RAISIO

RAISIO PLC

Financial Statements Review

RAISIO CONTINUE DELIVERING GOOD RESULTS

January-December 2011:

- 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.
- Simpli OatShake was awarded as the Best Smoothie of 2011 by the US beverage industry. Simpli OatShake was the second ever European winner.
- 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.

Key figures

		10-12/2011	10-12/2010	2011	2010
Results from continuing operations					
Net sales	M€	138.7	113.9	552.6	423.6
Change in net sales	%	21.8	33.5	30.5	21.0
EBIT	M€	4.9	2.7	31.8*	19.2
EBIT	%	3.5	2.3	5.8*	4.5
Depreciation and impairment	M€	4.5	3.9	17.0	15.1
EBITDA*	M€	9.4	6.6	48.8*	34.3
Net financial expenses	M€	-0.3	0.3	-1.5*	-1.9
Earnings per share (EPS)	€	0.03	0.01	0.16*	0.08
Earnings per share (EPS), diluted	€	0.03	0.01	0.16*	0.08
Balance sheet					
Equity ratio	%	-	-	60.2	67.6
Gearing	%	-	-	-7.5	-22.5
Net interest-bearing debt	M€	-	-	-24.8	-72.9
Equity per share	€	-	-	2.13	2.06
Dividend per share	€	-	-	0.11**	0.10
Gross investments	M€	2.5	2.6	71.2***	48.5***
Share					
Market capitalisation****	M€	-	-	372.3	439.1
Enterprise value (EV)	M€	-	-	347.5	356.1
EV/EBITDA		-	-	7.1	10.4

* Excluding one-off items
** Board of Directors' proposal to the Annual General Meeting
*** Including acquisitions
**** Excluding the company shares held by the Group

Figures for the comparison period are given in brackets.
The financial statements review has not been audited.

Chief Executive's review of 2011

"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. Raisio has shown stable improvement in results although our operating environment has been changing. I think this steady improvement in the constantly changing environment shows that we have chosen the right path and been able to implement our strategy successfully. EBIT percentage of net sales measuring profitability of our Brands Division bears comparison even with large multinational food companies.

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.

It is also time to look ahead. The green economy is growing into serious business and will also be the next opportunity for Finnish national economy. Bioeconomy is an opportunity for us too; Raisio has already years been a forerunner in ecology and an active developer of Finnish food chain. The green economy provides ample opportunities for innovation. Raisio is one of the key Finnish operators that has already created profitable business in this field - and this is just the beginning."

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.

REVIEW OF OCTOBER-DECEMBER 2011
Continuing operations

- Net sales grew +22% amounting to EUR 138.7 million (Q4/2010: EUR 113.9 million).
- EBIT improved +85% totalling EUR 4.9 million (EUR 2.7 million).
- Cash flow from operations was EUR 29.1 million (EUR 12.8 million).
- Improved profitability in the UK operations.

Financial development

Raisio's October-December net sales from continuing operations grew 22% totalling EUR 138.7 million (EUR 113.9 million). Net sales of the Brand Division were EUR 79.1 million (EUR 65.5 million), those of the Raisioagro Division EUR 60.1 million (EUR 49.0 million) and those of other operations EUR 0.5 million (EUR 0.2 million). The Group's net sales were mainly boosted by impact of higher raw material prices on selling prices as well as by good development of UK operations. The UK is the largest market area for our branded products. Net sales from outside Finland were EUR 59.2 million (EUR 44.9 million) of the Group's net sales.

The Group's EBIT from continuing operations totalled EUR 4.9 million (EUR 2.7 million). EBIT of the Brands Division was EUR 6.6 million (EUR 2.9 million), that of Raisioagro EUR -0.5 million (EUR 0.4 million) and that of other operations EUR -1.2 million (EUR -0.7 million).

Depreciation and impairment, allocated to operations in the income statement, totalled EUR 4.5 million (EUR 3.9 million).

The fourth-quarter pre-tax result was EUR 4.6 million (EUR 2.9 million). The Group's net financial expenses totalled EUR -0.3 million (EUR 0.3 million).

The Group's post-tax result from continuing operations was EUR 5.0 million (EUR 1.9 million).
Earnings per share were EUR 0.03 (EUR 0.01).

Business operations

The Brands Division's net sales growth and improved profitability resulted from, our good UK sales and from the fact that Raisio now has, through the acquisitions, more versatile range of branded products and thus, e.g., seasonal products for Christmas sales. Net sales in Benecol were at the comparison period's level in the last quarter of 2011, and EBIT was at its usual level. EBIT for the Eastern European food operations was positive also in the final quarter of the year. In Finland, tough market conditions continued, which also affected profitability. In the UK, the consolidation and reorganisation of the acquired companies continued. Restructuring costs of EUR 0.7 million were recorded in the last quarter.

Raisioagro's net sales increased 23%, but the last quarter EBIT was negative. Profitability of feed operations slightly improved, but a substantial decline in profitability of feed protein business turned the whole Division's result unprofitable due to, e.g., costs resulting from foreign raw material. Raisio delivered rapeseed oil to Neste Oil until the end of 2011 to be used as raw material for renewable diesel. Restructuring expenses of some EUR 0.3 million were recorded at the end of the year. Sales of production inputs have started according to plan. New online store opened at the beginning of 2012 is expected to increase sales.

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.

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.

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%.

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.

Key figures for the Brands Division

		10-12/2011	10-12/2010	2011	2010
Net sales	M€	79.1	65.5	314.6	236.4
International brands	M€	10.5	10.8	45.7	47.8
Local brands	M€	68.7	54.7	269.2	188.7
EBIT	M€	6.6	2.9	30.1	20.0
One-off items	M€	0.0	0.0	-1.1	0.0
EBIT, excluding one-off items	M€	6.6	2.9	31.2	20.0
EBIT	%	8.4	4.5	9.9	8.5
Investments	M€	1.5	0.8	67.8*	43.4*
Net assets	M€	-	-	245.8	143.6

*Including acquisitions

Targets

Raisio aims to grow through successful acquisitions.

<u>International brands - Benecol</u>

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.

<u>Local brands</u>

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.

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.

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.

Key figures for the Raisioagro Division

		10-12/2011	10-12/2010	2011	2010
Net sales	M€	60.1	49.0	241.1	188.8
EBIT	M€	-0.5	0.4	2.9	1.9
One-off items	M€	0.0	0.0	0.0	0.0
EBIT, excluding one-off items	M€	-0.5	0.4	2.9	1.9
EBIT	%	-0.9	0.8	1.2	1.0
Investments	M€	0.7	1.4	2.5	3.8
Net assets	M€	-	-	63.1	71.0

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.

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

Further information:
Matti Rihko, CEO, tel. +358 400 830 727
Jyrki Paappa, CFO, tel +358 50 556 6512
Heidi Hirvonen, Communications and IR Manager, tel. +358 50 567 3060

Events related to the financial statements publication on 14 February 2012

- Event in Finnish for analysts and media will be arranged in Helsinki starting at 2.00 p.m. Finnish time. It will be held at Hotel Scandic Simonkenttä. The address is Simonkatu 9, Helsinki
- A teleconference in English will start at 3.30 p.m. Finnish time. The participants are requested to call 5-10 minutes before the start of the conference as it takes a moment to log in. The number is +358 9 824 88710. PIN code is 9177.

Release dates of Raisio's financial reviews in 2012

- Raisio's Annual Report 2011 will be released online during the week 11 at http://vuosikertomus2011.raisio.com/. Corporate responsibility report is part of online Annual Report.
- The Annual General Meeting will be held on 29 March 2012.
- Interim Report for January-March will be published on 8 May 2012.
- Interim Report for January-June will be published on 14 August 2012.
- Interim Report for January-September will be published on 6 November 2012.

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	10-12/2011	10-12/2010	2011	2010
CONTINUING OPERATIONS:				
Net sales	138.7	113.9	552.6	423.6
Expenses corresponding to products sold	-118.2	-96.2	-461.6	-351.2
Gross profit	20.5	17.7	91.0	72.4
Other operating income and expenses, net	-15.6	-15.0	-60.3	-53.1
EBIT	4.9	2.7	30.7	19.2
Financial income	0.9	1.2	3.0	1.0
Financial expenses	-1.2	-1.0	-6.7	-2.9
Share of result of associated companies and joint ventures	0.0	0.0	0.0	0.0
Result before taxes	4.6	2.9	27.0	17.4
Income tax	0.4	-1.0	-5.7	-5.1
Result for the period from continuing operations	5.0	1.9	21.3	12.3
DISCONTINUED OPERATIONS: **Result for the period from discontinued operations**	-0.1	0.2	4.2	-0.1
RESULT FOR THE PERIOD	4.9	2.1	25.5	12.2
Attributable to:				
Equity holders of the parent company	5.0	2.1	25.8	12.3
Non-controlling interests	-0.1	0.0	-0.3	-0.1
Earnings per share from the profit attributable to equity holders of the parent company (€)				
CONTINUING OPERATIONS:				
Undiluted earnings per share	0.03	0.01	0.14	0.08
Diluted earnings per share	0.03	0.01	0.14	0.08
DISCONTINUED OPERATIONS:				
Undiluted earnings per share	0.00	0.00	0.03	0.00
Diluted earnings per share	0.00	0.00	0.03	0.00

COMPREHENSIVE INCOME STATEMENT (M€)

	10-12/2011	10-12/2010	2011	2010
Result for the period	4.9	2.1	25.5	12.2
Other comprehensive income items				
Protection of net investments	-0.4	-0.1	-0.3	-0.2
Financial assets available for sale	-0.1	1.4	-0.1	1.4
Cash flow hedge	0.0	0.0	-1.1	0.0
Translation differences recognised in profit and loss on disposal of foreign operations	0.0	0.0	0.0	0.0
Gains and losses arising from translating the financial statements of foreign operations	2.8	0.4	2.0	1.6
Comprehensive income for the period	7.2	3.9	25.9	14.9
Components of comprehensive income:				
Equity holders of the parent company	7.3	4.0	26.2	15.1
Non-controlling interests	-0.1	-0.1	-0.3	-0.1

BALANCE SHEET (M€)

	31.12.2011	31.12.2010
ASSETS		
Non-current assets		
Intangible assets	38.4	10.7
Goodwill	103.3	51.9
Property, plant and equipment	117.1	106.4
Shares in associated companies and joint ventures	0.8	0.8
Financial assets available for sale	2.4	2.5
Receivables	3.0	1.7
Deferred tax assets	4.0	5.3
Total non-current assets	268.9	179.3
Current assets		
Inventories	80.2	88.2
Accounts receivables and other receivables	71.7	69.0
Financial assets at fair value through profit or loss	121.6	131.8
Cash in hand and at banks	19.4	18.9
Total current assets	292.9	307.9
Total assets	561.8	487.2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Own shares	-19.5	-17.8
Other equity attributable to equity holders of the parent company	323.4	313.0
Equity attributable to equity holders of the parent company	331.7	323.0
Non-controlling interests	1.1	1.0
Total equity	332.9	324.0
Non-current liabilities		
Deferred tax liabilities	16.4	7.6
Pension liabilities	0.2	0.2
Reserves	0.5	1.1
Non-current financial liabilities	76.3	53.1
Derivative contracts	1.8	-
Other non-current liabilities	0.1	0.1
Total non-current liabilities	95.2	62.1
Current liabilities		
Accounts payable and other liabilities	90.7	85.1
Reserves	0.9	1.7
Derivative contracts	2.7	0.1
Current financial liabilities	39.5	14.1
Total current liabilities	133.8	101.1
Total liabilities	228.9	163.2
Total equity and liabilities	561.8	487.2

CHANGES IN GROUP EQUITY (M€)

	Share capital	Share premium reserve	Re-serve fund	Own shares	Translation differences	Other re-serves	Re-tained ear-nings	Total	Non-con-trolling interests	Total equity
Equity on 31.12.2009	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										
Protection of net investment	-	-	-	-	-0.2	-	-	-0.2	-	-0.2
Financial assets available for sale						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
Equity on 31.12.2010	27.8	2.9	88.6	-17.8	-2.4	1.4	222.5	323.0	1.0	324.0
Comprehensive income for the period										
Result for the period	-	-	-	-	-	-	25.8	25.8	-0.3	25.5
Other comprehensive income items (adjusted for tax effects)										
Protection of net investments	-	-	-	-	-0.3	-	-	-0.3	-	-0.3
Financial assets available for sale	-	-	-	-	-	-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
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
Equity on 31.12.2011	27.8	2.9	88.6	-19.5	-0.7	0.2	232.5	331.7	1.1	332.9

CASH FLOW STATEMENT (M€)

	2011	2010
Result before taxes, continuing operations	27.0	17.6
Result before taxes, discontinued operations	4.2	-0.4
Adjustments	16.6	18.4
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 current non-interest-bearing liabilities	-6.5	21.3
Total change in working capital	3.1	-7.1
Financial items and taxes	-0.9	-5.4
Cash flow from business operations	50.0	23.0
Investments in fixed assets	-8.3	-11.0
Divestment of subsidiaries	11.1	3.5
Acquisition of subsidiaries	-63.1	-22.2
Proceeds from sale of fixed assets	2.5	0.1
Investments on marketable securities	0.0	-25.1
Sales of securities	10.1	22.4
Loans granted	-1.1	-0.7
Repayment of loan receivables	3.3	0.3
Cash flow from investments	-45.5	-32.8
Change in non-current loans	12.5	-42.6
Change in current loans	0.3	-6.9
Investment of related parties	-	1.2
Repurchase of own shares	-1.7	-1.0
Dividend paid to equity holders of the parent company	-15.6	-14.0
Cash flow from financial operations	-4.5	-63.3
Change in liquid funds	0.0	-73.1
Liquid funds at the beginning of the period	140.1	213.0
Effects of changes in foreign exchange rates	0.2	0.5
Impact of change in market value on liquid funds	0.3	-0.3
Liquid funds at period-end	140.5	140.1

NOTES TO THE FINANCIAL STATEMENTS REPORT

This financial statements review has been prepared in compliance with IAS 34 Interim Financial Reporting according to the same principles and calculation methods that were used in financial statements 2010 with the exception of the amendments to the principles mentioned below.

The Group has adopted the following IFRS standards or their amendments as of 1 January 2011:

Revised IAS 24 *Information concerning related parties in the financial statements*
Amendment to IAS 32 *Financial Instruments*: *Presentation – Classification of Rights Issues*
Improvements to IFRSs (May 2010)
Amended IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19 *Extinguishing Financial liabilities with Equity Instruments*

The amendments of the standards and interpretations mentioned above have not affected the figures presented for the review period.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual figures may differ from these estimates.

The financial statements review is shown in EUR millions.

SEGMENT INFORMATION

The reportable Divisions are Brands and Raisioagro (former Business to Business Division). The Brands Division is composed of international brands - Benecol, and local brands. Under the Division, the Group reports Benecol unit as well as Northern, Western and Eastern European food operations. Big Bear Group acquired in the beginning of 2011 was combined in the figures of Western European food operations as of 4 February 2011. Raisioagro 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.

NET SALES BY SEGMENT (M€)

	10-12/2011	10-12/2010	2011	2010
Brands	79.1	65.5	314.6	236.4
Raisioagro	60.1	49.0	241.1	188.8
Other operations	0.5	0.2	1.4	0.9
Interdivisional net sales	-1.0	-0.8	-4.6	-2.5
Total net sales	138.7	113.9	552.6	423.6

EBIT BY SEGMENT (M€)

	10-12/2011	10-12/2010	2011	2010
Brands	6.6	2.9	30.1	20.0
Raisioagro	-0.5	0.4	2.9	1.9
Other operations	-1.2	-0.7	-2.4	-2.8
Eliminations	0.0	0.0	0.0	0.0
Total EBIT	4.9	2.7	30.7	19.2

NET ASSETS BY SEGMENT (M€)

	31.12.2011	31.12.2010
Brands	245.8	143.6
Raisioagro	63.1	71.0
Other operations, discontinued operations and unallocated items	24.0	109.4
Total net assets	332.9	324.0

INVESTMENTS BY SEGMENT (M€)

	10-12/2011	10-12/2010	2011	2010
Brands	1.5	0.8	67.8	43.4
Raisioagro	0.7	1.4	2.5	3.8
Other operations	0.3	0.5	0.8	1.3
Eliminations	0.0	0.0	0.0	0.0
Total investments	2.5	2.6	71.2	48.5

NET SALES BY MARKET AREA (M€)

	10-12/2011	10-12/2010	2011	2010
Finland	79.5	69.0	313.5	248.2
Great Britain	32.7	21.6	135.0	68.4
Rest of Europe	24.2	21.8	95.5	99.0
ROW	2.4	1.5	8.5	7.9
Total	138.7	113.9	552.6	423.6

ACQUIRED BUSINESS OPERATIONS

In 2011

On 4 February 2011, Raisio plc announced its acquisition of British Big Bear Group plc with 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.

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

Goodwill resulting from the acquisition was 49.0 M€ (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.

Raisio Group's net sales for January-December 2011 would have been 556.8 M€ and pre-tax result from continuing operations excluding one-off items 30.8 M€ 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 51.0 M€ and pre-tax result 5.8 M€.

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

	Fair valuea entered in the business combination	Carrying values before business combination
Property, plant and equipment	21.7	21.7
Trade marks	28.3	0.0
Deferred tax assets	0.1	0.1
Inventories	6.5	6.4
Accounts receivables and other receivables	9.3	9.3
Cash in hand and at banks	0.2	0.2
Total assets	66.1	37.7
Deferred tax liabilities	9.5	1.8
Non-current financial liabilities	30.1	30.1
Other non-current liabilities	0.4	0.4
Current interest-bearing liabilities	2.0	2.0
Other liabilities	9.9	9.9
Total liabilities	51.9	44.2
Net assets	14.3	-6.5
Acquisition cost	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

On10 February 2010, Raisio plc made a public purchase offer for the entire share capital of British Glisten plc. The shareholders of Glisten plc approved Raisio's purchase offer on 12 March 2010, and the deal became legally valid on
8 April 2010.

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. Later it was agreed to amend the shareholder agreement so that Glisten's senior management increased its ownership in Raisio UK Ltd up to 21.3%. 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 22.2 M€ (19.5 M£). The amount of the purchase price liability was estimated to be 16.0 M€ (14.0 M£) at the time of the acquisition and it was 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 fees of lawyers, advisors and outside valuators related to the deal amounted to a total of administration costs of 1.1 M€ recognised in the income statement

Goodwill resulting from the acquisition was 50.9 M€ (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.

Raisio Group's net sales for January-December 2010 would have been 462.8 M€ and pre-tax result excluding one-off items 17.7 M€ 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 65.5 M€ and pre-tax result 4.3 M€.

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

	Fair values entered in the business combination	Carrying values before business combination
Property, plant and equipment	14.0	14.0
Trade marks	4.6	0.0
Deferred tax assets	0.2	0.0
Inventories	8.4	8.2
Accounts receivables and other receivables	14.7	14.7
Cash in hand and at banks	0.0	0.0
Total assets	42.0	37.0
Deferred tax liabilities	2.1	0.7
Reserves	0.9	0.9
Financial liabilities	32.3	32.3
Financial liabilities at fair value through profit or loss	5.1	5.1
Other liabilities	14.3	14.3
Total liabilities	54.7	53.3
Net assets	-12.7	-16.3
Acquisition cost	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	

Changes in goodwill

	2011	2010
Carrying amount of goodwill at the beginning of the review period	51.9	0.0
Translation differences	2.4	0.9
Business combinations	49.0	50.9
Carrying amount of goodwill at the end of the review period	103.3	51.9

DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued operations

Raisio sold its malt business included in the Raisioagro Division (former Business to Business Division) to Viking Malt Ltd at the end of June 2011. Income of the malt business and 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 recognised under 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 for the Brands Division in the income statement.

	2011	2010
Result for the discontinued operations (M€)		
Income from ordinary activities	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 discontinued operations	4.2	-0.1
Cash flow for the discontinued operations (M€)		
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 (M€)		
Divested net assets	12.3	
Transaction price	17.0	
Transaction expenses	0.2	
Impact on earnings	4.5	
Impact on cash flow	13.2	

TANGIBLE ASSETS (M€)

	31.12.2011	31.12.2010
Acquisition cost at the beginning of the period	373.9	332.7
Conversion differences	1.5	1.9
Increase	37.4	39.9
Decrease	-25.9	-0.5
Acquisition cost at period-end	386.9	373.9
Accumulated depreciation and impairment at the beginning of the period	267.5	237.4
Conversion difference	1.1	1.4
Increase	8.4	15.8
Decrease and transfers	-22.3	0.0
Depreciation for the period	15.0	13.0
Accumulated depreciation and impairment at period-end	269.9	267.5
Book value at period-end	117.1	106.4

RESERVES (M€)

	31.12.2011	31.12.2010
At the beginning of the period	2.8	3.1
Increase in provisions	0.0	1.1
Provisions used	-1.5	-1.3
At period-end	1.4	2.8

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	31.12.2011	31.12.2010
Sales to associated companies and joint ventures	10.7	10.8
Purchases from associated companies 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
Receivables from associated companies and joint ventures	1.1	1.2
Liabilities to associated companies and joint ventures	0.1	0.1
Receivables from the key persons in the management	11.6	11.6

CONTINGENT LIABILITIES (M€)

	31.12.2011	31.12.2010
Contingent off-balance sheet liabilities		
Non-cancelable other leases		
Minimum lease payments	9.3	9.1
Contingent liabilities for others		
Guarantees	0.0	0.0
Other liabilities	13.8	7.0
Commitment to investment payments	0.4	0.5

DERIVATIVE CONTRACTS (M€)

	31.12.2011	31.12.2010
Nominal values of derivative contracts		
Currency forward contracts	65.8	58.2
Interest rate swaps	56.2	30.8

QUARTERLY PERFORMANCE (M€)

	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
Net sales by segment								
Brands	79.1	81.5	81.1	72.9	65.5	63.0	64.5	43.4
Raisioagro	60.1	60.5	71.0	49.5	49.0	48.4	51.4	39.9
Other operations	0.5	0.5	0.2	0.2	0.2	0.2	0.2	0.2
Interdivisional net sales	-1.0	-0.9	-1.9	-0.8	-0.8	-0.7	-0.4	-0.5
Total net sales	138.7	141.7	150.5	121.7	113.9	111.0	115.7	83.0
EBIT by segment								
Brands	6.6	10.4	8.4	4.7	2.9	6.5	5.8	4.8
Raisioagro	-0.5	0.4	2.3	0.7	0.4	0.2	1.2	0.1
Other operations	-1.2	-0.4	-0.2	-0.5	-0.7	-0.4	-1.1	-0.6
Eliminations	0.0	0.3	-0.3	0.0	0.0	0.0	0.0	0.0
Total EBIT	4.9	10.7	10.2	4.9	2.7	6.3	5.9	4.4
Financial income and expenses, net	-0.3	-0.2	-0.9	-2.3	0.3	0.8	-2.9	-0.1
Share of result of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	4.6	10.5	9.3	2.6	2.9	7.1	3.0	4.4
Income tax	0.4	-2.6	-2.2	-1.3	-1.0	-2.0	-0.8	-1.3
Result for the period from continuing operations	5.0	7.9	7.1	1.3	1.9	5.1	2.2	3.0

KEY INDICATORS

	31.12.2011	31.12.2010
Net sales, M€	552.6	423.6
Change of net sales, %	30.5	21.0
Operating margin, M€	47.7	34.3
Depreciation and impairment, M€	17.0	15.1
EBIT, M€	30.7	19.2
% of net sales	5.6	4.5
Result before taxes, M€	27.0	17.4
% of net sales	4.9	4.1
Return on equity, ROE, %	6.5	3.8
Return on investment, ROI, %	7.3	5.0
Interest-bearing financial liabilities at period-end, M€	115.7	67.2
Net interest-bearing financial liabilities at period-end, M€	-24.8	-72.9
Equity ratio, %	60.2	67.6
Net gearing, %	-7.5	-22.5
Gross investments, M€	71.2	48.5
% of net sales	12.9	11.4
R & D expenses, M€	6.8	5.9
% of net sales	1.2	1.4
Average personnel	1,454	1,086
Earnings/share from continuing operations, €	0.14	0.08
Cash flow from operations/share, €	0.32	0.15
Equity/share, €	2.13	2.06
Average number of shares during the period, in 1,000s*)		
Free shares	122,283	122,226
Restricted shares	34,052	34,217
Total	156,334	156,443
Average number of shares at period-end, in 1,000s*)		
Free shares	121,746	122,461
Restricted shares	34,047	34,054
Total	155,793	156,515
Market capitalisation of shares at period-end, M€*)		
Free shares	291.0	344.1
Restricted shares	81.4	95.0
Total	372.3	439.1
Share price at period-end		
Free shares	2.39	2.81
Restricted shares	2.39	2.79

*) Number of shares, excluding the shares held by the company and shares held by Reso Management Oy

CALCULATION OF INDICATORS

Return on equity (ROE), %	Result before taxes – income taxes*) --- x 100 Shareholders' equity (average over the period)
Return on investment (ROI), %	Result before taxes + financial expenses*) -- x 100 Shareholders' equity + interest-bearing financial liabilities (average over the period)
Equity ratio, %	Shareholders' equity -- x 100 Balance sheet total – advances received
Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss
Net gearing, %	Net interest-bearing financial liabilities -- x 100 Shareholders' equity
Earnings per share*)	Result for the year of parent company shareholders -- Average number of shares for the year, adjusted for share issue**)
Cash flow from business operations per share	Cash flow from business operations -- Average number of shares for the year, adjusted for share issue
Shareholders' equity per share	Equity of parent company shareholders -- Number of shares at period-end adjusted for share issue***)
Market capitalisation	Closing price, adjusted for issue x number of shares without own shares at the end of the period

*)The calculation of key indicators uses continuing operations result
**)Excluding shares with a potential return obligation and shares held by Reso Management Oy
***)Shares held by Reso Management Oy have been subtracted from the total number of shares