash flow

Raisio's balance sheet total at the end of December amounted to EUR 561.8 million (31 December 2010: EUR 487.2 million). Shareholders' equity totalled EUR 332.9 million (EUR 324.0 million), while equity per share at the end of the year was EUR 2.13 (EUR 2.06).

The Group's interest-bearing debt was EUR 115.7 million (EUR 67.2 million) at the end of December. Net interest-bearing debt was EUR -24.8 million (EUR -72.9 million). The equity ratio totalled 60.2% (67.6%), and gearing was -7.5% (-22.5%). Return on investment was 8.1% and, including one-off items, 7.3% (5.0%).

During the financial period, a long-term loan of GBP 45 million (around EUR 52 million) was raised to finance the Big Bear Group acquisition as well as a long-term loan of EUR 35 million used to early repayment of pension loans.

Cash flow from operations in January-December was EUR 50.0 million (EUR 23.0 million). Working capital amounted to EUR 65.6 million (EUR 79.3 million) at the end of the year. Working capital declined primarily due to decreased current assets and increased accrued liabilities and deferred income.

In 2011, Raisio plc paid EUR 15.6 million in dividends and purchased its own shares for EUR 1.7 million.

Divestment of malt business

Raisio plc sold its malt business (subsidiary Raisio Malt Ltd) at the end of June 2011 at EUR 17 million to Viking Malt Ltd, the largest malt manufacturer in the Nordic Countries. The divestment of the malt business is part of streamlining of Raisio's activities as its synergies between the company's other businesses have not been significant. Raisio continues the contract farming of malting barley and develops the company's operations as a malting barley trader and thus also as a partner to Viking Malt. Capital gain is included in the result of discontinued operations which totalled EUR 4.2 million in 2011.

Investments and acquisitions

Raisio aims to use existing capacity by controlling it efficiently on the basis of customer information, and to keep plant utilisation rates high. In recent years, the Group's gross investments excluding acquisitions have stabilised at a moderate level.

Key figures, result, continuing operations

	10–12/2011	7–9/2011	4–6/2011	1–3/2011	2011	2010
Net sales, M€	138.7	141.7	150.5	121.7	552.6	423.6
Change in net sales, %	21.8	27.6	30.0	46.7	30.5	21.0
EBIT, M€	4.9	10.7	10.2	6.1*	31.8*	19.2
EBIT, %	3.5	7.5	6.7	5.0*	5.8*	4.5
Depreciation and impairment, M€	4.5	4.5	4.1	4.0	17.0	15.1
EBITDA*, M€	9.4	15.2	14.2	10.0*	48.8*	34.3
Net financial expenses, M€	-0.3	-0.2	-0.9	-0.1*	-1.5*	-1.9
Earnings per share (EPS), €	0.03	0.05	0.05	0.03*	0.16*	0.08
Earnings per share (EPS), diluted, €	0.03	0.05	0.05	0.03*	0.16*	0.08

* Excluding one-off items

The Group's gross investments were EUR 71.2 million (EUR 48.5 million) including the acquisition. The acquisition of Big Bear Group's shares accounted for EUR 63.3 million of the total investment, in addition to which Raisio financed the repayment of credits of the target at the time of acquisition in a total of EUR 30.1 million. The purchase of Glisten's share capital is included in the comparison year's investments. Excluding the acquisition, Raisio's largest investments included renewal of control system in the flake mill, renewal of Raisioagro's receiving lines and investments related to the specialisation of feed plants.

Gross investments of the Brands Division were EUR 67.8 million (EUR 43.4 million), those of Raisioagro EUR 2.5 million (EUR 3.8 million) and those of other operations EUR 0.8 million (EUR 1.3 million).

Research and development

R&D in Raisio's foods in Finland and Sweden focused on the development of healthy, ecological and natural snacks. Raisio has responded to the growing demand for gluten-free products by developing an international line of gluten-free products, Provena. Provena products are made of pure oat whose entire production chain has carefully been verified. Raisio launched healthy Nalle whole grain foods for 8- and 12-month-old children in Finland. Children's food regulation has strict requirements concerning raw material purity, product texture and manufacture.

Plant stanol ester is a unique cholesterol-lowering ingredient of Benecol® products. According to the meta-analysis published in February 2011 by a Canadian research team, plant stanol ester lowers the LDL serum cholesterol, or so called bad cholesterol, dose-dependently. The study showed that plant stanol ester provides additional LDL-cholesterol lowering effect when the ingredient was used more than currently recommended (>2 grams of plant stanol per day). With the new scientific findings, Raisio aims to further strengthen its forerunner position in cholesterol-lowering foods by applying to the European Commission for a stronger health claim approval on a daily plant stanol intake of 3 grams.

As a proof of extremely strong research evidence, plant stanol ester has been approved as part of several national and international care guidelines aiming to decrease cardiovascular risks. Benecol business cooperates extensively with Finnish and international research institutes and universities. In 2011, various clinical studies were conducted in five different countries. Research focus remains on the studying of functional properties of plant stanol ester, the active ingredient in Benecol products.

Feeding know-how and cultivation expertise are at the core of Raisioagro's activities and these are ensured by R&D that is based on strong research inputs and solid practical experience. R&D in feeds aims to improve the profitability of livestock production, to increase animal welfare and to reduce the environmental load of livestock production. Field farming is developed to achieve effective, functional and environmentally friendly cultivation concepts.

In autumn 2011, Raisio invested strongly in the building of the online store opened in February 2012. HK Ruokatalo's Rapeseed Pork concept will expand to Sweden since Raisio made a cooperation agreement with HK Scan Ab regarding the feeds and feeding methods used in the concept. Raisio also renewed its cattle feed concept, which now includes three product series for various goals of dairy farms. Moreover, Raisio renewed its chicken feed to fit the alternative production forms as the EU directive banning the battery cages in poultry farming came into force at the beginning of 2012.

Raisio Group's investment in research and development totalled EUR 6.8 million (EUR 5.9 million), or 1.2% (1.4 %) of net sales. R&D investments of the Brands Division were EUR 5.7 million (EUR 5.0 million) and those of Raisioagro EUR 1.1 million (EUR 0.9 million).

Administration and management

In 2011, Raisio's Board of Directors had six members from 24 March 2011, and five prior to that. The members are Simo Palokangas (Chairman), Michael Ramm-Schmidt (Deputy Chairman), Anssi Aapola, Erkki Haavisto and Pirkko Rantanen-Kervinen as well as Matti Perkonoja from 24 March 2011. All Board members are independent of the company and of significant shareholders.

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

Key figures, balance sheet

	31.12.2011	30.9.2011	30.6.2011	31.3.2011	31.12.2010
Equity ratio, %	60.2	60.5	60.7	56.7	67.6
Gearing, %	-7.5	-0.2	13.5	16.5	-22.5
Net interest-bearing debt, M€	-24.8	-0.7	42.7	50.7	-72.9
Equity per share, €	2.13	2.08	2.02	1.95	2.06
Gross investments, M€	71.2*	68.6*	66.8*	65.5*	48.5*
Share					
Market capitalisation**, M€	372.3	374.4	379.0	411.3	439.1
Enterprise value (EV), M€	347.5	373.7	421.7	451.8	356.1
EV/EBITDA, M€	7.1	8.1	10.3	12.3	10.4

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

Personnel

Raisio Group's continuing operations employed 1,432 people at the end of 2011 (31 December 2010: 1,234 people). The average number of employees was 1,454 (1,086). The number of employees working outside Finland increased and was 69% of the total at the end of 2011 (31 December 2010: 61%). Most of Raisio's employees work in the UK where the Group has grown through acquisitions.

The Brands Division had 1,192, Raisioagro 181 and the service functions 59 employees at the end of 2011.

Raisio's wages and fees from continuing operations in 2011 totalled EUR 62.0 million (EUR 48.9 million in 2010 and EUR 40.3 million in 2009) including other personnel expenses.

Changes in group structure

Big Bear Group plc, now Ltd, with its subsidiaries became part of the Raisio Group through the acquisition completed on 4 February 2011. Big Bear Group is a manufacturing and marketing company of breakfast products, snacks and confectionery.

In connection with the malt business divestment, Raisio Malt Ltd ceased to be part of the Raisio Group from 1 July 2011.

Grain trade unit of Raisio Nutrition Ltd and its operations were transferred into Raisio Feed Ltd from 1 November 2011. Raisio Feed Ltd's company name is Raisioagro Ltd from 1 January 2012.

Corporate responsibility

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. Population growth and climate change are estimated to have a major impact on the future food chain. 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.

In all our operations, the emphasis is placed on sustainable development and continuous improvement. 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. With our concept Closed Circuit Cultivation CCC®, Raisio's contract farmers can already now measure how well all the energy used for farming, such as nutrients, has been recovered. For example, our CarbonPlus tool allows farmers to find out the carbon footprint of their farming and this way to plan activities based on measurable data.

The survey You and food, conducted by Raisio and WWF Finland in summer 2011, showed that more than half of the Finnish would like to see a carbon footprint label on foods. Raisio is a global forerunner in carbon and water footprint labelling, and more than 30 of our products are already equipped with a carbon footprint label. Results can be achieved since development actions based on measurable data can be targeted more precisely.

Preserving natural resources, Raisio develops ecological and healthy products and solutions to meet consumer and customer needs. The company is not aware of any significant financial environmental risks.

Segment information

Brands Division

Net sales of the Brands Division increased 33% from the comparison year totalling EUR 314.6 million (EUR 236.4 million). Net sales of local brands were EUR 269.2 million (EUR 188.7 million) and those of international brands, or Benecol, EUR 45.7 million (EUR 47.8 million). The UK share in net sales of the Brands Division increased in the review period to almost 45% while the Finnish share was about one-third. The Brands Division accounted for some 56% of the Group's net sales.

Brands Division's EBIT improved by over 50% from the comparison year amounting to EUR 31.2 million and, including one-off items, EUR 30.1 million (EUR 20.0 million) accounting for 9.9% and, including one-off items, 9.6% (8.5%) of net sales. Expenses for the consolidation and restructuring of the UK operations totalled EUR 1.0 million.

Benecol's profitability remained at its ordinary, good level in spite of global economic instability. 2011 was a tough year for Finland and the situation also affected profitability. At the end of the review period, the profitability of our UK operations was better than at the time of acquisition, even though EBIT included expenses from the operations restructuring mentioned above. At Raisio, we have shown our ability to complete successful acquisitions.

As a result of the acquisition, Big Bear Group became part of the Brands Division's Western European operations from 4 February 2011. Glisten, acquired in 2010, is included in the figures of the comparison period starting from the second quarter of 2010.

Local brands

Western Europe

Raisio's key brands in the Western European food market include Honey Monster, Harvest Cheweee, Fox's and Dormens as well as Nimbus products in the business-to-business markets.

The breadth of product range provides good opportunities to expand into many new sales channels and to ensure growth in the challenging UK market place. Raisio's product range includes organic cereal bars, diet and lower fat snacks, functional snack bars, natural confectionery, inclusions for industry, portion-controlled savoury snacks, luxury nuts and breakfast cereals.

In 2011, market conditions in the UK continued challenging. Consumers' disposable income fell. The average family is more than 15 euros per week worse off than a year ago. As a result, consumers mainly focused their spending on essentials and promotional offers. The level of promotional sale in the main retailers even increased versus 2010. Raisio also increased its promotional investment. Promotional sale gave our main products increased support and visibility in the retail channel, which represents around 60% of Raisio's UK sales.

In 2011, sales of premium, luxury and functional products showed growth. On the other hand, low-cost food sales also grew. Similar change took place in competitive conditions of trade as discount chains gained market share but luxury chains also showed increased sales. Raisio has demonstrated its ability to provide its customers with products that meet changing consumer needs also in challenging market conditions.

In 2011, Raisio renewed its organisational structure in the UK and streamlined the business into Breakfast and Snacks Division and Confectionery Division. In addition, production activities were centralised.

In spring 2011, Raisio was granted Own Label confectionery Supplier of the Year award for service and the quality of its products. This highly regarded award is voted by the UK's major retailers.

Northern Europe

In the Northern European food market, Raisio's key brands are Elovena, Benecol, Sunnuntai, Carlshamn and Provena. The launch of Honey Monster began in autumn 2011.

In 2011, sales in healthy and ecological snacks showed growth. However, the year did not fully meet expectations. In Finland, highly volatile grain market prices affecting consumer demand and the low-carb trend intensified during the year were factors that affected the situation. Market uncertainty was shown in increased sales of private label products in Finland.

With Elovena snack biscuits, Raisio performed much better than the market in the segment of healthy snack biscuits. New successful flavours are Elovena Tumma suklaa and Uuniomena-toffee. Among the first Finnish food companies, Raisio opened an online store. Elovena online store provides an increasing selection of such products that are been available otherwise.

The launch of the international breakfast cereal brand, Honey Monster, was started in Finland in the autumn. Honey Monster is a very well-known brand in the UK, Sweden and Denmark. The main focus of the launch is in 2012. Moreover, Raisio transferred the distribution of Honey Monster products in Sweden to its own organisation.

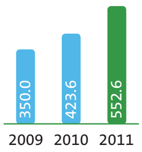
Gluten-free has been identified as a growing global trend. Pure oat products in the renewed Provena brand provide consumers with healthy and delicious treats. Besides Finland and Sweden, Provena products are sold in Denmark, Poland and the Baltic Countries.

Demand for organic products increased. Raisio launched organic alternatives for its major products. For example, Elovena oat flakes and Sunnuntai wheat flour were joined by organic alternatives.

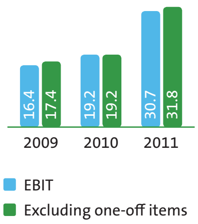
In industrial bakery products, the total volume of Finnish market fell, which in turn clearly affected the demand for industrial flours. Markets for HoReCa products (Hotels, Restaurant, Catering) were stable, even though the prices of finished products increased sharply due to volatile raw material prices.

In Sweden, sales in non-dairy products sold under Carlshamn brand increased by almost 38%. At the same time, Raisio's market share in non-dairy products rose to above 10%. In non-dairy yoghurts, our market share was almost 35%.

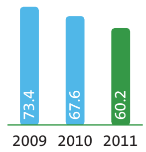
Net sales (M€)



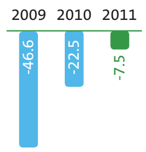
EBIT (M€)



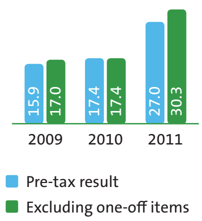
Equity ratio (%)



Net gearing (%)



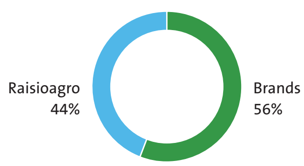
Pre-tax result (M€)



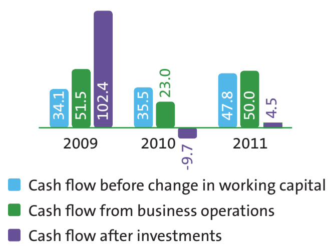
Dividend/share (€)

*Board of Directors' proposal

Net sales by division (%)



Cash flow (M€)



Eastern Europe

In the Eastern European markets, Raisio achieved a positive EBIT. Sales showed growth in Russia, Ukraine and Poland.

In Poland, Raisio's brands are Benecol, Elovena and Provena. Sales in Benecol drinks showed healthy growth and sales in Elovena biscuits and porridges were also up. Furthermore, sales growth is expected to remain good as the product range is expanded during 2012. Provena products were launched and the product range will be expanded.

Nordic is Raisio's key brand in Russia and Ukraine where new distribution network boosted sales. In highly competitive markets, sales in Nordic products grew well and business profitability was at a good level. In 2011, our product range was expanded to include pasta products and snack biscuits.

International brands – Benecol and Simpli

Simpli

One of Raisio's most significant achievements last year was the award for the Best Smoothie of 2011 in the Unites States. Raisio launched the awarded product, Simpli OatShake snack drink, in California in spring 2011. BevNET's Best of awards, also called Oscars for non-alcoholic beverages, are granted annually in Santa Monica, California, by the experienced and respected jury. Only one European beverage, Red Bull, has achieved the first prize earlier. Simpli's award has attracted considerable attention, which speeds up the construction of coverage in the US market and, accordingly, may also require additional investments.

Oat-based and dairy free Simpli OatShake is an innovation developed and manufactured by Raisio. In the US markets, our snack drinks are sold and marketed by the company Oat Solutions LLC.

Benecol

In 2011, markets for cholesterol-lowering functional Benecol® products grew in the UK and Ireland, and remained relatively stable in other market areas. The greatest growth potential for Benecol products is in Asia and South America.

In 2011, Benecol products showed stable growth and market position remained almost unchanged in the key markets. There were, however, considerable differences between geographic regions. The current difficult economic situation affects many markets. Nevertheless, sales in Benecol products increased in many of these markets, such as the UK, Ireland and Greece. In the UK, the largest market of Benecol products, a successful relaunch of the brand boosted sales growth. In Greece, the launch of feta cheese supported sales growth. The majority of Benecol product sales still come from Europe.

In many countries, such as Spain, Portugal and Poland, the market situation for Benecol products was very challenging. Sales were up considerably in the countries where Benecol brand was recently launched, as in Indonesia, Columbia and Chile.

A new 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 feature reinforces the image of Benecol brand as an effective cholesterol-lowering food.

Targets

Raisio aims to grow through successful acquisitions.

International brands - Benecol

Global population ageing and the growing problem of high cholesterol, particularly in Asia and South America, together with strong consumer health trends are factors that are estimated to increase the demand for cholesterol-lowering foods.

With Benecol, we aim to increase sales in our current markets and to expand into new markets. Raisio sees Asia and South America as well as individual countries like Brazil, Russia, India and China as attractive markets in terms of its growth strategy. In addition to growth and market expansion, our aim is to take advantage of new research results in our operations.

Local brands

Raisio aims to grow into a leading snack provider in Northern and Western Europe. Implementation of the growth phase continues and the company is still active in the acquisition front.

The Group's vision is to provide clear guidelines for the brand operations. We aim to increase snack sales with our plant-based, innovative and ecological products.

Western European operations focus on sales growth in breakfast and snack products. This will be achieved by careful targeting of products at specific consumer groups and by strong R&D investment. The UK breakfast and snack product market is growing also in tough economic times. We also plan to continue streamlining of our operations.

Key figures for the Brands Division

	10–12/2011	7–9/2011	4–6/2011	1–3/2011	2011	2010
Net sales, M€	79.1	81.5	81.1	72.9	314.6	236.4
International brands, M€	10.5	11.4	12.7	11.2	45.7	47.8
Local brands, M€	68.7	70.2	68.5	61.8	269.2	188.7
EBIT, M€	6.6	10.4	8.4	4.7	30.1	20.0
One-off items, M€	0.0	0.0	0.1	-1.2	-1.1	0.0
EBIT, excluding one-off items, M€	6.6	10.4	8.4	5.8	31.2	20.0
EBIT, %	8.4	12.8	10.4	8.0	9.9	8.5
Investments, M€	1.5	1.2	0.3	64.9	67.8*	43.4*
Net assets, M€	245.8	245.8	237.3	245.4	245.8	143.6

* Including acquisitions

Northern European operations aim to expand into new market areas to ensure growth and to strengthen both new international brand concepts and existing local brands. In addition to the support given to our strong local brands, Raisio continues its expansion into new product categories.

In the Eastern European food markets, we are aiming at growth in Russia, Ukraine and Poland. In Poland, growth is sought from a wider product range and through acquisitions.

Raisioagro Division

Net sales of the Raisioagro Division increased 28% from the comparison year totalling EUR 241.1 million (EUR 188.8 million). Net sales were mainly boosted by higher raw material prices impacting selling prices, but also by the product range expansion into production inputs and farming supplies. Feed business accounted for about 70% of the Division's net sales. Raisioagro Division accounted for around 44% of the Group's net sales.

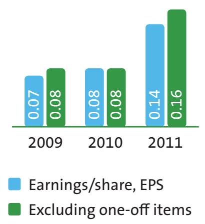
The Division's profitability was better than in the comparison year, EBIT amounted to EUR 2.9 million (EUR 1.9 million) accounting for 1.2% (1.0%) of net sales. Thanks to the product range expansion, new structure, operating model and online store, we expect to achieve our profitability target of EUR 10 million in the next few years. Profitability of feed business was nearly at the comparison year's level, which can be regarded as a good achievement in relation to the competitive situation of Finland.

Full-year EBIT for the feed protein business was negative. Raisio had to import almost 80% of rapeseed seed used as raw material in feed protein production since harvest in Finland was significantly below the needs of Finnish industry. Seed imports increased costs in feed protein production and reduced profitability in spite of the Finnish use of rapeseed oil for bioenergy. Freight and other premiums on top of the Matif, used as a reference price, were significant. After the review period, in January 2012, Raisio started employee co-operation negotiations to adapt the feed protein operations to the market situation. The personnel can be laid off for a maximum of 90 days.

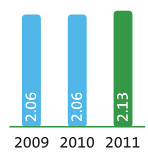
Raisioagro Ltd.

In autumn 2011, Raisio started the renewal of legal and operational structures in order to better meet changed market conditions, to enable growth and to ensure the Company's future competitiveness. Feeds, feed components, grain trade, production inputs and farming supplies as well as bioenergy were centralised in Raisioagro Ltd (former Raisio Feed Ltd). With the new structure, Raisio has a competive advantage, which customers can see as cost-effective and comprehensive service. Feeding expertise and feeding concepts are at the core of operations. Raisio has extended the product range of traditional feed and grain trade to also include production inputs and farming supplies that can create added value for customers without heavy logistics and cost structures. Officially Raisioagro Ltd started on 1 January 2012, but the change was carried out already during autumn 2011. The service concept creating added value for customers will be fully operational during 2012.

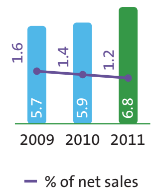
Earnings/share, EPS (€)



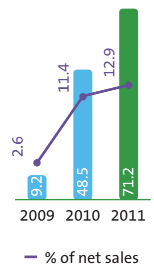
Equity per share (€)



R&D expenses (M€)

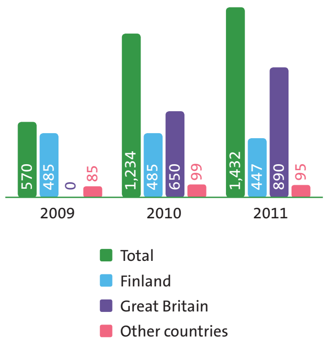


Investments (M€)

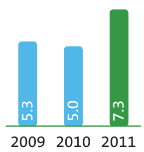


The largest investment in 2011 was the acquisition of Big Bear Group.

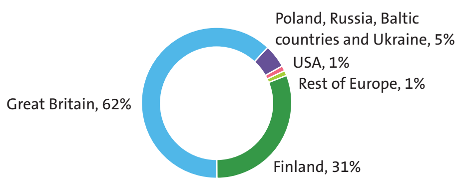
Personnel, 31 December (persons)



Return on investment, ROI (%)



Personnel by region



Raisioagro is a forerunner and a reliable domestic partner. Our easy and convenient online store was opened in February 2012. Online store complements Raisioagro's services and the product range will be expanded to better meet customer needs in different product groups.

As part of feed operations streamlining, the production was decided to separate so that pig, poultry and fish feeds are made in Raisio unit while Ylivieska and Kouvola plants concentrate on cattle feed production only. With this, we aim at improved production efficiency.

Operating environment

In summer 2011, Raisio sold its malt business to Viking Malt, but continues the contract farming of malting barley. Raisio and Viking Malt entered into a long-term cooperation agreement on the procurement of malting barley. According to the agreement, Raisio delivers Finnish malting barley to all Viking Malt production plants in the Baltic Sea region. Raisio continues its activities in contract farming of malting barley, at least to the same extent as before, as part of the agreement signed with Viking Malt.

Raisio lost market share slightly in some product groups due to tight competition, but still maintained its strong position in the Finnish feed market. Direct billing of feed mixes and cooperation with strategic partners were developing according to plan. The competitive field was shaped by the expansion of Raisio's production input and farming supply trade and by the establishment of Danish DLA in the Finnish agricultural trade.

Livestock production remained more or less at the previous year's level in Finland although the number of livestock farms continued to fall sharply. Demand for dairy products increased and higher production costs were offset by increases in producer price of milk. More than half of Raisio's feed volume is sold to cattle farms. Pork producers in particular suffered from the fact that increased production costs could not be transferred forward in the chain. Reduced profitability of pig farms was also shown in the liquidity of the farms and as a need to extend payment times. Raisio's strict credit policy led to some customer losses during the year.

In fish feed, Raisio continues as the market leader in Finland, and sales increased. Moreover, the exports of fish feeds were at a good level in spite of the heat period difficult for fish farming. The key market area in exports is Northwest Russia where Raisio is also a market leader. More than 10% of net sales in feed operations come from exports.

Targets

Raisioagro's key target is to improve profitability by creating added value for customers. Raisioagro is a new generation agricultural trader challenging traditional operators with its light cost structure and competitiveness.

During its first year, Raisioagro plans to strengthen existing customer relationships and to expand into new product groups. We aim at strong growth in Finnish agricultural trade. Around half of Finnish livestock farms already have a customer relationship with Raisioagro. Expansion of production input trade is ideal for activities where contact with customers is regular and guidance is an important part of customer relation management.

Improved profitability in feed operations is realised by raising processing degree and by abandoning unprofitable segments. Apart from good production results, environmental impact of production is an important criterion when developing new feeding concepts.

Our primary goal in contract farming is to meet the needs of our own production with high-quality raw material. Furthermore, Raisioagro is an active grain trader both nationally and internationally.

Grain market

During recent years, the dynamics of grain market in Finland has changed and there has not been the usual supply peak during harvest season. In Finland, farmers have built plenty of new silo space and almost the entire harvest can be stored at their own premises.

More domestic rapeseed is needed in Finland since currently Finnish rapeseed yields are not even near to meet industrial needs. As a result, feed protein self-sufficiency in Finland is only about 15%. Solutions are being sought and farmers are encouraged to increase the area cultivated with rapeseed, which is also an excellent plant for crop rotation.

Raisio is an active developer of the Finnish grain chain. During 2011, Raisio actively continued the development work aiming at identification and reduction of environmental impact of primary production. Our concept Closed Circuit Cultivation CCC®, based on measurable factual information, is available to Raisio's contract farmers with the 2011 harvest data.

Raisio does extensive development work for the best of environment. In autumn 2011, Raisio and Yara Suomi started a project to reduce the carbon footprint of farming, to decrease nutrient leaching and to improve self-sufficiency in plant proteins. Raisio and Yara are together developing practical tools for farmers and testing the latest technology of placement fertilisation.

Key figures for the Raisioagro Division

	10–12/2011	7–9/2011	4–6/2011	1–3/2011	2011	2010
Net sales, M€	60.1	60.5	71.0	49.5	241.1	188.8
EBIT, M€	-0.5	0.4	2.3	0.7	2.9	1.9
One-off items, M€	0.0	0.0	0.0	0.0	0.0	0.0
EBIT, excluding one-off items, M€	-0.5	0.4	2.3	0.7	2.9	1.9
EBIT, M€	-0.9	0.7	3.2	1.5	1.2	1.0
Investments, M€	0.7	0.5	0.8	0.5	2.5	3.8
Net assets, M€	63.1	78.1	95.4	92.2	63.1	71.0

Events after the review period

Patent applied for a new feed

At the end of January 2012, Raisioagro filed a patent application on a feed innovation, which helps increase milk fat content and milk production. Test farms reported an increase of almost 10% in milk fat content with the full feed Maituri 12000 E. Moreover, milk production also rose. The value of the innovation is significant for the Finnish milk chain. Converted into butter and cheese, and calculated with global export prices, the generated added value is about EUR 145 million.

In Raisioagro's innovation, fat acids of milk are combined, using Raisio's manufacturing process, to protect feed components, such as amino acids, starch and fatty acids. This enhances the use of nutrients. Milk fat content of cows fed with the test feed rose by over 0.4%-units and at the same time, milk production increased. Moreover, protein content grew by an average of 0.1%-units.

Deepening cooperation between Raisio and Neste Oil

Neste Oil and Raisio have worked together for several years in order to utilise the hidden potential in Finnish plant farming and food industry to also benefit biofuel industry. Raisio's expanded cooperation and new projects with Neste Oil are fully in line with our vision since all these measures aim to develop sustainable food chain and to generally support sustainable development.

The companies also see opportunities in the use of field biomass, mainly in more effective use of straw. Production of food, feed and biofuel are all supported by increased rapeseed oil yield and by more effective use of biomass generated in the fields. Although the use of straw in Finland is still low, its potential interests both Raisio and Neste Oil.

In Finland, straw could be harvested at least every third year without compromising the yield production capacity of fields. Thus, more than a million tons of straw could be used annually as raw material in different biological processes. In Finland, the amount of straw that is generated annually corresponds to about 10 terawatt hours of energy. The amount of energy can be compared with the consumption of electricity in Finland, which was 87 terawatt hours in 2010. A conservative estimate shows that at least one-third of the generated straw can be used for energy production without harming soil structure of fields or water economy.

Risks and sources of uncertainty in the near future

Uncertainty in global and European economic development will continue. Economic growth in European and domestic markets seems to slow down at least for the first half of 2012. Finding sustainable solutions to the states' debt problems will also continue to be slow and the situation maintains the uncertainty. Despite the general situation, we believe that the grocery trade will remain relatively stable compared to many other industries.

Uncertainty has also continued in the European corporate financing markets, although recent actions of the European Central Bank have relieved the worst pressures. Continuing uncertainty in corporate financing markets may open new opportunities for the implementation of our growth strategy.

Volatility in raw material prices is estimated to remain at the usual level also during this year. 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.

A special feature in the Raisioagro Division's operations is the strict producer liability defined by the Finnish feed act concerning animal diseases. In spite of high quality and production standards and high level of self-monitoring, it is not possible to completely prevent materials possibly causing animal diseases entering the farms.

Outlook 2012

Raisio continues the implementation of its growth strategy both organically and through acquisitions. We expect EBIT to improve further annually.

Board of Directors' proposal for the distribution of profits

The parent company's distributable equity was EUR 189,640,006.90 on 31 December 2011. At the Annual General Meeting of 29 March 2012, the Board of Directors will propose a dividend of EUR 0.11 per share, not, however, on the shares held by the Company.

The record date is 3 April 2012 and the payment date 12 April 2012.

In Raisio, 14 February 2012

Raisio plc
Board of Directors

Information required in the Companies Act and Decree of the Ministry of Finance on the regular duty of disclosure of an issuer of a security – information regarding e.g. share classes, shareholders and share trading, close associates as well as own shares held by the company and their acquisitions and transfers – is presented in the notes to the financial statements.

Consolidated income statement

(EUR million)	Note	1.1.–31.12.2011	1.1.–31.12.2010
CONTINUING OPERATIONS:			
NET SALES	1	552.6	423.6
Cost of sales		-461.6	-351.2
Gross profit		91.0	72.4
Sales and marketing expenses		-34.4	-30.2
Administration expenses		-19.9	-17.6
Research and development expenses		-6.8	-5.9
Other income and expenses from business operations	4	0.8	0.4
EBIT	5, 6, 20	30.7	19.2
Financial income	7	3.0	1.0
Financial expenses	7	-6.7	-2.9
Share of the result of associates and joint ventures		0.0	0.0
RESULT BEFORE TAXES		27.0	17.4
Income taxes	8	-5.7	-5.1
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS		21.3	12.3
DISCONTINUED OPERATIONS:	3		
Result for the financial period for discontinued operations		4.2	-0.1
RESULT FOR THE FINANCIAL PERIOD		25.5	12.2
ATTRIBUTABLE TO:			
Equity holders of the parent company		25.8	12.3
Non-controlling interests		-0.3	-0.1
		25.5	12.2
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		0.14	0.08
Diluted earnings per share		0.14	0.08
Earnings per share from discontinued operations (EUR)			
Undiluted earnings per share		0.03	0.00
Diluted earnings per share		0.03	0.00

Comprehensive income statement

(EUR million)	Note	1.1.–31.12.2011	1.1.–31.12.2010
RESULT FOR THE PERIOD		**25.5**	12.2
OTHER COMPREHENSIVE INCOME ITEMS			
Hedging of net investments		**-0.3**	-0.2
Available-for-sale financial assets		**-0.1**	1.4
Cash flow hedging		**-1.1**	0.0
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		**2.0**	1.6
COMPREHENSIVE INCOME FOR THE PERIOD		**25.9**	14.9
COMPONENTS OF COMPREHENSIVE INCOME:			
Equity holders of the parent company		**26.2**	15.1
Non-controlling interests		**-0.3**	-0.1
		25.9	14.9

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

Consolidated balance sheet

(EUR million)	Note	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**38.4**	10.7
Goodwill	10, 11	**103.3**	51.9
Tangible assets	10	**117.1**	106.4
Shares in associates and joint ventures	12	**0.8**	0.8
Available-for-sale financial assets	13	**2.4**	2.5
Long-term receivables	14	**3.0**	1.7
Deferred tax assets	21	**4.0**	5.3
		268.9	179.3
CURRENT ASSETS			
Inventories	15	**80.2**	88.2
Accounts receivables and other receivables	16	**71.7**	69.0
Financial assets through profit or loss at fair value	17	**121.6**	131.8
Cash in hand and at banks	18	**19.4**	18.9
		292.9	307.9
TOTAL ASSETS		**561.8**	487.2
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		**-19.5**	-17.8
Translation differences		**-0.7**	-2.4
Other funds		**0.2**	1.4
Retained earnings		**232.5**	222.5
		331.7	323.0
Non-controlling interests		**1.1**	1.0
TOTAL SHAREHOLDERS' EQUITY		**332.9**	324.0
LIABILITIES			
Non-current liabilities			
Deferred tax liability	21	**16.4**	7.6
Pension contributions	22	**0.2**	0.2
Provisions	23	**0.5**	1.1
Non-current financial liabilities	24	**76.3**	53.1
Derivative contracts	25	**1.8**	0.0
Other non-current liabilities		**0.1**	0.1
		95.2	62.1
Current liabilities			
Accounts payable and other liabilities	26	**89.5**	85.1
Tax liability based on the taxable income for the period		**1.2**	0.0
Provisions	23	**0.9**	1.7
Derivative contracts	25	**2.7**	0.1
Current financial liabilities	24	**39.5**	14.1
		133.8	101.1
TOTAL LIABILITIES		**228.9**	163.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**561.8**	487.2

Notes are an essential part of the financial statements.

Changes in shareholders' equity in the financial period ended 31 December 2011

(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 DECEMBER 2009	27.8	2.9	88.6	-18.5	-3.7	0.0	225.0	322.0	0.0	322.0
Comprehensive income for the period										
Result for the period							12.3	12.3	-0.1	12.2
Other comprehensive income items										
Hedging of net investment					-0.2			-0.2		-0.2
Available-for-sale financial assets						1.4		1.4		1.4
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					1.6			1.6		1.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.4	1.4	12.3	15.1	-0.1	14.9
Business activities involving shareholders										
Dividends							-14.1	-14.1		-14.1
Unclaimed dividends							0.2	0.2		0.2
Management's holding company				-1.0				-1.0	1.2	0.2
Share-based payment				1.7			-1.0	0.7		0.7
Total business activities involving shareholders	0.0	0.0	0.0	0.7	0.0	0.0	-14.8	-14.1	1.2	-12.9
SHAREHOLDERS' EQUITY ON 31 DECEMBER 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 (adjusted for tax effects)										
Hedging of net investments					-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 DECEMBER 2011	27.8	2.9	88.6	-19.5	-0.7	0.2	232.5	331.7	1.1	332.9

Consolidated cash flow statement

(EUR million)	2011	2010
CASH FLOW FROM BUSINESS OPERATIONS		
Result before taxes, continuing operations	27.0	17.6
Result before taxes, discontinued operations	4.2	-0.4
Adjustments		
Depreciation and impairment	17.4	15.9
Financial income and expenses	3.7	1.9
Share of result of associates and joint ventures	0.0	0.0
Other income and expenses not involving disbursement	0.1	0.9
Other adjustments [1]	-4.6	-0.3
Cash flow before change in working capital	47.8	35.5
Change in accounts receivables and other receivables	1.4	-3.9
Change in inventories	8.3	-24.5
Change in accounts payable and other liabilities	-5.0	22.6
Change in reserves	-1.5	-1.3
Change in working capital	3.1	-7.1
Cash flow from business operations before financial items and taxes	50.9	28.4
Interest paid	-3.3	-2.8
Dividends received	0.2	0.2
Interest received	2.3	2.8
Other financial items, net	2.2	-1.3
Income taxes paid	-2.3	-4.2
CASH FLOW FROM BUSINESS OPERATIONS	50.0	23.0
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries, minus liquid assets on the date of acquisition	-63.1	-22.2
Investments on marketable securities	0.0	-25.1
Investments in tangible and intangible assets	-8.3	-11.0
Divestment of subsidiaries less liquid assets at the time of divestment	11.1	3.5
Sales revenues from securities	10.1	22.4
Income from tangible and intangible assets	2.5	0.1
Loans granted	-1.1	-0.7
Repayment of loan receivables	3.3	0.3
CASH FLOW FROM INVESTMENTS	-45.5	-32.8
Cash flow after investments	4.5	-9.7
CASH FLOW FROM FINANCIAL OPERATIONS		
Non-current loans taken out	87.7	0.0
Repayment of non-current loans	-75.2	-42.6
Change in current loans	0.3	-6.9
Related party investments		1.2
Dividends paid	-15.6	-14.0
Repurchase of company shares	-1.7	-1.0
CASH FLOW FROM FINANCIAL OPERATIONS	-4.5	-63.3
Change in liquid funds	0.0	-73.1
Liquid funds at beginning of period	140.1	213.0
Impact of changes in exchange rates	0.2	-0.3
Impact of change in market value on liquid funds	0.3	0.5
Liquid funds at end of period	140.5	140.1

[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 and animal feeds. The Group operates in 10 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 14 February 2012. 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 2011. 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 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 2011:

- Revised IAS 24 *Related Party Disclosures* (effective in periods beginning on or after 1 January 2011). The revised standard has clarified and simplified the definition of related party. The revision eliminates disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ('state-controlled entities'). The revised standard has not affected the consolidated financial statements.
- Amendment to IAS 32 *Financial Instruments: presentation – Classification of Rights issued* (effective in periods beginning on or after 1 February 2010). The amendment concerns the accounting treatment of such issued rights that are denominated in a currency other than the issuer's functional currency. When certain conditions are met, the rights of this kind are now classified as equity regardless of the currency in which the exercise price is denominated. Earlier these rights were treated as derivative liabilities. The amendment has not affected the consolidated financial statements.
- IFRIC 19 *Extinguishing Financial liabilities with Equity Instruments* (effective in periods beginning on or after 1 July 2010). The interpretation clarifies the accounting treatment in a situation where the terms of a financial liability are renegotiated and as a result of which the company issues equity instruments to the creditor in order to extinguish the financial liability fully or partially. According to the interpretation, any gain or loss, determined as a difference between the carrying amount of the financial liability and the fair value of the equity instruments issued, shall be recorded through profit or loss. The interpretation has not affected the consolidated financial statements.
- Amended IFRIC 14 *Prepayments of a Minimum Funding Requirement* (effective in periods beginning on or after 1 January 2011). The amendment corrected an unintended consequence of the interpretation of IFRIC 14 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. After these amendments, the entities are allowed to record certain voluntary prepayments based on minimum funding requirements as assets in the balance sheet. The amendment has not affected the consolidated financial statements.
- Improvements to IFRSs (May 2010) (*mostly effective in periods starting on or after 1 July 2010*). In the Annual Improvements process, minor or less urgent amendments are compiled and implemented once a year. Amendments included in the process concern a total of seven standards. Impacts of the amendments vary by standards, but they have not had a material impact on the consolidated financial statements.
- Amendment to IFRS 1 – *First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters* (effective in periods beginning on or after 1 July 2010). 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 are presented in conjunction with the accounting principles under 'Accounting policies calling for management's judgement and main uncertainties related to the assessments'.

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 use 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. Raisio plc or the companies under its control have no ownership in 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 parent company's functional and presentation currency is the euro.

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 denominated 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

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 measured 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 measured 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'.

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.

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.

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 on 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.

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 measured 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 income statement 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 agreement 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

Rental agreements with the Group as a lessor are all other rental agreements, and the goods are included in the Group's property, plant and equipment.

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

In the incentive schemes, the payments are made in company's shares previously acquired to the parent company, in cash, or in a combination of these two, the granted shares are measured at fair value at grant date and recorded 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.

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.

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 conjunction with business combinations. No deferred tax is entered for non-deductible goodwill.

No deferred tax is entered for the investments in subsidiaries, associated companies 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.

Activity based income statement

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 at fair value through profit or loss, loans and other receivables as well as available-for-sale financial assets. 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.

Items of financial assets acquired to be held for trading are included in the group ***Financial assets at fair value through profit or loss***. 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 companies' shares. They are measured at fair value or, if not reliably available, at acquisition cost. If there are no quoted rates available for the available-for-sale financial assets, 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 liabilities are classified as financial liabilities 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 at fair value through profit or loss are liabilities from derivative contracts which do not meet the terms of hedge accounting and the debts arising from the purchase price paid to Glisten's management. 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 if 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 derivatives 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 in a foreign operation.

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 initiating 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 is hedged by the debt in pounds resulted from the purchase price paid to Glisten management. The effective portion of the change in value of the hedge instrument is 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 and purchase price debt resulting from the business combination and to the use of deferred tax assets against future taxable income.

Estimates made in conjunction 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 and purchase price debt 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.

Fair value of the purchase price debt has been determined based on the management's best judgement of the future EBITs and net debt of the acquired company. The estimate is reviewed at each closing date and changes in the fair value of the debt are recognised through profit or loss except for changes in exchange rates to the extent that the debt has been determined to hedge the net investment in the foreign operation and is considered to be effective in it. In this case, exchange differences are recognised in other comprehensive income.

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 IFRS 7 *Disclosures: derecognition* (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 Group estimates that the amendment will not affect the future consolidated financial statements.
- Amendment to IAS 12: *Income taxes: Deferred tax* (effective in periods beginning on or after 1 January 2012). The standard currently requires 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 to assess whether recovery will be through use or through sale. This amendment introduces an exception in IAS 40 for the deferred tax on investment property measured at fair value defined based on the estimated consideration for the sale of investment property.
- The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not affect the future consolidated financial statements.
- IFRS 10 – *Consolidated financial statements* (effective in periods beginning on or after 1 January 2013). 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 principles related to control. Control is established as the basis for consolidation. The standard provides guidelines on how to apply the concept of control. The standard also includes the requirements for the preparation of consolidated financial statements. The standard has not yet been endorsed in the EU. 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 2013). The standard provides guidance on how joint arrangements are treated. The treatment is based on the rights and obligations of the arrangement rather than its legal form There are two types of joint arrangement: joint operations and joint ventures. The parties in joint operations have rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. The parties in joint ventures have rights to the net assets of the arrangement, and they are treated using the equity method. Proportional consolidation of joint ventures is no longer allowed. The standard has not yet been endorsed in the EU. The Group management estimates that the standard will not affect the consolidated financial statements, since the joint venture has already been consolidated using the equity method.
- IFRS 12 *Disclosures of interests in other entities* (effective in periods beginning on or after 1 January 2013). 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 standard has not yet been endorsed in the EU. 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 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions have been included in the new IFRS 10. The revised standard has not yet been endorsed in the EU.
- Revised IAS 28 *Associates and joint ventures* (effective in periods beginning on or after 1 January 2013). The revised standard includes the requirements for both joint ventures and associates to be equity accounted following the issue of IFRS 11. The revised standard has not yet been endorsed in the EU. The Group management estimates that the standard will not affect consolidated financial statements.
- Amendment to IAS 1: *Presentation of financial statement – other comprehensive income* (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. The amendment does not address which items are presented in other comprehensive income. The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to IAS 32 F*inancial Instruments: Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2014). The amendment concerns inconsistencies in current practice when applying the guidance on when the financial assets and liabilities can be presented in the balance sheet in net terms. The amendment also clarifies that the right of set-off of financial assets and liabilities must be available 'every day', which means it cannot be contingent on a future event. Additionally, it must be possible for both counterparties to conduct netting of items in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also clarifies guidance as to when certain gross payment settlement arrangements are equivalent to the terms of net implimentation accordant with IAS 32. The amendment has not yet been endorsed in the EU. 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 amendment requires more extensive disclosures than are currently required so that entities must provide numerical data on the financial instruments that are offset in the balance sheet, as well as on those financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the balance sheet. The amendment has not yet been endorsed in the EU. 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 the mixed measurement model 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 in 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 purpose of the standard is to increase 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 IFRS. 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 standard has not yet been endorsed in the EU. The Group management is assessing the impact of the standard on the consolidated financial statements.
- Amendment to IAS 19: *Employee benefits* (effective in the periods beginning on or after 1 January 2013). The main effects of the amended standard are: the application of the corridor approach is eliminated, a change in the definition of estimated return on funded defined benefit assets and the calculation of finance costs on a net funding basis. The amendment has not yet been endorsed in the EU. 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 has not yet been endorsed in the EU. The interpretation will not affect the future consolidated financial statements.

Consolidated notes

1. SEGMENT INFORMATION

The Group consists of two reportable segments, Brands and Raisioagro (former Business to Business Division), and service functions. 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. The Brands segment is composed of international brands - Benecol, and local brands. Under the segment, the Group reports Benecol Division, Northern and Eastern European operations of foods as well as Western European operations as of 1 April 2010. Western European operations include the operations of Glisten companies acquired in spring 2010 and the operations of Big Bear Group acquired on 4 February 2011. Raisioagro segment includes feeds, grain trade, protein meals and vegetable oils, production inputs 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)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External sales										
Services	**0.1**	0.1	**0.1**	0.0	**1.3**	0.8			**1.5**	0.9
Goods	**308.9**	232.8	**241.1**	188.8	**0.1**	0.1			**550.0**	421.7
Royalties	**1.0**	1.0	**0.0**	0.0					**1.0**	1.0
Total external sales	**310.0**	233.9	**241.1**	188.8	**1.4**	0.9			**552.6**	423.6
Internal sales	**4.6**	2.5	**0.0**	0.0			**-4.6**	-2.5	**0.0**	0.0
Net sales	**314.6**	236.4	**241.1**	188.8	**1.4**	0.9	**-4.6**	-2.5	**552.6**	423.6
Depreciation	**9.6**	7.8	**4.6**	4.4	**2.4**	2.8			**16.7**	15.0
Value impairments	**0.3**	0.1				0.0			**0.3**	0.1
Segment EBIT	**30.1**	20.0	**2.9**	1.9	**-2.4**	-2.8	**0.0**	0.0	**30.7**	19.2
Share of the results of associates and joint ventures	**0.0**	0.0	**0.0**	0.1					**0.0**	0.0
Segment assets	**294.2**	179.1	**104.2**	118.2	**18.9**	16.5	**-3.5**	-1.0	**413.8**	312.9
Including:										
Shares in associates and joint ventures	**0.1**	0.1	**0.7**	0.7					**0.8**	0.8
Increase in non-current assets	**67.8**	43.4	**2.5**	3.8	**0.8**	1.3	**0.0**	0.0	**71.2**	48.5
Segment liabilities	**48.4**	35.5	**41.1**	47.2	**4.6**	5.0	**-3.5**	-1.0	**90.6**	86.6

(EUR million)	2011	2010
RECONCILIATION		
Reconciliation of results		
Segment EBIT	**30.7**	19.2
Share of the results of associates and joint ventures	**0.0**	0.0
Financial income and expenses	**-3.7**	-1.9
Result before tax and discontinued operations	**27.0**	17.4
Reconciliation of assets to Group assets		
Segment assets	**413.8**	312.9
Segment assets from discontinued operations	**0.0**	14.0
Deferred tax assets	**4.0**	5.3
Loan receivables	**3.0**	2.8
Tax assets	**0.1**	1.5
Financial assets at fair value through profit or loss	**121.6**	131.8
Liquid funds	**19.4**	18.9
Recognised assets	**561.8**	487.2
Reconciliation of liabilities to Group liabilities		
Segment liabilities	**90.6**	86.6
Segment liabilities from discontinued operations	**0.0**	1.1
Deferred tax liability	**16.4**	7.6
Financial liabilities	**115.7**	67.2
Financial liabilities at fair value through profit or loss	**4.5**	0.1
Pension obligation	**0.2**	0.2
Tax liability	**1.2**	0.0
Dividend liability	**0.3**	0.3
Liabilities related to financing	**0.1**	0.0
Recognised liabilities	**228.9**	163.2
GEOGRAPHICAL INFORMATION:		
Revenue from external customers		
Finland	**313.5**	248.2
Great Britain	**135.0**	68.4
Rest of Europe	**95.5**	99.0
Rest of the world	**8.5**	7.9
Total	**552.6**	423.6
Non-current assets, excluding deferred tax assets and financial instruments		
Finland	**83.5**	93.9
Great Britain	**171.1**	70.4
Rest of Europe	**0.6**	0.7
Rest of the world	**4.4**	4.8
Total	**259.6**	169.7

Information about major customers:
In 2011 and 2010, 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 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 on the date of acquisition 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

IN 2010

Raisio plc made a public purchase offer for the entire share capital of British Glisten plc on 10 February 2010. The shareholders of Glisten plc approved Raisio's purchase offer on 12 March 2010, and the deal became legally valid on 8 April 2010.

Glisten produces healthy, nutritious, high-quality snack foods. Fruitus, Victoria and The Dormen are the company's well-known brands in their own product categories.

Glisten's result has been reported as part of the figures of Raisio's Brands Division from the beginning of the second quarter.

Raisio UK Ltd, founded for the purpose of the acquisition, acquired the share capital of Glisten plc. After the closing of the deal, Raisio plc owned 85% and the senior management of Glisten 15% of Raisio UK Ltd's share capital. Since Raisio is obligated to redeem the part of the management's shares, the company has been consolidated to the Group according to the shareholding of 100% and the redemption price has been treated as a liability.

The acquisition price was thus comprised of the share paid in cash and the purchase price liability later paid to Glisten management for the ownership of Raisio UK Ltd's. The part of the purchase price paid in cash was EUR 22.2 million (19.5 M£). The amount of the purchase price liability was estimated to be EUR 16.0 million (14.0 M£) at the time of the acquisition and it has been entered on the balance sheet as a liability. The payment time of the purchase price liability is estimated to be during the third quarter of 2012. The undiscounted amount of the purchase price debt was estimated to be EUR 16.5 million at the acquisition date.

Later the shareholder agreement was amended so that Glisten's senior management increased its ownership in Raisio UK Ltd up to 21.27%. On the grounds of the shareholders agreement, this invested amount with interests will be paid to the senior management of Glisten in connection with the payment of purchase price liability. This increased the amount of the debt by EUR 1.0 million (0.9 M£).

The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of administration costs of EUR 1.1 million recognised in the income statement

Goodwill resulting from the acquisition was EUR 50.9 million (44.6 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 2010 would have been EUR 462.8 million and pre-tax result excluding one-off items EUR 17.7 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 2010. The post-acquisition net sales of subgroup Glisten was EUR 65.5 million and pre-tax result EUR 4.3 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	14.0
Trade marks	4.6
Deferred tax assets	0.2
Inventories	8.4
Accounts receivables and other receivables	14.7
Cash in hand and at banks	0.0
Total assets	42.0
Deferred tax liabilities	2.1
Provisions	0.9
Financial liabilities	32.3
Financial liabilities at fair value through profit or loss	5.1
Other liabilities	14.3
Total liabilities	54.7
Net assets	-12.7
Cash assets paid	22.2
Contingent purchase price debt	16.0
Acquisition price	38.2
Goodwill	50.9
Purchase price paid in cash	22.2
Financial assets of the acquired subsidiary	0.0
Cash flow generation	22.2

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

Raisio sold its malt business included in the Raisioagro segment (earlier Business to Business 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.

Raisio sold its margarine business to Bunge in 2009. After the deal, the adjustment items of the purchase price as well as other items related to the sold operations have been recorded in discontinued operations in the income statement. Raisio still continues margarine sales as Bunge's distributor, in Finland and Sweden. This is presented under continuing operations, Brands segment, in the income statement.

(EUR million)	2011	2010
Result for discontinued operations:		
Income from ordinary operations	**11.8**	19.6
Expenses	**-12.1**	-19.4
Result before taxes	**-0.3**	0.2
Taxes	**0.0**	-0.1
Result after taxes	**-0.3**	0.1
Earnings due to discontinuation	**4.5**	-0.4
Taxes	**0.0**	0.2
Result after taxes	**4.5**	-0.2
Result for the financial period from discontinued operations	**4.2**	-0.1
Cash flow for discontinued operations:		
Cash flow from business operations	**-2.2**	-2.5
Cash flow from investments	**16.0**	2.8
Cash flow from financial operations	**3.0**	0.0
Total cash flow	**16.8**	0.4
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)	2011	2010
Other income and expenses from business operations	0.8	0.4
Total	0.8	0.4
Auditors' remuneration		
PwC		
Audit	0.2	0.1
Certificates and reports	0.0	0.0
Tax guidance	0.0	0.0
Other services	0.1	0.8
Total	0.3	1.0
PKF (UK) LL		
Audit	0.1	0.0
Tax guidance	0.0	0.0
Other services	0.0	0.1
Total	0.2	0.2

5. DEPRECIATION AND IMPAIRMENT

(EUR million)	2011	2010
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	0.7	0.9
Other intangible assets	1.4	1.9
Total	2.1	2.8
Depreciation on tangible assets		
Buildings	4.0	3.7
Machinery and equipment	10.4	8.4
Other tangible assets	0.1	0.1
Total	14.6	12.2
Impairment by asset group		
Intangible rights	0.0	0.1
Other intangible assets	0.0	0.0
Machinery and equipment	0.3	0.0
Total	0.3	0.1
Total depreciation and impairment	17.0	15.1
Depreciation by activity		
Cost of sales	13.4	11.4
Sales and marketing	0.2	0.2
Administration	2.7	3.1
Research and development	0.3	0.3
Total	16.7	15.0
Impairment and their returns		
Expenses corresponding to products sold	0.3	0.0
Administration	0.0	0.1
Total	0.3	0.1

6. EXPENSES FROM EMPLOYMENT BENEFITS

(EUR million)	2011	2010
Salaries	50.9	39.5
Pension expenses – defined contribution plans	5.4	4.6
Share-based rewards	1.5	1.6
Other indirect personnel costs	4.1	3.2
Total	62.0	48.9

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		
Brands	1,179	797
Raisioagro	216	229
Joint operations	59	60
Total	1,454	1,086

7.FINANCIAL INCOME AND EXPENSES

(EUR million)	2011	2010
Dividend income from available-for-sale financial assets	0.2	0.2
Sales profits/losses of financial assets at fair value through profit or loss	0.3	-2.4
Interest income from financial assets at fair value through profit or loss	-0.4	0.1
Ineffective portion of hedges of net investments in foreign operations	0.0	0.0
Interest earnings from financial assets at fair value through profit or loss	1.5	1.3
Interest income from loan receivables	0.1	0.0
Other interest income	0.8	1.7
Exchange rate differences, net	0.6	0.1
Other financial income	0.0	0.0
Total financial income	3.0	1.0
Interest expenses from loans	-3.0	-1.1
Other interest expenses	-1.3	-1.1
Interest income from financial assets at fair value through profit or loss	-2.2	0.0
Other financial expenses	-0.2	-0.7
Total financial expenses	-6.7	-2.9

Items comprising the EBIT include exchange rate gains and losses amounting to EUR -0.1 million in 2011 (EUR 0.2 million in 2010).

8. INCOME TAXES

(EUR million)	2011	2010
Tax based on the taxable income for the financial period	**-4.8**	-3.0
Taxes paid in previous financial periods	**0.0**	-2.6
Deferred taxes	**-0.9**	0.5
Total	**-5.7**	-5.1
Reconciliation statement for the tax expenses in the income statement and the taxes calculated on the basis of the Group's domestic tax rate (26%).		
Taxes calculated on the basis of the domestic tax rate	**-7.0**	-4.5
Impact of a deviating tax rate used in foreign subsidiaries	**-0.7**	-0.3
Change in tax rate	**0.4**	0.1
Returns exempt from tax	**1.6**	0.4
Non-deductible expenses	**-1.2**	-0.9
Losses for the period, for which no tax assets have been recognised	**-0.3**	-0.4
Use of previously unrecognised fiscal losses	**0.6**	0.8
Previously unrecognised tax assets	**0.7**	0.0
Tax from previous years	**0.0**	-2.6
Annulment of tax liability related to the above		2.7
Other items	**0.2**	-0.4
Total	**-5.7**	-5.1

(EUR million)	Before taxes	Tax impact	After taxes
Taxes related to the items of other comprehensive income:			
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**
Year 2010			
Available-for-sale financial assets	1,9	-0,5	1,4
Hedging of net investments	-0,2	0,0	-0,2
Translation differences	1,6	0,0	1,6
	3,3	-0,5	2,8

9. EARNINGS PER SHARE

(EUR million)	2011	2010
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)	**21.6**	12.4
Profit for the period for equity holders of the parent company, discontinued operations (EUR million)	**4.2**	-0.1
Undiluted weighted average of shares in the financial period	**156,009,767**	156,023,198
Dilution resulting from share-based compensation	**324,475**	549,219
Diluted weighted average of shares in the financial period	**156,334,242**	156,572,417
Undiluted earnings per share, continuing operations (EUR/share)	**0.14**	0.08
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	**0.14**	0.08
Undiluted earnings per share, discontinued operations (EUR/share)	**0.03**	0.00
Earnings per share adjusted by the dilution effect, discontinued operations (EUR/share)	**0.03**	0.00

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 has dilutive shares related to the share rewards of share-based incentive schemes.

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.

10. INTANGIBLE ASSETS 2010

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	18.5	3.2	16.0	0.1	37.8
Exchange rate differences	1.0	0.9	0.0	0.0	1.9
Increase	0.7		0.0	0.8	1.5
Business combination	4.6	50.9		0.0	55.6
Divestments and other decreases	0.0				0.0
Reclassifications between items	0.0	0.0	0.5	-0.5	0.0
Acquisition cost 31.12.	**24.8**	**55.1**	**16.5**	**0.4**	**96.8**
Accumulated depreciation and write-downs 1.1.	15.5	3.2	11.6	0.0	30.4
Exchange rate differences	1.0	0.0	0.0	0.0	1.0
Accumulated depreciation of decrease and transfers	0.0	0.0		0.0	0.0
Depreciation for the financial period	0.9	0.0	1.9	0.0	2.8
Write-downs and their returns	0.1	0.0	0.0	0.0	0.1
Accumulated depreciation 31.12.	**17.4**	**3.2**	**13.6**	**0.0**	**34.2**
Book value 31.12.2010	**7,4**	**51,9**	**2,9**	**0,4**	**62,6**

10. TANGIBLE ASSETS 2010

(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.	4.8	114.6	207.9	0.3	5.0	332.7
Exchange rate differences	0.1	0.4	1.3	0.0	0.0	1.9
Increase		0.0	1.2	0.2	7.9	9.3
Business combination	0.4	3.8	25.7	0.6		30.5
Divestments and other decreases	0.0		0.4	0.1		0.5
Reclassifications between items	0.0	1.9	6.9	0.0	-8.8	0.0
Acquisition cost 31.12.	**5.2**	**120.7**	**242.7**	**1.0**	**4.2**	**373.9**
Accumulated depreciation and write-downs 1.1.	0.0	71.6	164.1	0.0	1.7	237.4
Exchange rate differences	0.0	0.3	1.1	0.0	0.0	1.4
Business combination		1.4	14.1	0.3		15.8
Accumulated depreciation of decrease and transfers	0.0				0.0	0.0
Depreciation for the financial period	0.0	4.0	8.9	0.1	0.0	13.0
Write-downs and their returns	0.0			0.0	0.0	0.0
Accumulated depreciation 31.12.	**0.0**	**77.2**	**188.1**	**0.4**	**1.7**	**267.5**
Book value 31.12.2010	**5.2**	**43.5**	**54.6**	**0.6**	**2.5**	**106.4**
Book value of the machinery and equipment 31.12.			**40.6**			

The book value of tangible assets includes machinery and equipment purchased via financial leasing to the value of EUR 0.3 million.

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 4.6 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. A total of EUR 49.0 million was generated in the acquisition of Big Bear implemented in the financial year 2011. A total of EUR 50.9 million was generated in the acquisition of Glisten implemented in the financial year 2010. These goodwill amounts are allocated in its entirety to Western European operations of the Brands Division. The total amount of goodwill was EUR 103.3 million at the closing date.

The carrying value of the six brands acquired in the financial year 2011 in the combination of Big Bear Group was EUR 28.7 million on the closing date, and the carrying value of the three brands acquired in the financial year 2010 in the combination of Glisten operations was EUR 4.8 million on the closing date, totalling EUR 33.5 million.The management has considered that the useful lives of these trademarks are indefinite. The trademarks are allocated in their entirety to Western European operations of the Brands Division.

In the impairment testing, the recoverable amounts are determined based on the value in use. Cash flow estimates are based on the estimates covering the next four years. The cash flows after the forecast period approved by the 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 are as follows:

Goodwill on the Glisten acquisition
- Budgeted EBIT percentage *) 9.0% (8.0% in 2010)
- Growth percentage **)2.0% (2.0% in 2010)
- Discount rate 8.1% (8.3% in 2010)

Goodwill on the Big Bear acquisition
- Budgeted EBIT percentage *) 19.0%
- Growth percentage **) 2.0%
- Discount rate 8.1%

*) Budgeted 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 managements has concerning the market development. Discount rate has been determined before taxes and it well reflects the risks related to the business segment in question.

Sensitivity analysis of impairment testing:

Goodwill on the Glisten acquisition
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 to 12.0% or when the EBIT level drops permanently by 45% from the management's estimations.

Goodwill on the Big Bear acquisition
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 10.9% or when the EBIT level drops permanently by more than 37% from the management's estimations.

12. SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

(EUR million)	2011	2010
JOINT VENTURES		
Book value 1.1.	0.1	0.1
Share of result for the financial period	0.0	0.0
Book value 31.12.	0.1	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	0.1	0.2
Current assets	1.0	1.0
Non-current liabilities	0.0	0.1
Current liabilities	1.0	1.1
Assets, net	0.1	0.1
Income and expenses related to investments in joint ventures:		
Net sales	10.6	10.3
Expenses	10.6	10.3
Profit/loss	0.0	0.0
Total assets, liabilities, net sales and profit/loss of associates:		
Assets	2.2	2.2
Liabilities	0.3	0.3
Net sales	1.1	1.1
Profit/loss	0.1	0.1

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(EUR million)	2011	2010
Unquoted equity investments and participations	2.4	2.5
Total	2.4	2.5
At beginning of period	2.5	0.6
Increase	0.0	2.0
Decrease	-0.2	0.0
At end of period	2.4	2.5

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)	2011	2010
Loan assets from third parties	2.0	0.8
Loan assets from related party	0.9	0.9
Total long-term receivables	3.0	1.7

The long-term loans receivable from the third parties presented above mainly consists of USD-denominated, variable rate receivable and EUR-denominated subordinated loan. Loan receivable from related parties are composed of the GBP-denominated loan granted to the member of Glisten management and of the EUR-denominated loan granted to the joint venture. 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. Loans receivable from the third parties constitute a credit risk concentration since the number of liabilities of debtors is significant and part of receivables is equity instrument.

15. INVENTORIES

(EUR million)	2011	2010
Materials and supplies	46.5	63.0
Production in progress	5.3	7.7
Finished products and goods	28.4	17.3
Advances paid	0.1	0.2
Total inventories	80.2	88.2

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)	2011	2010
Accounts receivables	60.2	53.1
Receivables from Group companies	1.0	1.2
Prepaid expenses and accrued income	7.8	6.9
Amortisation instalment for long-term loan receivables	0.0	0.3
Current loan receivables	0.0	0.7
Avoir fiscal tax credit receivables	0.0	1.2
Other receivables	2.7	5.5
Total accounts receivable and other receivables	71.7	69.0

At the reporting date, about 60 per cent of the Group's accounts receivables were denominated in euro, about 30 per cent 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 0.2 million (EUR 0.1 million in 2010) The overdue receivables have the following age distribution:

Overdue 61–180 days	0.2	0.1
Overdue more than 180 days	0.0	0.0
	0.2	0.1
The following items have been deducted from accounts receivables:		
Value on 1.1.	0.9	0.9
Acquired companies	0.1	0.2
Other increase	0.7	0.2
Decrease	-0.8	-0.4
Value on 31.12.	0.9	0.9

The Group recognised a total of EUR 0.3 million (EUR 0.1 million in reporting period 2010) 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)	2011	2010
Securities under financial assets	121.1	131.4
Derivative contracts	0.4	0.5
Total financial assets at fair value through profit or loss	121.6	131.8

Financial assets at fair value through profit or loss 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)	2011	2010
Cash in hand and at bank accounts	**19.4**	18.9

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 2009			
Restricted shares (20 votes/share)	34,452	5.8	
Restricted shares, company shares	-201		-0.4
Free shares (1 vote/share)	130,697	22.0	
Free shares, company shares	-8,803		-18.1
Total	156,145	27.8	-18.5
Restricted shares converted into free shares	197		
Disposal of company shares, free shares	4,853		10.9
Raisio plc's free shares acquired by Reso Management Oy	-4,483		-10.1
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

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 the acquisition cost of shares held by the Group. In 2005-2009, a total of 9,431,795 company shares were acquired on the stock exchange. Of these, 9,230,500 were free shares and 201,295 were restricted shares.

In 2011, a total of 732,417 shares, of which 725,201 free shares and 7,216 restricted shares were acquired through the stock exchange. During the financial years 2008 and 2009, a total of 406,500 free shares were assigned to the management and key personnel as reward and based on the share-based scheme of 2008 and a total of 20,891 shares to the members of the Board of Directors as part of their reward.

During the financial year 2010, a total of 553,056 free shares were assigned to the management and key personnel in the share-based scheme of 2009 and 168,000 free shares as a separate share reward, thus a total of 721,056 free shares of which 10,000 were returned at the termination of employment of one person. A total of 17,165 shares were assigned to the members of the Board of Directors as part of their rewards. 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.

A total of 15,060 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 2011, there were a total of 9,356,280 company shares of which 9,147,769 were free shares and 208,511 restricted shares in the consolidated financial statements. The remaining acquisition cost of company shares totals EUR 19.5 million and is presented as a deduction from shareholders' equity.

Dividends:
The per-share dividend in 2011 was EUR 0.10, which amounted to a total of EUR 16.1 million (in 2010 EUR 0.09 per share and a total of EUR 14.1 million). After the date of the financial statements, the parent company's Board of Directors proposed a dividend of EUR 0.11 per share, or a total of EUR 18.2 million.

(EUR million)	2011	2010
Accumulated translation differences:		
Translation differences 1.1.		
Group companies	**-2.4**	-3.7
Associates	**0.0**	0.0
	-2.4	-3.7
Change in translation difference		
Group companies	**1.6**	1.3
Associates	**0.0**	0.0
	1.6	1.3
Translation differences 31.12.		
Group companies	**-0.7**	-2.4
Associates	**0.0**	0.0
	-0.7	-2.4
Other reserves:		
Fair value reserve	**1.3**	1.4
Hedge fund	**-1.1**	0.0
Other reserves in total	**0.2**	1.4

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 allows, during three years, to assign a maximum total of 1,600,000 Raisio plc's free shares already held by the company. The reward is paid as a combination of the company's shares and cash. The cash payment is 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 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 assigned 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 of Directors 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 of Directors decided on the third earnings period 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 is that a certain amount of net sales during the financial year will be 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 will be assigned as rewards based on the scheme.

In June 2010, the Board of Directors cancelled the disposal restriction and return obligation in respect of certain shares held by the Group's Management Team. The cancellation concerned a total of 526,999 shares assigned to 8 persons within the incentive schemes of both 2008 and 2009. The cancellation was related to the Board of Directors' decision on a new incentive scheme for the Group's 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 own completely. 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 linked 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.

In June 2010, the Board of Directors decided on two synthetic share-based incentive and commitment schemes for the management and key employees of the acquired British subgroup Glisten. On the basis of the first scheme, a cash reward will be paid by the end of May 2012. Total amount of the reward equals the value of 966,117 Raisio's free shares. A prerequisite for receipt of the reward is that each of the 36 persons now appointed to the scheme will still be employed by the Group on 8 April 2012. On the basis of the second scheme, a cash reward corresponding to the value of 420,000 free shares will be paid in two instalments to two executives of Glisten subgroup. The earnings criterion applied is a specific EBIT level of the Glisten subgroup. Earnings criteria for the reward for the first payment were not met. Possible reward for the second part will be paid by the end of 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 2009-2011, 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 20,891 shares were assigned in 2009, a total of 17,165 shares in 2010 and a total of 15,060 shares in 2011.

(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
Shares assigned:			
Time and date		May 2010	August 2009
Number of shares		553,056	334,500
Number of people		51	13
Exempt from disposal and return obligations:			
Time and date		June 2010	June 2010
Number of shares		274,999	252,000
Number of people		8	8
Cancelled			
Time and date	Year 2010	Year 2010	
Number of shares	8,500	5,000	
Number of people	2	1	
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)	2011	2010
Costs from employee benefits include cash- and equity-settled share-based payments:		
Equity-settled	**0.3**	0.7
Cash-settled	**1.3**	1.4
	1.6	2.1
Recognised in net income from continuing operations	**1.5**	1.6
Debt from cash-settled share-based plans	**2.2**	0.9

21. DEFERRED TAXES

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

Changes in deferred taxes in 2010:

(EUR million)	1.1.2010	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested subsidiaries	31.12.2010
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	1.2	-0.2				1.0
Leasing property	0.0	0.0				0.0
Confirmed fiscal losses	0.0	0.2				0.2
Pension contributions	0.0	0.0				0.0
Depreciation not deducted in taxation	4.8	-1.2				3.5
Other items	0.4	-0.2		0.0	0.2	0.4
Total	6.5	-1.4	0.0	0.0	0.2	5.3
Deferred tax liability:						
Accumulated depreciation difference	0.1	0.0		0.0	0.7	0.8
Investments available for sale	0.0		0.5			0.5
Financial assets at fair value	0.1	0.0				0.1
Impairment on the acquisition costs for group companies	5.7	-2.7				3.0
Valuation at fair value of intangible and tangible assets in business combination		-0.1		0.0	1.4	1.3
Other items	1.8	0.2		0.0		1.9
Total	7.6	-2.5	0.5	0.0	2.1	7.6

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 51.8 million (31 December 2010: EUR 48.7 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)	2011	2010
Deferred tax assets	**4.0**	5.3
Deferred tax liability	**16.4**	7.6
Deferred net liability	**-12.4**	-2.4

Deferred tax liability has not been recorded for the undistributed profits of foreign subsidiaries, since the assets have permanently been invested in the countries in question.

22. PENSION CONTRIBUTIONS

Changes in the liabilities recorded in the balance sheet:

(EUR million)	2011	2010
Beginning of financial period	**0.2**	0.2
End of financial period	**0.2**	0.2

23. RESERVES

(EUR million)	2011	2010
Provisions 1.1.	**2.8**	3.1
Exchange rate differences	**0.0**	0.0
Acquired companies	**0.0**	0.9
Increase in provisions	**0.0**	0.2
Provisions used	**-1.5**	-1.3
Provisions 31.12.	**1.4**	2.8
Non-current provisions	**0.5**	1.1
Current provisions	**0.9**	1.7
Total	**1.4**	2.8

The most significant provision is related to the provision made in connection of the divestment of the margarine business for unprofitable distribution agreement. Remaining provision totals EUR 0.6 million.

24. FINANCIAL LIABILITIES

(EUR million)	2011	2010
Non-current financial liabilities at fair value through profit or loss:		
Purchase price debt recognised in the connection of the business combination	**0.0**	17.5
Long-term financial liabilities valued at amortised acquisition cost:		
Bank loans	**76.3**	3.3
Pension loans	**0.0**	32.1
Financial leasing liabilities	**0.0**	0.2
Total	**76.3**	35.6
Total non-current financial liabilities	**76.3**	53.1
Financial liabilities at fair value through profit or loss:		
Recorded purchase price debt in connection of business combination	**20.5**	0.0
Current financial liabilities recorded at amortized cost:		
Repayments of non-current loans	**16.5**	13.1
Financial leasing liabilities	**0.2**	0.0
Other interest-bearing liabilities	**2.3**	1.0
Total	**19.0**	14.1
Total current financial liabilities	**39.5**	14.1
Non-current liabilities (incl. finance leases), will mature as follows:		
Year 2012	**36.6**	13.2
Year 2013	**21.6**	11.8
Year 2014	**20.5**	8.3
Year 2015	**20.5**	2.3
Year 2016	**13.7**	

Of the bank loans, about half is euro-denominated and the other half sterling-denominated debt. Other financial liabilities are mainly sterling-denominated. Bank loans are variable rate loans. They are tied to the Euribor rate of 3-6 months or to the Libor rates.

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

(EUR million)	2011	2010
Maturity of financial leasing liabilities:		
Financial leasing liabilities – total of minimum leases		
Within 12 months	**0.2**	0.1
After 12 months but before five years	**0.0**	0.2
Gross overall investment	**0.2**	0.3
Financial leasing liabilities – present value of minimum leases		
Within 12 months	**0.2**	0.1
After 12 months but before five years	**0.0**	0.2
Gross overall investment	**0.2**	0.3
Financial expenses accumulated in the future	**0.0**	0.0
Total financial liabilities	**0.2**	0.3

25. DERIVATIVE CONTRACTS

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

26. ACCOUNTS PAYABLE AND OTHER LIABILITIES

(EUR million)	2011	2010
Non-current		
Other liabilities	**0.1**	0.1
Current		
Accounts payable	**52.4**	55.4
Liabilities to associates	**0.1**	0.1
Accrued liabilities and deferred income	**19.9**	14.1
Advances paid	**8.5**	7.6
Other liabilities	**8.6**	7.9
Total	**89.5**	85.1

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 8.4 million in 2011 (EUR 6.3 million in 2010).

27 FINANCIAL RISK MANAGEMENT OVERVIEW

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 assets 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 date of the financial statements, EUR 121.1 million (EUR 100.8 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 drew in 2011. Hedge accounting is applied to this interest rate swap. On the closing date, the Group also had open euro-denominated interest rate swaps with a nominal value of EUR 3.3 million (EUR 30.8 million in the comparison year). Hedge accounting is not applied to these interest rate swaps. 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	31.12.2011	31.12.2010
Impact of 1-ppt increase in market rates:		
On interest income	1.6	1.0
On interest expenses	-0.8	-0.5
Change in market values	1.2	0.2
Net impact on interest income and expenses	2.0	0.8

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). TyEL loans were prematurely paid off in full. At the date of the financial statements, 31 December 2011, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR 2.0 million (EUR 0.8 million) and to an interest rate decrease approximately EUR 0.4 million (EUR -0.8 million) Had the interest rate been 1 percentage point higher on the closing date, 31 December 2011, Raisio's result after taxes would have been EUR 1.5 million (EUR 0.6 million) higher. Had the interest rate been 1 percentage point lower on the closing date, 31 December 2011, Raisio's result after taxes would have been EUR 0.3 million (EUR -0.6 million) higher.

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 Group companies' commercial and financial items and the derivatives hedging them. Exposure to currency risk arises mainly from items denominated in pound sterling, Russian ruble, Swedish crown and US dollar.

The Group's currency risk on 31 December 2011 is EUR 0.0 million (EUR 0.1 million) if other currencies weaken by 5% against the euro. The impact on Raisio's result after taxes would be EUR 0.0 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 65.8 million. The Group companies' currency positions against functional currencies other than the euro are not significant.

(EUR million) Currency risk 31 December 2011				Currency risk 31 December 2010			
Currency risk, net position				Currency risk, net position			
GBP	RUB	SEK	USD	GBP	RUB	SEK	USD
0.0	-0.4	0.1	-0.5	0.5	-0.2	0.0	-0.2
5% weakening in currency against the euro:							
GBP	RUB	SEK	USD	GBP	RUB	SEK	USD
0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

DERIVATIVES

(EUR million) Nominal values of derivatives	31.12.2011	31.12.2010
Interest rate derivatives, no hedge accounting	3.3	30.8
Interest rate derivatives, cash flow hedging	52.8	0.0
Currency derivatives, no hedge accounting	65.8	58.2

Interest rate derivative used for cash flow hedging matures in equal instalments within five 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 2011, the Group's equity was EUR 332.9 million (EUR 324.0 million) and its equity ratio was 60.2% (67.6%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received.

	31.12.2011	31.12.2010
Equity, EUR million	332.9	324.0
Balance sheet total, EUR million	561.8	487.2
Equity ratio	60.2%	67.6%

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 2011	Fair value 2011	Book value 2010	Fair value 2010
Financial assets					
Available-for-sale financial assets*	13	**2.4**	**2.4**	2.5	2.5
Loan receivables	14	**3.0**	**3.0**	2.8	2.5
Sales receivables and other receivables	16	**61.4**	**61.4**	54.5	54.5
Investments recognised at fair value in the income statement*	17	**121.1**	**121.1**	131.4	131.4
Liquid assets	18	**19.4**	**19.4**	18.9	18.9
Derivatives*	17	**0.4**	**0.4**	0.5	0.5
Financial liabilities					
Purchase price liability*	24	**20.5**	**20.5**	17.5	17.5
Bank loans	24	**92.7**	**93.0**	5.6	5.6
Pension loans	24	**0.0**	**0.0**	42.9	43.1
Other loans	24	**2.3**	**2.3**	1.0	1.0
Financial leasing liabilities	24	**0.2**	**0.2**	0.2	0.3
Accounts payable and other liabilities	26	**74.2**	**74.2**	83.6	83.6
Derivatives*	25	**4.5**	**4.5**	0.1	0.1

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)	**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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
At beginning of period	**2.5**	0.6	**17.5**	
Generated in business combination				17.0
Profits and losses				
In the income statement under financial income and expenses			**2.7**	0.3
In the items of other comprehensive income	**-0.2**	1.9	**0.3**	0.2
Purchases	**0.0**	0.1		
Sales	**0.0**	0.0		
At end of period	**2.4**	2.5	**20.5**	17.5

29. OTHER LEASES

(EUR million)	2011	2010
Group as lessee:		
Minimum leases paid on the basis of other non-cancellable leasing contracts:		
Within 12 months	**0.5**	0.5
After 12 months but before five years	**1.6**	1.2
After five years	**7.2**	7.4
Total	**9.3**	9.1

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

Based on other leases, Raisio's 2011 income statement includes paid leases worth EUR 4.8 million (EUR 4.2 million in 2010).

30. CONTINGENT AND OTHER LIABILITIES

(EUR million)	2011	2010
Pledged assets:		
For the company		
Contingent liabilities for associated companies		
Guarantees	**0.0**	0.0
Other liabilities		
Other financial liabilities	**13.8**	7.0
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	**0.4**	0.5

31. RELATED PARTY TRANSACTIONS

Consolidated subsidiaries, joint ventures and associates

	Group holding, %	Parent company holding, %
SUBSIDIARY COMPANIES		
Brands		
Anytime Food and Drink Limited, UK	100.00	
Big Bear Group Limited, UK	100.00	
Bright Foods Limited, UK	100.00	
Cabin Confectionery Limited, UK	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	92.47
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	
Nutti-Bite 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	78.73	78.73
TOV Raisio Ukraina, Ukraine	100.00	
Raisio Nutrition Ltd, Raisio	100.00	100.00
Shepherd Boy Limited, UK	100.00	
Skinny Candy Limited, UK	50.00	
ZAO Zolotaya Melnitsa, Russia	74.90	
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	0.00	0.00
JOINT VENTURES		
Brands		
Ateriamestarit Oy, Turku	50.00	
ASSOCIATES		
Raisioagro		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2011	2010
Business activities involving insiders:		
Sales to associates and joint ventures	**10.7**	10.8
Purchases from associates and joint ventures	**0.1**	0.2
Sales to key employees in management	**0.2**	0.0
Purchases from key employees in management	**0.8**	0.8
Long-term receivables from associates and joint ventures	**0.0**	0.1
Short-term receivables from associates and joint ventures	**1.0**	1.2
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	**2.5**	2.9
Compensation paid in conjunction with termination of employment	**0.0**	0.0
Share-based payments	**0.0**	1.8
Total	**2.5**	4.7
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**	1.2
Other members of Management Team	**1.6**	3.2
Total	**2.3**	4.4

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.

(EUR million)	2011	2010
Loans to related party:		
Loans to key persons of the management:		
At beginning of period	**0.9**	0.0
Loans granted during the financial period	**0.0**	0.9
Accumulated interests	**0.0**	0.0
At end of period	**0.9**	0.9
Loan granted to the member of the Group's Management Team Paul Simmonds. The interest rate is 3.25%. The loan is due on 30 August 2012. The loan is unsecured.		
Loans to Reso Management Oy:		
At beginning of period	**10.6**	0.0
Loan granted during the financial period	**0.0**	10.4
Interests received	**0.2**	0.0
Accumulated interests	**0.2**	0.2
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 period	**0.1**	0.1
Repayments of loans	**0.0**	0.0
Accumulated interests	**0.0**	0.0
Interests received	**0.0**	0.0
At end of period	**0.1**	0.1
The interest rate is 2.94%. The loan will be repaid on 1 October 2014 at the latest. The loan is unsecured.		
Loans to the related party in total	**11.6**	11.6

Financial indicators

(EUR million)	2011	2010	2009
Result and profitability			
Net sales, M€ [1]	**552.6**	423.6	350.0
change, %	**30.5**	21.0	-16.8
International net sales, M€ [1]	**239.0**	175.3	105.2
% of net sales	**43.3**	41.4	30.1
Operating margin, M€ [1]	**47.7**	34.3	32.6
% of net sales	**8.6**	8.1	9.3
Depreciation and write-downs, M€ [1]	**17.0**	15.1	16.2
EBIT, M€ [1]	**30.7**	19.2	16.4
% of net sales	**5.6**	4.5	4.7
Result before taxes, M€ [1]	**27.0**	17.4	15.9
% of net sales	**4.9**	4.1	4.5
Return on equity, ROE, % [1]	**6.5**	3.8	3.7
Return on investment, ROI, % [1]	**7.3**	5.0	5.3
Financial and economical position			
Shareholders' equity, M€	**332.9**	324.0	322.0
Interest-bearing financial liabilities, M€	**115.7**	67.2	62.8
Net interest-bearing financial liabilities, M€	**-24.8**	-72.9	-150.2
Balance sheet total, M€	**561.8**	487.2	444.2
Equity ratio, %	**60.2**	67.6	73.4
Net gearing, %	**-7.5**	-22.5	-46.6
Cash flow from business operations, M€	**50.0**	23.0	51.5
Other indicators			
Gross investments, M€ [1]	**71.2**	48.5	9.2
% of net sales	**12.9**	11.4	2.6
R&D expenses, M€ [1]	**6.8**	5.9	5.7
% of net sales	**1.2**	1.4	1.6
Average personnel [1]	**1,454**	1,086	600

[1] Key figures presented for continuing operations.

Share indicators

	2011	2010	2009
Earnings/share, continuing operations (EPS), € [1]	**0.14**	0.08	0.07
Cash flow from business operations/share, € [1]	**0.32**	0.15	0.33
Equity/share, € [1]	**2.13**	2.06	2.06
Dividend/share, €	**0.11** [2]	0.10	0.09
Dividend/earnings, %	**79.3**	125.8	126.2
Effective dividend yield, %			
Free shares	**4.6**	3.6	3.4
Restricted shares	**4.6**	3.6	3.3
P/E ratio			
Free shares	**17.2**	35.3	37.3
Restricted shares	**17.2**	35.1	38.1
Adjusted average quotation, €			
Free shares	**2.45**	2.75	2.06
Restricted shares	**2.49**	2.76	2.04
Adjusted lowest quotation, €			
Free shares	**1.52**	2.38	1.43
Restricted shares	**1.60**	2.35	1.49
Adjusted highest quotation, €			
Free shares	**2.84**	3.00	2.72
Restricted shares	**2.91**	3.00	2.78
Adjusted quotation 31.12., €			
Free shares	**2.39**	2.81	2.66
Restricted shares	**2.39**	2.79	2.72
Market capitalisation 31.12., M€ [1]			
Free shares	**291.0**	344.1	324.2
Restricted shares	**81.4**	95.0	93.2
Total	**372.3**	439.1	417.4
Trading, EURm			
Free shares	**73.7**	109.1	73.8
Restricted shares	**2.1**	3.1	2.3
Total	**75.8**	112.2	76.1
Number of shares traded			
Free shares, 1,000 shares	**30,050**	39,674	35,873
% of total	**23.0**	30.3	27.5
Restricted shares, 1,000 shares	**831**	1,106	1,114
% of total	**2.4**	3.2	3.2
Average adjusted number of shares, 1,000 shares [1]			
Free shares	**122,283**	122,226	121,666
Restricted shares	**34,052**	34,217	34,268
Total	**156,334**	156,443	155,934
Adjusted number of shares 31.12., 1,000 shares [1]			
Free shares	**121,746**	122,461	121,894
Restricted shares	**34,047**	34,054	34,250
Total	**155,793**	156,515	156,145

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 0.11 per share.

Calculation of key financial development indicators

Return on equity (ROE), %	$\dfrac{\text{Result before taxes – income taxes*}}{\text{Shareholders' equity (average over the period)}}$	x 100
Return on investment (ROI), %	$\dfrac{\text{Result before taxes + financial expenses*}}{\text{Shareholders' equity + interest-bearing financial liabilities (average over the period)}}$	x 100
Equity ratio, %	$\dfrac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}}$	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, %	$\dfrac{\text{Net interest-bearing financial liabilities}}{\text{Shareholders' equity}}$	x 100

Calculation of key share indicators

Earnings per share*)	$\dfrac{\text{Result for the year of parent company shareholders}}{\text{Average number of shares for the year, adjusted for share issue**}}$	
Cash flow from business operations per share	$\dfrac{\text{Cash flow from business operations}}{\text{Average number of shares for the year, adjusted for share issue}}$	
Shareholders' equity per share	$\dfrac{\text{Equity of parent company shareholders}}{\text{Number of shares adjusted for share issue on 31 December ***}}$	
Dividend per share	$\dfrac{\text{Dividend distributed in the period}}{\text{Number of shares at end of period}}$	
Dividend per earnings	$\dfrac{\text{Dividend per share}}{\text{Profit per share}}$	x 100
Effective dividend yield, %	$\dfrac{\text{Dividend per share, adjusted for share issue}}{\text{Closing price, adjusted for share issue}}$	x 100
Price per earnings (P/E ratio)*	$\dfrac{\text{Closing price, adjusted for share issue}}{\text{Profit per share}}$	
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 company shares held by Reso Management Oy
*** Excluding the shares held by Reso Management Oy

Shares and shareholders

Raisio pls's shares are listed on NASDAQ QMX Helsinki Ltd. Raisio's market value at the end of 2011 was EUR 394.7 million. Overall trading totalled EUR 75.8 million. The closing price of free shares on 31 December 2011 was EUR 2.39, and that of restricted shares EUR 2.39. The Board of Directors will propose a dividend of EUR 0.11 at the Annual General Meeting in spring 2012.

Share capital and share classes

Raisio plc's fully paid-up share capital is EUR 27,776,072.91, which on 31 December 2011 was divided into 34,255,057 restricted shares (series K) and 130,893,973 free shares (series V). No nominal value is quoted for the shares. Restricted shares accounted for 20.7% of the share capital and 84.0% of the votes, while the corresponding figures for free shares were 79.3% and 16.0% (31 December 2011). 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 2011. 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 Stock Exchange) under the sector Consumer Staples and sub-industry of Packaged Foods & Meats (as from 1 February 2012 under the sector Consumer Goods and the sub-industry 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, respectively. 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. 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 of Directors 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. During 2011, no 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 6.3 million restricted shares on the waiting list on 31 December 2011.

Ownership structure

Raisio plc had 36,366 (36,174) registered shareholders at the end of 2011.

In 2011, foreign ownership in the Company amounted to 12.0% at its highest, to 9.8% at its lowest and was 9.8% at the end of the year (31 December 2010: 12.2%).

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

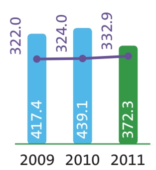
Shares held by the company

At the end of the financial period 2011, Raisio plc held 4,665,029 free shares and 208,511 restricted shares acquired in 2005-2009 and 2011 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 7.0% of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6%. In all, the company shares held by these companies represent 5.7% of the entire share capital and 1.6% 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.

Market capitalisation (M€)



Excluding the company shares held by the Group.

Structure of share capital on 31 December 2011

	Number of shares	% of total shares	% of total votes
Free shares	130,893,973	79.3	16.0
Restricted shares	34,255,057	20.7	84.0
Total	165,149,030	100.0	100.0

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

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 1,391,090 restricted shares and 4,837,121 free shares on 31 December 2011. This equals 3.8% of all shares and 4.0% of overall votes.

Shareholder agreements

Raisio's Board of Directors 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 2011, no notifications on changes in the ownership referred to in chapter 2, section 9, of the Securities Market Act were made.

Raisio shares traded on Stock Exchange in 2011

The highest price of the series V share was EUR 2.84, the lowest EUR 1.52 and the average price EUR 2.45. The year-end price of the V share was EUR 2.39. The number of Raisio V shares traded totalled 30.0 million (39.7 million in 2010), which equals some 23% of the total volume of V shares. The value of share trading was EUR 73.7 million (EUR 109.1 million).

The highest price of the series K share was EUR 2.91 and the lowest EUR 1.60. The average price was EUR 2.49. The year-end price of the K share was EUR 2.39. The number of Raisio's K shares traded totalled 0.8 million (1.1 million), and the value of share trading was EUR 2.1 million (EUR 3.1 million).

The share capital had a market value of EUR 394.7 million at the end of 2011 (EUR 463.4 million) and EUR 383.1 million (EUR 451.7 million) excluding the shares held by the company.

Dividend policy and dividend

Raisio's target is to generate added value for all its shareholders by developing its business operations, by improving its business profitability and by 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 2011 decided on a dividend of EUR 0.10 per share. The dividend was paid on 5 April 2011; no dividend, however, was paid on the shares held by the company. The Board of Directors will propose a per-share dividend of EUR 0.11 at the AGM in spring 2012. The record date is 3 April 2012 and the payable date 12 April 2012.

Acquisition and conveyance of own shares

Based on the authorisation given by the 2011 AGM, the Board can purchase a maximum of 6,000,000 free shares and 1,500,000 restricted shares in public trading conducted by Stock Exchange. The authorisation will be valid until 24 September 2012. The number of own shares that can be acquired based on this authorisation totals 4.5% of all shares and 4.4% of the votes they represent.

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 of Directors 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. As the repurchase is executed by buying shares through public trading, shares are acquired otherwise than in proportion to the shareholders' holdings.

On 1 July 2011, the Board of Directors decided, by virtue of its authorisation, to acquire a maximum of 4,000,000 free shares and a maximum of 1,000,000 restricted shares. The repurchase of the shares was started on 11 July 2011. It is carried out through public trading on the NASDAQ OMX Helsinki Ltd and it continues until the above mentioned amounts are acquired or until further notice.

During the financial period, a total of 730,201 free shares and 7,216 restricted shares were acquired. This equals 0.56% of all free shares and the votes they represent, and 0.02% of all restricted shares and the votes they represent. Furthermore, these shares are 0.45% of all shares and equal 0.11% of the votes they represent. A cash consideration of EUR 1,717,000 has been paid for the free shares acquired during the period and that of EUR 16,926 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 15,060 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 in 2011. The value of free shares assigned as fees to the Board of Directors was EUR 35,432 at the time of the assignment.

A total of 5,000 free shares assigned on the basis of the share-based incentive scheme were returned to the company according to the scheme conditions related to the ending of employment or contract. The value of these shares totalled EUR 13,180 at the time of return.

Share issue authorisation

The AGM of 2011 authorised the Board of Directors 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 11,651,183 shares, 1,701,295 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 2011 equals 2.95% of the share capital and 1.08% of the votes it represents. Furthermore, based on the authorisation, the number of issued new shares equals 12.1% of the share capital and 2.45% of the votes it represents.

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

The Board of Directors can decide on the assignment of own shares and giving new shares otherwise than in a proportion where the shareholders have a primary right to 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 of Directors can also decide on the assignment of own shares in public trading on the NASDAQ OMX Helsinki Ltd for raising funds for the financing of investments and possible company acquisitions.

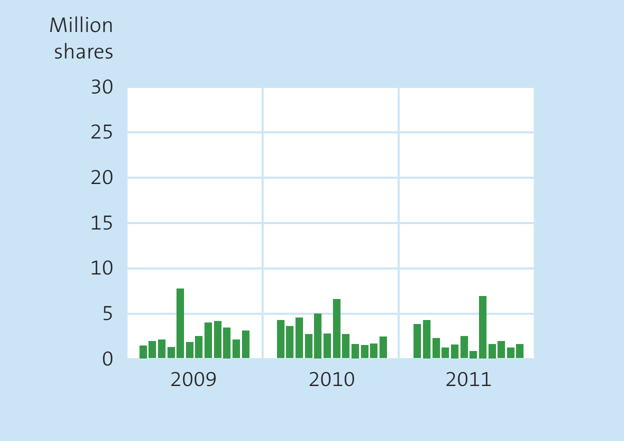
The shares can also be assigned against compensation other than money, against receipt or otherwise on certain terms and conditions.

The share issue authorisations will expire on 24 March 2016 at the latest.

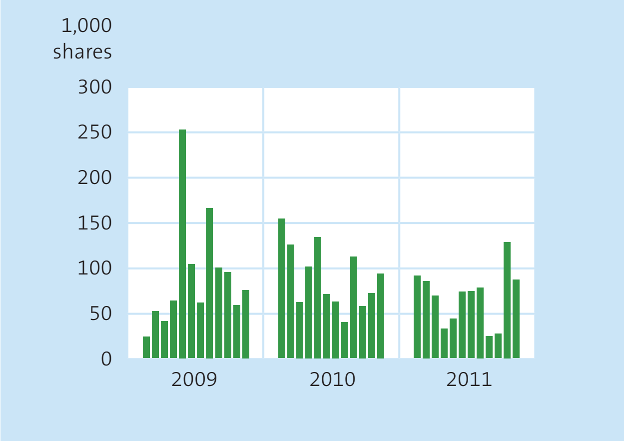
The Board has not used its share issue authorisation in the review period.

Under the Companies Act, the Board of Directors 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 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 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 of Directors and the Managing Director 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 2011	%
Households	54.6
Foreign owners [2)]	9.8
Private enterprises [3)]	12.2
Financial and insurance institutions [1)]	6.7
Non-profit organizations	5.9
Public corporations	6.4
Waiting list and joint account	4.4

[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 of Director'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 of Directors. 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.

Amendments to the Articles of Association in 2011

In the second handling in accordance with the Articles of Association, the spring 2011 AGM approved the Board of Directors' proposal for amending the section 9.3 of the Articles of Association to read as follows: "In the General Meeting, 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."

Furthermore, the AGM approved the Board of Directors' proposal to delete the section 17.3 which means that from now on, the term of an auditor and a deputy auditor starts at the closing of the AGM in which they were elected and ends at the closing of the next AGM.

The amendments of the Articles of Association were entered in the Trade Register in April 2011 and thus, have taken into effect.

Shareholders

25 major shareholders on 31 December 2011, according to shareholders register

	Series K, no.	Series V, no.	Total, no.	%	Votes, no.	%
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	0.50
The Central Union of Agricultural Producers and Forest Owners (MTK)	3,733,980	199,000	3,932,980	2.38	74,878,600	9.18
Varma Mutual Pension Insurance Company		2,799,500	2,799,500	1.70	2,799,500	0.34
OP-Finland Value Fund		2,425,000	2,425,000	1.47	2,425,000	0.30
Skagen Global Verdipapirfond		2,300,000	2,300,000	1.39	2,300,000	0.28
Ilmarinen Mutual Pension Insurance Company		2,235,245	2,235,245	1.35	2,235,245	0.27
Veritas Pension Insurance Company Ltd.		1,988,444	1,988,444	1.20	1,988,444	0.24
OP-Delta Fund		1,550,000	1,550,000	0.94	1,550,000	0.19
The State Pension Fund		1,300,000	1,300,000	0.79	1,300,000	0.16
Relander Harald		1,283,500	1,283,500	0.78	1,283,500	0.16
Mutual Fund Evli Finnish Equity		1,276,227	1,276,227	0.77	1,276,227	0.16
Sijoitusrahasto Aktia Capital		1,265,475	1,265,475	0.77	1,265,475	0.16
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		1,258,850	1,258,850	0.76	1,258,850	0.15
Mutual Insurance Company Pension-Fennia		1,015,000	1,015,000	0.61	1,015,000	0.12
Savings Bank Finland Fund		1,011,863	1,011,863	0.61	1,011,863	0.12
Maa- ja Vesitekniikan Tuki r.y.		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
Brotherus Ilkka	42,540	784,500	827,040	0.50	1,635,300	0.20
Etera Mutual Pension Insurance Company		818,400	818,400	0.50	818,400	0.10
Skagen Global II Verdipapirfond		783,100	783,100	0.47	783,100	0.10
The central union of Swedish-speaking agricultural producers in Finland (SLC)	772,500		772,500	0.47	15,450,000	1.89
OP-Finland Small Firms Fund		750,000	750,000	0.45	750,000	0.09
Langh Hans	654,480		654,480	0.40	13,089,600	1.60
Laakkonen Mikko		626,823	626,823	0.38	626,823	0.08

Shares registered under foreign ownership, including nominee registrations, totalled 16,227,391 on 31 December 2011, or 9.8% of the total and 12.4% of free shares.

At the end of the year, Raisio plc owned 4,873,540 company shares, which represents 3.0% of the total.

Split of shareholdings on 31 December 2011

	Free shares				Restricted shares			
Shares	Shareholders		Shares		Shareholders		Shares	
no.	no.	%	no.	%	no.	%	no.	%
1–1,000	22,184	65.1	10,471,833	8.0	3,496	57.8	1,243,516	3.6
1,001–5,000	9,344	27.4	22,482,183	17.2	1,633	27.0	3,916,803	11.4
5,001–10,000	1,585	4.7	11,839,350	9.0	463	7.6	3,316,244	9.7
10,001–25,000	668	2.0	10,574,038	8.1	321	5.3	5,005,640	14.6
25,001–50,000	152	0.4	5,459,398	4.2	88	1.5	2,848,007	8.3
50,001–	144	0.4	69,717,651	53.3	46	0.8	10,974,076	32.1
waiting list			0	0.0			6,336,291	18.5
joint account			181,070	0.1			614,480	1.8
special accounts			168,450	0.1			0	0.0
total	34,077	100.0	130,893,973	100.0	6,047	100.0	34,255,057	100.0

31 December 2011 Raisio plc had a total of 36,366 registered shareholders.

Parent company income statement

(EUR million)	Note	1.1.–31.12.2011	1.1.–31.12.2010
NET SALES		**2.03**	1.71
Other income from business operations		**0.00**	0.00
Materials and services	1	**-0.05**	-0.05
Personnel expenses	2	**-1.45**	-1.63
Depreciation and write-downs	3	**-0.04**	-0.04
Other expenses from business operations	4	**-6.67**	-4.36
EBIT		**-6.18**	-4.37
Financial income and expenses	5	**0.94**	-0.29
RESULT BEFORE EXTRAORDINARY ITEMS		**-5.24**	-4.65
Extraordinary items	6	**11.00**	11.80
RESULT BEFORE APPROPRIATIONS AND TAXES		**5.76**	7.14
Appropriations	7	**0.00**	0.00
Direct taxes	8	**-2.01**	-1.80
RESULT FOR THE FINANCIAL PERIOD		**3.74**	5.35

Parent company balance sheet

(EUR million)	Note	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**0.02**	0.03
Tangible assets	9	**0.37**	0.41
Holdings in Group companies	10	**249.51**	169.72
Other investments	10	**48.97**	40.48
		298.87	210.63
CURRENT ASSETS			
Inventories	11	**0.03**	0.01
Long-term receivables	12	**0.00**	0.15
Current receivables	12	**24.43**	22.32
Securities under financial assets	13	**120.52**	130.78
Cash in hand and at banks		**20.91**	17.26
		165.89	170.52
TOTAL ASSETS		**464.76**	381.15
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		**175.27**	187.69
Result for the year		**3.74**	5.35
		308.91	322.93
LIABILITIES			
Non-current liabilities	15	**76.25**	19.75
Current liabilities	16	**79.60**	38.47
		155.85	58.22
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**464.76**	381.15

Parent company cash flow statement

(EUR million)	2011	2010
CASH FLOW FROM BUSINESS OPERATIONS		
Profit (loss) before extraordinary items	**-5.24**	-4.65
Adjustments:		
Planned depreciation	**0.04**	0.04
Unrealised foreign exchange gains and losses	**1.70**	-0.46
Other income and expenses not involving disbursement	**0.04**	1.99
Financial income and expenses	**-2.64**	0.74
Other adjustments	**1.92**	0.01
Cash flow before change in working capital	**-4.18**	-2.33
Increase (–)/decrease (+) in current receivables	**-3.92**	-4.07
Increase (–)/decrease (+) in inventories	**-0.01**	0.00
Increase (+)/decrease (–) in current interest-free liabilities	**2.39**	-0.86
Change in working capital	**-1.54**	-4.93
Cash flow from business operations before financial items and taxes	**-5.72**	-7.25
Interest paid and payments for financial expenses from business operations	**-2.93**	-2.08
Dividends received	**0.02**	0.02
Interest and other financial income	**6.26**	4.10
Income taxes paid	**-0.54**	0.00
CASH FLOW FROM BUSINESS OPERATIONS	**-2.91**	-5.21
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	**0.00**	0.00
Investments in shares of Group companies	**-96.35**	-65.79
Proceeds from sale of Group company shares	**14.65**	0.00
Investments on marketable securities	**0.00**	-25.00
Proceeds from sale of securities	**10.06**	22.39
Loans granted	**-24.37**	-1.02
Repayment of loan receivables	**15.81**	15.92
CASH FLOW FROM INVESTMENTS	**-80.21**	-53.50
Cash flow after investments	**-83.12**	-58.71
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	**64.49**	-6.91
Increase (+)/decrease (–) in current liabilities	**27.82**	-32.20
Increase (–)/decrease (+) in loan receivables	**0.15**	0.00
Group contributions received and paid	**11.80**	14.71
Repurchase of company shares	**-1.74**	0.00
Assignment of company shares	**0.00**	0.18
Dividend paid and other distribution of profit	**-16.00**	-13.97
CASH FLOW FROM FINANCIAL OPERATIONS	**86.52**	-38.20
Change in liquid funds	**3.40**	-96.90
Liquid funds at beginning of period	**138.03**	234.94
Liquid funds at end of period	**141.44**	138.03

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.

Valuation of marketable securities

Marketable securities have been valued at their acquisition cost.

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.

Incentive scheme for management

Expenses related to the management's long-term, share-based incentive scheme are recognised as an earnings period expense in the income statement and as liabilities in the balance sheet.

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)	2011	2010
1. MATERIALS AND SERVICES		
Materials, supplies and goods		
Purchases in the period	**0.06**	0.05
Change in inventories	**-0.01**	0.00
Total	**0.05**	0.05
2. PERSONNEL EXPENSES		
Wages and fees	**1.18**	1.14
Pension expenses	**0.17**	0.21
Other personnel expenses	**0.10**	0.28
Total	**1.45**	1.63
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director	**0.72**	1.25
Members of the Board of Directors	**0.18**	0.23
Members of the Supervisory Board	**0.04**	0.03
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Office workers	**2**	2

(EUR million)	2011	2010
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	**0.04**	0.04
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	**0.07**	0.06
Certificates and reports	**0.02**	0.01
Other services	**0.00**	0.08
Yhteensä	**0.10**	0.16
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	**1.28**	1.61
Total income from long-term investment	**1.29**	1.62
Other interest and financial income		
From Group companies	**0.55**	0.24
From others	**2.38**	2.08
Total	**2.94**	2.32
Total financial income	**4.23**	3.95
Exchange rate differences		
To Group companies	**2.25**	0.42
To others	**-1.45**	-0.35
Total	**0.81**	0.08
Interest paid and other financial expenses		
To Group companies	**-0.69**	-0.24
To others	**-3.40**	-4.08
Total	**-4.10**	-4.31
Total financial expenses	**-3.29**	-4.23
Total financial income and expenses	**0.94**	-0.29

(EUR million)	2011	2010
6. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	**11.86**	12.83
Total	**11.86**	12.83
Extraordinary expenses		
Group subsidies paid	**-0.86**	-1.03
Total	**-0.86**	-1.03
Total extraordinary income and expenses	**11.00**	11.80

(EUR million)	2011	2010
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	**0.00**	0.00
8. INCOME TAXES		
Income tax on extraordinary items	**-2.86**	-3.07
Income tax on ordinary operations	**0.85**	1.27
Taxes on previous financial years	**0.00**	0.00
Total	**-2.01**	-1.80

Notes to the parent company balance sheet

9. INTANGIBLE ASSETS 2011

(EUR million)	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1.1.	0.25	0.37	0.62
Increase 1.1.–31.12.	0.00		0.00
Decrease 1.1.–31.12.			0.00
Reclassifications			0.00
Acquisition cost 31.12.	**0.25**	**0.37**	**0.63**
Accumulated depreciation and write-downs 1.1.	0.22	0.37	0.59
Accumulated depreciation of decrease and transfers	0.00		0.00
Depreciation for the year	0.00	0.00	0.01
Accumulated depreciation 31.12.	**0.23**	**0.37**	**0.60**
Book value 31.12.2011	**0.02**	**0.00**	**0.02**
Book value 31.12.2010	**0.02**	**0.01**	**0.03**

9. TANGIBLE ASSETS 2011

(EUR million)	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost 1.1.	0.70	0.26	0.26	1.24
Increase 1.1.–31.12.				0.00
Decrease 1.1.–31.12.				0.01
Reclassifications				0.00
Acquisition cost 31.12.	**0.70**	**0.26**	**0.26**	**1.23**
Accumulated depreciation and write-downs 1.1.	0.61	0.21		0.82
Accumulated depreciation of decrease and transfers		0.00		0.00
Depreciation for the year	0.03	0.01		0.03
Accumulated depreciation 31.12.	**0.64**	**0.22**	**0.00**	**0.86**
Book value 31.12.2011	**0.07**	**0.04**	**0.26**	**0.37**
Book value 31.12.2010	**0.09**	**0.05**	**0.26**	**0.41**
Book value of the production machinery and equipment				
31.12.2011		**0.00**		
31.12.2010		0.00		

10. INVESTMENT 2011

(EUR million)	Group company shares	Participating interest company shares	Other shares	Receivables. Group companies	Other receivables	Total investment
Acquisition cost 1.1.	169.72	0.03	0.03	39.55	0.87	210.20
Increase 1.1.–31.12.	96.35			25.24		121.59
Decrease 1.1.–31.12.	16.57			15.88	0.87	33.32
Acquisition cost 31.12.	**249.51**	**0.03**	**0.03**	**48.91**	**0.00**	**298.47**
Book value 31.12.2011	**249.51**	**0.03**	**0.03**	**48.91**	**0.00**	**298.47**
Book value 31.12.2010	**169.72**	**0.03**	**0.03**	**39.55**	**0.87**	**210.20**

SHARES AND HOLDINGS 2011

	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	**78.73**	78.73
Glisten Limited, UK	**100.00**	92.47
Raisio Nutrition Ltd, Raisio	**100.00**	100.00
Raisioagro Ltd., Raisio	**100.00**	100.00
Reso Management Oy, Raisio		
ASSOCIATED COMPANIES		
Vihervakka Oy, Pöytyä	**38.50**	38.50

11. INVENTORIES

(EUR million)	2011	2010
Materials and supplies	**0.02**	0.01
Finished products and goods	**0.01**	0.01
	0.03	0.01

12. RECEIVABLES

(EUR million)	2011	2010
Long-term receivables		
Loan receivables	**0.00**	0.00
Total long-term receivables	**0.00**	0.15
Current receivables		
Accounts receivables	**0.00**	0.00
Receivables from Group companies		
Accounts receivables	**0.08**	0.01
Loan receivables	**4.40**	7.10
Other receivables	**11.89**	12.87
Prepaid expenses and accrued income	**6.96**	0.41
	23.35	20.39
Receivables from participating interest companies		
Accounts receivables	**0.00**	0.00
Other receivables	**0.05**	1.30
Prepaid expenses and accrued income	**1.04**	0.62
Total current receivables	**24.43**	22.32

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)	2011	2010
Repurchase price	**121.14**	131.39
Book value	**120.52**	130.78
Difference	**0.62**	0.61

14. SHAREHOLDERS' EQUITY

(EUR million)	2011	2010
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**	0.00
Addition, directed share issue against payment	**0.00**	10.62
Invested unrestricted shareholders' equity fund 31.12.	**10.62**	10.62
Retained earnings 1.1.	**193.04**	199.52
Dividend distributed	**-16.10**	-14.05
Unclaimed dividends	**0.04**	0.24
Disposal of company shares	**0.04**	1.99
Repurchase of company shares	**-1.74**	0.00
Retained earnings 31.12.	**175.27**	187.69
Result for the year	**3.74**	5.35
Total unrestricted shareholders' equity	**189.64**	203.66
Total shareholders' equity	**308.91**	322.93
Distributable equity	**189.64**	203.66

Company share capital dividend by share series as follows:

	2011		2010	
	shares	EUR 1,000	shares	EUR 1,000
Restricted shares (20 votes/share)	**34,255,057**	**5,761**	34,255,057	5,761
Free shares (1 vote/share)	**130,893,973**	**22,015**	130,893,973	22,015
Total	**165,149,030**	**27,776**	165,149,030	27,776

Company shares held by Raisio:

	2011		2010	
	shares	Acquisition cost EUR 1,000	shares	Acquisition cost EUR 1,000
Restricted shares (20 votes/share)	**208,511**	**406**	201,295	389
Free shares (1 vote/share)	**4,665,029**	**18,070**	3,949,888	16,381
Total	**4,873,540**	**18,476**	4,151,183	16,770

The probable assignment price of company shares held by the Group on the date of the financial statements was EUR 11.6 million (EUR 11.7 million in 2010).

15. APPROPRIATIONS

Appropriations consist of the accumulated depreciation difference.

16. NON-CURRENT LIABILITIES

(EUR million)	2011	2010
Loans from credit institutions	**76.25**	3.33
Pension loans	**0.00**	16.42
Total non-current liabilities	**76.25**	19.75
Liabilities falling due within a period longer than in five years		
Pension loans	**0.00**	0.00
Total	**0.00**	0.00

17. CURRENT LIABILITIES

(EUR million)	2011	2010
Loans from credit institutions	**20.43**	8.13
Pension loans	**0.00**	4.69
Accounts payable	**0.09**	0.07
Liabilities to Group companies		
Accounts payable	**0.00**	0.00
Other liabilities	**53.64**	23.98
Accrued liabilities and deferred income	**0.27**	0.13
	53.91	24.11
Other liabilities	**0.48**	0.38
Accrued liabilities and deferred income	**4.69**	1.09
Total current liabilities	**79.60**	38.47
Accrued liabilities and deferred income include accrued business expenses, financial items and taxes.		
Interest-free debts		
Current	**6.39**	2.70

Other notes to the parent company accounts

18. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS

(EUR million)	2011	2010
CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due in 2011	**0.00**	0.00
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	**37.54**	61.98

19. DERIVATIVE CONTRACTS:

(EUR million)	2011	2010
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	**2,25**	0,26
Value of underlying instrument	**65,80**	58,19
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	**-1,82**	0,09
Value of underlying instrument	**56,16**	26,67
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 2011 is EUR 189,640,006.90. The Board of Directors proposes that a dividend of EUR 0.11 per share be paid from the parent company's earnings

totalling	EUR 18,166,393.30
carried over on the retained earnings account	EUR 171,473,613.60
Total	EUR 189,640,006.90

However, dividend will not be paid on the shares which are held by the company at the record date 3 April 2012.

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, 14 February 2012

Simo Palokangas	Michael Ramm-Schmidt
Anssi Aapola	Pirkko Rantanen-Kervinen
Erkki Haavisto	Matti Rihko
Matti Perkonoja	*CEO*

Auditors' report

To the Annual General Meeting of Raisio plc

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 2011. 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 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, 14 February 2012

Johan Kronberg	Kalle Laaksonen
Authorised Public Accountant	*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 2011.

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.

Raisio, 5 March 2012

For the Supervisory Board
Michael Hornborg
Chairman

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