Financial Statements 2015

RAISIO PLC

Contents

Financial reporting

All figures mentioned in this review are comparable. The reported divisions are Brands and Raisioagro.

The Brands Division includes Snack & Cereal, Benecol, Benemilk and Confectionery. Markets for the Snack & Cereal business include the UK, Northern Europe and Eastern Europe. Benecol business includes the sale of Benecol product ingredient to licensing partners and Benecol consumer product sales in home markets. Sales of Benecol consumer products in the UK, Ireland and Belgium are included in the Benecol figures from 19 November 2014. Benemilk business includes the international commercialisation and protection of the innovation, that is, the operations of Benemilk Ltd. Confectionery business includes operations in the UK and Czech Republic.

Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade. At the end of September 2014, production of pig and poultry feeds was terminated as part of the restructuring of Raisioagro's activities. Vegetable oil business was terminated at the beginning of November 2014.

Board of Directors' report for 2015

Operating environment

Economic growth in the euro area remained slower than in the USA and UK. It increased by 1.5 per cent which is, however, clearly higher than in 2014. Growth was supported by declining crude oil prices and low-remaining interest rates. World economic growth in 2015 was slower than expected, but still above 3 per cent.

The UK economy grew by 2.5 per cent, mainly driven by household consumption. Consumer confidence, good salary and employment trends, as well as low inflation supported the growth.

In Finland, economic growth was extremely slow and GDP among the worst in the euro area. Retail sales clearly declined and a new phenomenon in the trade was the price reduction campaigns focusing especially on food products.

The Polish economy grew by some 3.5 per cent with growing investments and consumer demand. The sharp decline in Russia's economy continued, mainly due to the falling crude oil price trend.

Net sales

Raisio Group's net sales totalled EUR 521.2 (493.9) million in 2015. Net sales for the Brands Division were EUR 385.1 (306.1) million, for the Raisioagro Division EUR 145.9 (201.6) million and for other operations EUR 3.4 (1.2) million.

The Brands Division accounted for some 74 per cent and Raisioagro for some 26 per cent of the Group's net sales. Net sales from outside Finland represented 66.3 (55.6) per cent of the Group's total, amounting to EUR 345.7 (274.9) million.

Result

Raisio Group's EBIT amounted to EUR 42.4 (6.9) and, excluding one-off items, 51.7 (34.8) million, which is 8.1 (1.4) and, excluding one-off items, 9.9 (7.0) per cent of net sales. EBIT for the Brands Division was EUR 45.4 (20.6) and, excluding one-off items, 55.4 (35.9) million, for Raisioagro EUR 2.4 (-8.9) and, excluding one-off items, 2.8 (3.4) million. EBIT for other operations totalled EUR -5.3 (-4.7) and, excluding one-off items, -6.5 (-4.5) million. Exchange rates had a clear positive effect on net sales and EBIT of Raisio's Brands Division. One-off items of the business are specified under the heading One-off items in the table below.

Depreciations and impairment, allocated to operations in the income statement, amounted to EUR 21.1 (32.9) and, excluding one-off items, EUR 16.5 (14.6) million. The Group's financial items totalled EUR -2.5 (-1.5) million.

The pre-tax result was EUR 39.9 (5.4) and, excluding one-off items, 49.1 (33.3) million.

The Group's post-tax result was EUR 35.0 (5.6) and, excluding one-off items, 40.4 (27.9) million. The Group's earnings per share were EUR 0.22 (0.04) and, excluding one-off items, 0.26 (0.18).

Raisio Group's key figures

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Result							
Net sales	M€	122.7	134.5	141.5	122.5	521.2	493.9
Change in net sales	%	4.2	5.9	6.8	5.0	5.5	-11.4
EBIT	M€	5.7	16.0	11.1	9.6	42.4	6.9
EBIT, excluding one-off items	M€	12.0	16.0	14.0	9.6	51.7	34.8
EBIT, excluding one-off items	%	9.8	11.9	9.9	7.9	9.9	7.0
Depreciation and impairment	M€	7.1	3.5	6.9	3.6	21.1	32.9
Depreciation and impairment, excluding one-off items	M€	3.5	3.5	5.9	3.6	16.5	14.6
EBITDA	M€	12.8	19.5	18.0	13.2	63.6	39.8
EBITDA excluding one-off items	M€	15.4	19.5	20.0	13.2	68.1	49.5
Financial items	M€	-1.0	-0.7	-0.4	-0.5	-2.5	-1.5
Earnings per share (EPS)	€	0.04	0.08	0.05	0.05	0.22	0.04
Earnings per share (EPS) excluding one-off items	€	0.06	0.08	0.07	0.05	0.26	0.18
Balance sheet							
Equity ratio	%	-	-	-	-	62.3	60.2
Gearing	%	-	-	-	-	12.1	22.2
Net interest-bearing debt	M€	-	-	-	-	42.2	72.2
Equity per share	€	-	-	-	-	2.23	2.07
Dividend per share	€	-	-	-	-	0.16*	0.14
Investments**	M€	3.3	2.6	3.0	2.1	11.0	104.9

* Board of Directors' proposal to the Annual General Meeting
** Including acquisitions

Balance sheet, cash flow and financing

On 31 December 2015, Raisio Group's balance sheet totalled EUR 563.6 (544.3) million. Shareholders' equity was EUR 350.0 (325.3) million, while equity per share was EUR 2.23 (2.07).

Working capital was EUR 42.0 (53.8) million on 31 December 2015. Cash flow from business operations was EUR 65.0 (26.2) million.

The Group's investments totalled EUR 11.0 (104.9 and, excluding acquisitions, 17.9) million. Investments for the Brands Division totalled EUR 9.1 (103.1 and, excluding acquisitions, 16.1), for Raisioagro 0.7 (1.1) and for other operations 1.2 (0.6) million. The largest investments were related to IT applications and production efficiency improvements.

On 31 December 2015, the Group's interest-bearing financial liabilities were EUR 110.1 (125.7) million. Net interest-bearing debt was EUR 42.2 (72.2) million.

On 31 December 2015, the Group's equity ratio totalled 62.3 (60.2) per cent and net gearing was 12.1 (22.2) per cent. Return on investment was 9.2 (1.7) and, excluding one-off items, 11.3 (8.3) per cent.

In 2015, Raisio plc paid EUR 22.0 (21.0) million in dividends for 2014.

Divestments

In December 2015, Raisio sold the Carlshamn Mejeri trademark and some related rights to Bunge Finland Ltd that had licenced the trademark since the margarine business divestment completed in 2009. Raisio recorded a one-off item of EUR 4.1 million for the divestment in the Brands Division's EBIT.

In June 2015, Raisio's Polish subsidiary signed a contract to divest Sulma pasta business and related assets to a consortium consisting of the factory management and an outside investor. Capital loss of EUR 1.5 million arising from the transaction was entered to burden the second quarter EBIT of the Brands Division and is treated as a one-off item. Raisio acquired the Sulma pasta factory in March 2012.

Disputes

In November 2014, Raisio won a case against a foreign company in an arbitration proceeding. At the beginning of 2015, the counterparty filed an action for the annulment of the arbitration award. The counterparty's claim was dismissed in November 2015. In January 2016, the counterparty filed an appeal to a higher court for the dismissal of the claim. Raisio considers the appeal to be completely unfounded.

Research and development

The Group's research and development expenses were EUR 5.5 (6.6) million, accounting for 1.1 (1.3) per cent of net sales. R&D expenses for the Brands Division totalled EUR 5.0 (5.7) million and for Raisioagro EUR 0.5 (0.8) million. Benemilk related development costs of EUR 1.5 million have been capitalised on the balance sheet in this financial period and a total of EUR 0.6 million in the comparison period.

Sustainable development is at the core of Raisioagro's operations. The company aims to help its customers produce healthy food effectively, profitably and sustainably, and ensure animal welfare. In 2015, Raisioagro's R&D developed new Benemilk products for the Finnish market. The R&D's focus was on studying the effect of feeding on the fertility and resilience in dairy cows. In addition, the range of Melli minerals was expanded to better meet the needs of TMR feeding.

The range of Hercules fish feeds was expanded with a feed called Hercules Plus providing more fish and roe with lower amount of feed. The new feed quickly became one of the most popular Hercules products together with Hercules Opti.

R&D of foods and confectionery focused on expanding the brand product range into new product categories, and on extending the range with new products and flavours. The 2016 novelties were being finalised.

One-off items

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Brands							
Restructuring costs, Southall site, UK	M€	-11.3	0.0	0.0	0.0	-11.3	0.0
Streamlining projects UK	M€	0.1	0.0	-1.4	0.0	-1.3	-3.5
Write-down of Honey Monster brand's book value	M€	0.0	0.0	0.0	0.0	0.0	-10.1
Loss on disposal of Sulma pasta factory	M€	0.0	0.0	-1.5	0.0	-1.5	0.0
Acquisitions and divestments	M€	0.0	0.0	0.0	0.0	0.0	-1.5
Sale of Carlshamn Mejeri trade mark	M€	4.1	0.0	0.0	0.0	4.1	0.0
Other	M€	0.0	0.0	0.0	0.0	0.0	-0.3
Raisioagro							
Restructuring of activities	M€	-0.4	0.0	0.0	0.0	-0.4	-9.9
Termination of vegetable oil business	M€	0.0	0.0	0.0	0.0	0.0	-2.4
Common							
Subsequent one-off compensation related to a divested business	M€	1.1	0.0	0.0	0.0	1.1	0.0
Other	M€	0.0	0.0	0.0	0.0	0.0	-0.3
Impact on EBIT	M€	-6.3	0.0	-2.9	0.0	-9.2	-27.9

SEGMENT INFORMATION

Brands Division

The Brands Division includes Snack & Cereal, Benecol, Confectionery and Benemilk business as its own company.

Financial review

Net sales for the Brands Division totalled EUR 385.1 (306.1) million. Net sales for the Snack & Cereal business totalled EUR 138.9 (141.7) million, for Benecol EUR 140.3 (62.3) million and for Confectionery EUR 105.4 (100.6) million. Benemilk did not generate net sales in the review period.

EBIT for the Brands Division amounted to EUR 45.4 (20.6) and, excluding one-off items, 55.4 (35.9) million, which is 11.8 (6.7) and, excluding one-off items, 14.4 (11.7) per cent of net sales. Net sales and EBIT were primarily increased by the Benecol consumer product business acquired in the UK, Ireland and Belgium.

Exchange rates had a clear positive effect on the Brands Division's net sales and EBIT. The positive effect of exchange rates is shown especially in Raisio's UK operations generating a considerable part of the Brands Division's net sales and EBIT.

As a whole, EBIT of the Snack & Cereal business was slightly up from the comparison year whereas net sales were slightly down.

For the Northern European Snack & Cereal business, EBIT was clearly higher than in the comparison year while net sales remained at the comparison year level. EBIT improvement was driven by retail sales growth of branded products and increased sales of industrial products. Sales in Elovena and Provena snacks were clearly up from the comparison period. The Group's internal sales to Russia and Ukraine declined.

The year was challenging in many ways for the UK's Cereal & Snack business. Competition in the cereal and snack bar markets further intensified at the same time as retailers were adjusting their operations to market conditions. Retailers, for example, renewed their promotion models and tightened their selection criteria. EBIT remained negative but the loss was clearly lower than in the comparison year. Net sales were almost at the comparison year level.

In the Eastern European Snack & Cereal business in Russia and Ukraine, sales volume decreased as product prices were adjusted to exchange rate changes. For the Eastern European operations, EBIT was clearly positive and at the comparison period level, even though net sales were down.

Net sales and EBIT for the Benecol business improved significantly through the consumer product business acquisition in the UK, Ireland and Belgium completed in November 2014. In the UK, Benecol products showed increased sales in the last quarter of 2015 after a weak third quarter. Organic growth is expected to continue. Sales were down from the comparison year in Ireland and Belgium. In Poland, business profitability improved, but net sales decreased. In Finland, sales in Benecol spreads increased. Sales in plant stanol ester, the Benecol product ingredient, remained at the comparison year level.

Net sales and EBIT for the Confectionery business were at the comparison year level. In the UK, production of retailers' private label products decreased while Raisio's own branded products showed a slight increase both in the UK and Czech Republic. A significant price decline of sugar and glucose used as raw material in confectionery resulted in lower prices of consumer products.

Key figures for the Brands Division

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Net sales	M€	**97.6**	**95.9**	**97.8**	**93.7**	**385.1**	306.1
Snack & Cereal	M€	**32.0**	**36.8**	**36.3**	**33.9**	**138.9**	141.7
Benecol	M€	**37.3**	**32.5**	**36.0**	**34.5**	**140.3**	62.3
Confectionery	M€	**28.5**	**26.7**	**25.3**	**24.9**	**105.4**	100.6
Benemilk	M€	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	0.0
EBIT	M€	**6.9**	**15.8**	**11.3**	**11.3**	**45.4**	20.6
One-off items	M€	**-7.0**	**0.0**	**-2.9**	**0.0**	**-10.0**	-15.3
EBIT, excluding one-off items	M€	**13.9**	**15.8**	**14.3**	**11.3**	**55.4**	35.9
EBIT, excluding one-off items	%	**14.3**	**16.5**	**14.6**	**12.1**	**14.4**	11.7
Investments *	M€	**2.7**	**2.2**	**2.5**	**1.6**	**9.1**	103.1
Net assets	M€	-	-	-	-	**360.3**	359.0

* Including acquisitions

Business operations

Snack & Cereal

UK

Sales in cereals made at the Southall site were clearly down from the comparison year. In December, Raisio completed negotiations on the future of its UK-based Southall site. At the beginning of 2016, part of the Southall production will be transferred to Raisio's Newport site and part will be outsourced.

Raisio is centralising its snack bar production to the Newport site specialised in these products. This allows further enhancement of the Newport production and more versatile product solutions. The Southall site production will cease during the end of the first quarter of 2016, resulting in termination of 99 employments. Raisio is assessing alternatives regarding the future of its Southall property near London.

Sales clearly increased in healthy and natural snack bars made at the Newport site under partners' brands while demand for weight management bars continued to decline. At the end of 2015, some partners adapted their orders to market conditions. Newport successfully decreased waste, adjusted its personnel costs to the production volume and further improved its service level.

The year was good for the nibbles producing Swindon site. The plant achieved a positive EBIT every quarter of 2015. Sales in Dormen nuts increased as a result of the brand renewal, novelties and new listings. Launch of Harvest Cheweee fruit bites opens new opportunities for the conventional children's bar brand and shows the company's ability to launch new products meeting consumer needs.

British consumers want more value for money and retailers' promotional sales have grown in importance. Consumers are also more health conscious partly as a result of a long-lasting public sugar debate. Sugar levels in children's products, in particular, are closely monitored.

Northern Europe

Retail sales clearly increased in Elovena products. Particularly good sales were seen in the Elovena line's new products, i.e., snack bars, snack biscuits and instant porridges. Elovena products accounted for almost 50 per cent of Raisio's Finnish retail sales. A clear sales increase was also seen in Provena products. The largest markets for Provena products are Finland, Sweden and Poland. International demand for gluten-free Provena products continues to grow.

Sales in bakery and industrial flours significantly increased due to a major Finnish customer. International demand for various oat products is growing and Raisio has good opportunities for exports of processed oat products, such as oatbran, organic oats and pure oats.

Eastern Europe

Economic uncertainty continued in Russia. Raisio managed well to price its products in line with the exchange rates. The share of less expensive products in the range grew, and the number of both producers and products in the markets increased. Competition continued intense in consumer goods markets.

Benecol

Home markets for Raisio's Benecol consumer products include the UK, Poland, Finland, Ireland, Belgium and Hong Kong. As for plant stanol ester, the Benecol product ingredient markets are global. Benecol products are available in some 30 countries. In 2015, the Benecol brand had its 20th anniversary.

In the last quarter of 2015, Raisio carried out its first TV campaign after the acquisition. The campaign was designed on Raisio's own terms. The practice in many countries has shown that by investing in the brand, sales of Benecol products increase.

The UK is still by far the largest market for Benecol products. The integration of Benecol business acquired in 2014 as part of Raisio was completed according to plan. In the UK, retailers tightened their selection criteria, which intensified competition and further emphasized the importance of promotions. Benecol performed well in changing market conditions. In the UK, sales increased in Benecol yoghurt drinks and spreads.

In Poland, Raisio withdrew from unprofitable promotions and improved its cost-effectiveness. These measures resulted in clearly improved profitability and lower sales. Distribution of Benecol spreads expanded thanks to new customers. Sales in Benecol Max spread launched at the end of 2015 had a good start.

In Finland, sales in Benecol products increased by some 10 per cent. Most of the sales growth came from Benecol buttery spread launched in early 2015. Price competition further intensified also in Finland.

Performances of Raisio's Benecol partners varied greatly in different markets. Sales of Benecol products showed strong growth in Switzerland whereas in Spain and Greece, markets remained challenging. Benecol products sales increased particularly well in Indonesia. Growth was also seen in Chile and Columbia. In 2015, Benecol products were launched in China and South Korea. At the end of 2015, Olivio started as Raisio's new partner in the USA. A new Benecol partner started in Portugal at the beginning of 2016, so Portugal is no longer home market for Raisio's consumer products.

Confectionery

Confectionery markets in the UK and Czech Republic are mature and total consumption growth is modest. Raisio has a strong foothold in the market, especially in soft gums and in its actively developed own brands. In 2015, Raisio continued to expand its range of branded products with new product innovations and package options, providing consumers with interesting novelties and partners with cost-effectiveness.

In the second half of 2015, the renewed Fox's brand had good visibility in the UK through extensive promotional campaigns carried out by the discount sector. With the successful campaigns, sales clearly increased for Fox's as well as for Poppets and XXX brands. The Leicester site continued its projects to improve cost-effectiveness and service levels.

In the Czech Republic, strong growth in Pedro brand was driven by an extensive advertising campaign. In addition, sales increased in soft gums sold under the Juicee Gummee brand. Major partners continued their agreements, providing good opportunities for business growth.

Benemilk

Development work to expand and strengthen Benemilk's IPR continued. Benemilk portfolio already has almost 30 patent applications. Benemilk's initial patents were granted first in South Africa. Elsewhere, patents applications are still pending, as the usual interim decisions and requests for further information lengthen processing times. Processing of patent applications is, however, progressing as planned.

In addition to the Benemilk's licensing model, a new business model based on Primafat ingredient sales was established in the spring 2015. The model is based on various feeding concepts. The ingredient business is based on the sale and marketing of palm oil based raw material under the Primafat trade mark and related IPR. The licensing business includes the development, commercialisation and licensing of IPR based on the Benemilk innovation.

In November 2015, Raisio announced that Benemilk Ltd is examining conditions and opportunities to obtain new financing for, on the one hand, launching of the ingredient business created in 2015 and, on the other, developing its licensing business. Taking into account the latest trends in the dairy chain, the ingredient business is considered to have wider opportunities than the licensing business to succeed in global markets. The assessment concerns both debt and equity alternatives. The assessment related to new financing options is expected to be completed in such a way that Benemilk could decide on the implementation of the financing arrangements, and also carry out possible arrangements, by the summer 2016.

If the assessments lead to a financing arrangement involving equity in part or in full, it could mean that Raisio's Benemilk holding would decrease below 50 per cent. Furthermore, Benemilk would no longer be part of Raisio Group as a subsidiary. Raisio currently holds 57 per cent of Benemilk shares.

Raisioagro Division

Raisioagro Division includes cattle and fish feeds, farming supplies and grain trade.

Financial review

Raisioagro's net sales totalled EUR 145.9 (201.6) million. Fish feed sales remained at the comparison period level. Exceptionally good fish farming season meant that fish grew well, which resulted in earlier gutting stage and in reduced feeding earlier than usual, both in Finland and export markets. In farming supplies, Raisioagro focused on more profitable product groups, which significantly lowered sales of fertilisers and fuels. Good harvests in Europe considerably reduced opportunities for profitable grain exports. Difficulties in dairy farming were seen in the switch to less expensive feeds with lower added value.

Finland accounted for over 80 per cent, Russia over 10 per cent and other markets clearly less than 10 per cent of Raisioagro's net sales.

Raisioagro's EBIT was EUR 2.4 (-8.9) and, excluding one-off items, 2.8 (3.4) million. Particularly dairy farmers' transfer to less expensive products with lower added value affected negatively Raisioagro's EBIT. In feeds with lower added value, Raisioagro's share in cattle feed market is smaller since, in recent years, the company has strongly invested in value added innovations, such as Benemilk. Raisioagro's return on capital employed improved.

The 2014 figures include the terminated production of pork and poultry feeds and vegetable oils. The terminated operations had a significant impact on the net sales decrease but almost no significance in terms of EBIT.

Key figures for the Raisioagro Division

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	2015	2014
Net sales	M€	28.3	40.3	44.7	32.6	145.9	201.6
EBIT	M€	-0.4	1.3	1.4	0.1	2.4	-8.9
One-off items	M€	-0.4	0.0	0.0	0.0	-0.4	-12.3
EBIT, excluding one-off items	M€	0.0	1.3	1.4	0.1	2.8	3.4
EBIT, excluding one-off items	%	-0.1	3.3	3.1	0.2	1.9	1.7
Investments	M€	0.2	0.0	0.3	0.2	0.7	1.1
Net assets	M€	-	-	-	-	31.7	33.0

Business operations

Cattle feeds

The effects of Russia's ban on imports of dairy products are indirect and can be seen throughout the milk chain. In Finland, the decline in milk prices accelerated dairy farmers' switch to less expensive feeds with lower added value at the end of 2015. In the changing market, Raisioagro launched new feeds in its Maituri and Melli lines suitable to be used with farmers' own high-quality silage. The company also adjusted its cost structure to changing conditions. In cattle feeds with lower added value, Raisioagro's market share is not as strong as in feeds with higher added value, in which the company has strongly invested recently.

Raisioagro continued the monitoring of customer farms with milking robots and milking stations. At the end of 2015, there were more than 50 farms in the monitoring programme. Through the programme, milk producers and Raisioagro are together identifying opportunities to improve yields with correct feed choices, to ensure animal welfare and to measure the results.

Fish feeds

Summer 2015 was one of the best seasons in the fish farming history, both in Finland and Northwest Russia. However, total volume of fish production did not rise significantly due to the summer of 2014, when a considerable part of fry farmed for 2015 was lost due to hot weather. In the summer 2015, fish grew fast and the gutting stage started earlier than usual. The market could not absorb all the available fish, which resulted in a rapid decline in producer prices.

Domestic and export sales volumes were at the comparison year level. Feed deliveries remained stable during the summer as there were no long-lasting heat waves that would have warmed waters too much, and fish ate well throughout the season. Raisioaqua's key export regions are Northwest Russia, Latvia and Estonia. Russia accounts for more than 90 per cent of the company's exports despite the exchange rate movements. Raisioaqua had particularly good results with its accounts receivable management.

Together with its partners, Raisioaqua launched Benella Rainbow Trout to consumers in September 2015. Now sustainably farmed, healthy rainbow trout stands out in supermarket fish counters. Raisioaqua's unique feed innovation is used in the Benella Rainbow Trout feeding. The innovative feed reduces nutrient loads in water bodies and its rapeseed oil partly replaces fish oil obtained from the wild fish stocks. Benella is healthy and it has been granted the Finnish Heart Association's Heart Symbol. By following Raisioaqua's Hercules Opti feeding concept, the fish farmer is entitled to use the Benella brand. Benella Rainbow Trout has had plenty of positive consumer feedback, and now many fish farmers want to become Benella fish producers.

Other activities

Sales in fertilisers and liquid fuels decreased significantly from the comparison year since Raisioagro focused on sales of more profitable product groups due to the intensified competition. This changed the sales structure of Raisioagro's farming supplies and lowered credit loss risk. Raisioagro's major growth opportunities are in grass seeds, biological preservatives and in wrap films and net wraps used on the farms.

Comparable online sales increased. Focus on farming supplies used on dairy farms as well as the development of product range improved the profitability of online store. The role of fertiliser and fuel sales in the online store profitability was not significant.

The Finnish grain exports were exceptionally high in the spring 2015. Grain trade slowed down for the summer. In the autumn, the grain trade picked up again, because of the low levels of Finnish inventories. Good harvests in Europe significantly weakened profitable grain export opportunities at the end of 2015.

Personnel

Raisio Group employed 1,787 (1,862) people at the end of 2015. The average number of employees was 1,798 (1,915). At the end of 2015, a total of 81 (82) per cent of personnel worked outside Finland.

The Brands Division had 1,627 (1,700), Raisioagro 104 (106) and the service functions 56 (56) employees at the end of 2015.

Most of the change in the number of employees is related to the divestment of Raisio's Polish subsidiary's pasta business in the summer 2015. Some 40 factory employees transferred to the new owner. The number of employees in the UK snack bar business decreased by some 30 people as the operations stabilised after the production transfer. In Finland, Raisio adjusted its operations to changing market conditions, which led to the termination of some employments. The decision to terminate the Southall site was made at the end of 2015 and related staff reductions will be realised during the first quarter of 2016.

Raisio's wages and fees in 2015 totalled EUR 77.2 million (EUR 68.6 million in 2014 and EUR 64.7 million in 2013) including other personnel expenses.

Management and administration

Board of Directors and Supervisory Board

The number of members of the Board of Directors was confirmed to be six, and Erkki Haavisto, Matti Perkonoja, Michael Ramm-Schmidt, Pirkko Rantanen-Kervinen and Antti Tiitola were reappointed and Ann-Christine Sundell was appointed as a new member; all for the term commencing at the closing of the AGM. Matti Perkonoja served as Chairman of the Board of Directors and Michael Ramm-Schmidt as Deputy Chairman, both throughout 2015. All Board members were independent of the company and significant shareholders.

Paavo Myllymäki served as Chairman of the Supervisory Board and Holger Falck as Deputy Chairman in 2015.

Group Management Team

Group Management Team members are CEO Matti Rihko, CFO Antti Elevuori, Vice President of Cereal & Snack business Tomi Järvenpää, Vice President of Legal Affairs Sari Koivulehto-Mäkitalo, Vice President of Benecol business Mikko Laavainen, Vice President of HR Merja Lumme, Vice President of Business Development and Confectionery business Vincent Poujardieu and Vice President of Raisiogro Jarmo Puputti. There were no changes in the Management Team composition in 2015.

Corporate responsibility

Responsibility is an integral part Raisio's strategy and vision. Raisio is an ecological forerunner with a decade's track record in long-term efforts to promote a sustainable food chain. The Group has grown and internationalised in recent years and responsibility issues have become increasingly complex. Different markets and different business models focus on different types of responsibility themes.

To provide a practical tool for responsibility management, Raisio prepared a Group-wide responsibility programme for 2016 – 2018. Based on the views of Raisio's all businesses and major stakeholders, key responsibility aspects were identified and prioritised. Clear targets and indicators were set for the aspects. All Raisio's businesses are committed to the implementation of the programme.

The corporate responsibility programme is structured around three themes essential for Raisio and its stakeholders: sustainable food chain, healthier food and occupational safety and wellbeing. Responsibility programme objectives support the implementation of Raisio's business strategy.

In addition to the development of responsibility management and processes, Raisio continued in 2015 its determined efforts to improve energy efficiency, promote responsible purchasing and commercialise innovations supporting sustainable development, among other things.

Raisio's Corporate Responsibility Report will be published with the Annual Report in week 10.

Changes in group structure

On 31 August 2015, the subsidiary Proteinoil Oy entirely owned by Raisio plc was merged into Raisio plc and dissolved. Proteinoil Oy's operations were terminated in the autumn 2014.

Events after the review period

On 27 January 2016, Raisio published a stock exchange release in which the company announced to build a bioenergy plant in Finland. With the bioenergy plant built in Raisio's industrial area, industrial steam and district heating used in the company's operations and sold to other operators in the area will be generated with wood chips. The value of the investment is approximately eight million euros and the employment effect throughout the value chain 30-40 jobs. With its own bioenergy plant, Raisio will take a big step toward carbon neutrality.

Construction of the bioenergy plant for the production of steam and district heating used in Raisio's industrial area is part of the company's goal to replace fossil fuels with renewable energy whenever it is ecologically and economically viable. Construction work is scheduled to begin in winter 2016 and the facility will be launched during the spring 2017. With the investment, carbon dioxide emissions from the products made using heat energy generated in Raisio's industrial area will be reduced significantly.

Risks and sources of uncertainty in the near future

The world economy is expected to grow moderately in 2016 and the growth is generated primarily by private consumption. The euro area economy is also expected to grow moderately in 2016. The recovery is still based on private consumption, supported by low oil prices, low interest rates and the weakened euro. European refugee crisis continues and its effects may extend not only to politics but also to the economy.

The Finnish economy is growing very slowly. Growth expectations are based on domestic demand, supported by low interest rates, low inflation and reduced energy prices. The unemployment rate is expected to remain high. Consumers' confidence in their own economy started to decline in the autumn 2015. In the UK, economic outlook remains strong, and both employment and earnings are expected to grow positively. In Russia and Ukraine, business environment is likely to remain difficult.

Changes in exchange rates may considerably affect Raisio's net sales and EBIT, directly and indirectly, as a significant part of the Group's net sales and EBIT is generated in the UK. Volatility in the ruble's external value affects the export of feeds and oat products to Russia. It may also have an impact on the utilisation rates of production plants.

The price and availability of agricultural raw materials are a major challenge for Raisio's businesses. Global warming and extreme weather events rapidly affect the crop expectations, supply, demand and price of these commodities. In addition, changes in supply, demand, availability and price of other key raw materials are possible. In terms of business profitability, the role of risk management remains essential both for value and volume.

In Europe, setting of various taxes for public health purposes is discussed and sugar will be one of the possibly taxed raw materials. In case these initiatives result in new taxes, they will probably affect Raisio's businesses.

The UK will arrange a referendum on Britain's membership of the European Union possibly already in 2016, 2017 at the latest. If the UK leaves the Union, it would eventually affect Raisio's local operations, taking into account, however, that the majority of production and sales takes place in local markets.

Raisio expects the grocery market to remain fairly stable compared to other sectors. However, retailers' activities create pressure on the food industry too, through prices and sales terms.

Profitability problems in the Finnish agriculture and livestock farming are weakening purchase power in the field and create pressure on Raisioagro's profitability. In 2014, due to the crisis in Ukraine and Crimea, the EU's sanctions and Russia's counter-sanctions, especially the import ban of dairy products, will directly and indirectly hamper Raisioagro's operations.

To ensure growth and profitability of its operations, Raisio may carry out corporate restructuring which, as rationalisation projects, may result in significant one-off expenses.

Outlook 2016

Despite the weakened visibility and difficult market conditions, Raisio expects its EBIT to improve in 2016.

Board of Directors' proposal for the distribution of profits

The parent company's distributable assets based on the balance sheet on 31 December 2015 were 140,635,366.57 euros.

The Board proposes that a dividend of EUR 0.16 per share be distributed, i.e., a total of EUR 26,423,844.80, and that EUR 114,211,521.77 be left in the profit account. No dividends will be paid on the shares held by the company on the record date 29 March 2016. The payable date is 5 April 2016.

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good, and the Board's view is that the proposed dividend payout does not endanger the company's solvency.

In Raisio, 15 February 2016

Raisio plc
Board of Directors

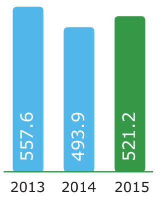
Information required in the Companies Act and Decree of the Ministry of Finance on the regular duty of disclosure of an issuer of a security, such as information regarding share classes, shareholders and share trading, close associates, company shares held by the company and their acquisitions and transfers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

The company's Corporate Governance Statement has been issued as a separate report.

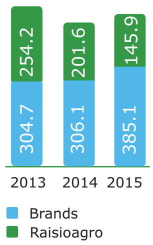
The Board of Directors' report contains forward-looking statements that are based on assumptions, plans and decisions known by Raisio's senior management. Although the management believes that the forward-looking assumptions are reasonable, there is no certainty that these assumptions will prove to be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

Raisio Group's key figures

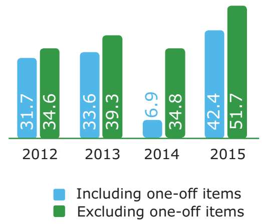
Net sales (M€)



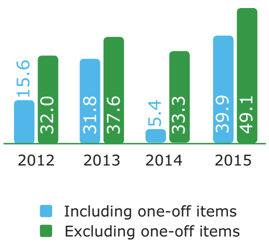
Net sales (M€)



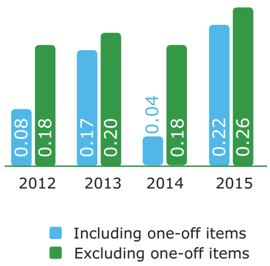
EBIT (M€)



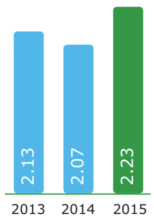
Pre-tax result (M€)



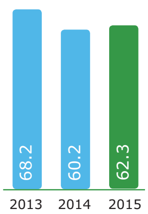
Earnings/share EPS (€)



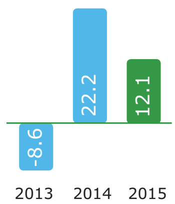
Equity per share (€)



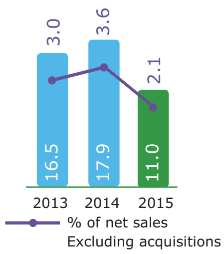
Equity ratio (%)



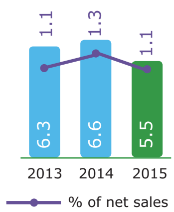
Net gearing (%)



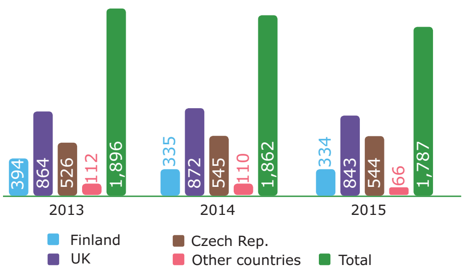
Investments (M€)



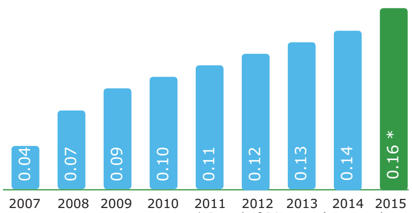
R&D expenses (M€)



Personnel, 31 December (persons)



Dividend/share (€)



* Board of Directors' proposal

Consolidated income statement

(EUR million)	Note	1.1.-31.12.2015	1.1.-31.12.2014
NET SALES	1	521.2	493.9
Cost of sales		-403.2	-407.9
Gross profit		118.0	86.1
Sales and marketing expenses		-48.2	-48.0
Administration expenses		-28.2	-26.4
Research and development expenses		-5.5	-6.6
Other income and expenses from business operations	3	6.3	1.8
EBIT	4, 5, 18	42.4	6.9
Financial income	6	1.0	0.7
Financial expenses	6	-3.6	-2.3
Share of results of associates and joint ventures		0.0	0.0
RESULT BEFORE TAXES		39.9	5.4
Income taxes	7	-4.9	0.2
RESULT FOR THE FINANCIAL PERIOD		35.0	5.6
ATTRIBUTABLE TO:			
Equity holders of the parent company		35.0	5.6
Non-controlling interests		0.0	0.0
		35.0	5.6
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF EQUITY HOLDERS OF THE PARENT COMPANY	8		
Earnings per share (EUR)			
Undiluted earnings per share		0.22	0.04
Diluted earnings per share		0.22	0.04

Comprehensive income statement

(EUR million)	Note	1.1.-31.12.2015	1.1.-31.12.2014
RESULT FOR THE PERIOD		35.0	5.6
OTHER COMPREHENSIVE INCOME ITEMS AFTER TAXES			
Items that may be subsequently transferred to profit or loss			
Available-for-sale financial assets		0.1	0.1
Cash flow hedge		-1.0	2.2
Gains and losses arising from translating the financial statements of foreign operations		11.9	5.6
COMPREHENSIVE INCOME FOR THE PERIOD		45.9	13.4
COMPONENTS OF COMPREHENSIVE INCOME:			
Equity holders of the parent company		45.9	13.4
Non-controlling interests		0.0	0.0
		45.9	13.4

Figures in the above calculation have been presented including tax effect.
Income taxes related to other comprehensive income are presented in notes 7.

Notes are an essential part of the financial statements.

Consolidated balance sheet

(EUR million)	Note	31.12.2015	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**74.4**	69.7
Goodwill	9, 10	**178.9**	168.7
Tangible assets	9	**98.8**	109.0
Shares in associates and joint ventures	12	**0.7**	0.8
Available-for-sale financial assets	13	**2.6**	2.7
Deferred tax assets	20	**5.7**	3.9
		361.1	354.7
CURRENT ASSETS			
Inventories	14	**64.3**	64.2
Accounts receivables and other receivables	15	**68.4**	69.4
Financial assets at fair value through profit or loss	16	**58.8**	30.4
Cash in hand and at banks	17	**11.0**	25.6
		202.5	189.6
TOTAL ASSETS		**563.6**	544.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	18, 19		
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
Invested unrestricted equity fund		**8.8**	8.0
Other funds		**2.0**	2.9
Company shares		**-20.4**	-20.4
Translation differences		**14.2**	2.2
Retained earnings		**226.2**	213.3
		350.0	325.3
Non-controlling interests		**0.0**	0.0
TOTAL SHAREHOLDERS' EQUITY		**350.0**	325.3
LIABILITIES			
Non-current liabilities			
Deferred tax liability	20	**10.9**	10.9
Provisions	21	**0.1**	0.0
Non-current financial liabilities	22	**91.6**	94.2
Derivative contracts	23	**0.0**	0.4
Other non-current liabilities	24	**0.1**	0.1
		102.6	105.7
Current liabilities			
Accounts payable and other liabilities	24	**87.2**	76.9
Tax liability based on the taxable income for the period		**2.6**	1.1
Provisions	21	**2.1**	2.3
Derivative contracts	23	**0.6**	1.6
Current financial liabilities	22	**18.6**	31.5
		111.0	113.3
TOTAL LIABILITIES		**213.5**	219.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**563.6**	544.3

Notes are an essential part of the financial statements.

Changes in shareholders' equity in the financial period ended 31 December 2015

	Equity attributable to equity holders of the parent company										
(EUR million)	Share capital	Share premium reserve	Reserve fund	Invested unrestricted equity fund	Other reserves	Company shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY ON 31.12.2013	27.8	2.9	88.6	0.0	0.7	-20.4	-3.4	234.5	330.6	1.1	331.7
Comprehensive income for the period											
Result for the period								5.6	5.6	0.0	5.6
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets					0.1				0.1		0.1
Cash flow hedge					2.2				2.2		2.2
Translation differences							5.6		5.6		5.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	2.2	0.0	5.6	5.6	13.4	0.0	13.4
Business activities involving shareholders											
Dividends								-20.4	-20.4		-20.4
Unclaimed dividends								0.1	0.1		0.1
The share acquired from the non-controlling interest				8.0				-6.9	1.1	-1.1	0.0
Share-based payment						0.0		0.5	0.5		0.5
Total business activities involving shareholders	0.0	0.0	0.0	8.0	0.0	0.0	0.0	-26.8	-18.7	-1.1	-19.8
SHAREHOLDERS' EQUITY ON 31.12.2014	**27.8**	**2.9**	**88.6**	**8.0**	**2.9**	**-20.4**	**2.2**	**213.3**	**325.3**	**0.0**	**325.3**
Comprehensive income for the period											
Result for the period								35.0	35.0		35.0
Other comprehensive income items (adjusted for tax effects)											
Available-for-sale financial assets					0.1				0.1		0.1
Cash flow hedge					-1.0				-1.0		-1.0
Translation differences							11.9		11.9		11.9
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.9	0.0	11.9	35.0	45.9	0.0	45.9
Business activities involving shareholders											
Dividends								-22.0	-22.0		-22.0
Unclaimed dividends								0.1	0.1		0.1
Transfer from retained earnings to other funds				0.7				-0.7	0.0		0.0
Share-based payment						0.0		0.6	0.6		0.6
Total business activities involving shareholders	0.0	0.0	0.0	0.7	0.0	0.0	0.0	-22.0	-21.3	0.0	-21.3
SHAREHOLDERS' EQUITY ON 31.12.2015 (18)	27.8	2.9	88.6	8.8	2.0	-20.4	14.2	226.2	350.0	0.0	350.0

Figure in brackets refer to the notes to the statements.

Consolidated cash flow statement

(EUR million)	2015	2014
CASH FLOW FROM BUSINESS OPERATIONS		
Result before taxes	**39.9**	5.4
Adjustments:		
Depreciation and impairment	**21.1**	32.9
Financial income and expenses	**2.6**	1.5
Share of results of associates and joint ventures	**0.0**	0.0
Other income and expenses not involving disbursement	**0.5**	1.5
Other adjustments [1]	**-3.4**	0.0
Cash flow before change in working capital	**60.8**	41.3
Change in accounts receivables and other receivables	**3.3**	-1.6
Change in inventories	**1.2**	7.7
Change in accounts payable and other liabilities	**7.4**	-8.7
Change in working capital	**11.9**	-2.6
Cash flow from business operations before financial items and taxes	**72.7**	38.7
Interest paid	**-2.3**	-2.4
Dividends received	**0.1**	0.1
Interest received	**0.5**	0.8
Other financial items, net	**0.1**	-4.6
Income taxes paid	**-6.0**	-6.5
CASH FLOW FROM BUSINESS OPERATIONS	**65.0**	26.2
CASH FLOW FROM INVESTMENTS		
Investments in tangible assets	**-8.3**	-14.3
Investments in intangible assets	**-2.6**	-92.5
Proceeds from sale of securities	**0.0**	0.0
Income from tangible and intangible assets	**5.8**	0.1
Repayment of loan receivables	**0.0**	0.1
CASH FLOW FROM INVESTMENTS	**-5.1**	-106.6
Cash flow after investments	**60.0**	-80.4
CASH FLOW FROM FINANCIAL OPERATIONS		
Drawdown of long-term loans	**0.0**	80.0
Repayment of non-current loans	**-14.4**	-20.5
Change in current loans	**-10.0**	9.6
Dividends paid	**-21.9**	-20.3
CASH FLOW FROM FINANCIAL OPERATIONS	**-46.3**	48.7
Change in liquid funds	**13.7**	-31.6
Liquid funds at the beginning of the period	**53.6**	83.9
Impact of changes in exchange rates	**0.5**	1.4
Impact of change in market value on liquid funds	**0.2**	-0.2
Liquid funds at end of period [2]	**67.9**	53.6

[1] Adjustments resulting from divestment of fixed assets
[2] Specifications in the note 17

Accounting policies for the consolidated financial statements

Basic information

Raisio is an international specialist in plant-based nutrition that develops, manufactures and markets foods, functional food ingredients and animal feeds. In addition, the Group is engaged in the grain trade and supplies farming supplies to the agricultural sector. The Group operates in 10 countries. Raisio Group'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 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 financial statements were authorised for issue by Raisio plc's Board of Directors on 15 February 2016. 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 2015. The International Accounting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. Notes to the consolidated financial statements also comply with the Finnish Accounting and Community Legislation that supplements the IFRS provisions. The currency used in the financial statements is the euro, and the statements are shown in EUR millions.

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

The Group has adopted the following revised or amended standards and interpretations as of 1 January 2015:

- Amendment to IAS 19 *Employee benefits - Defined benefit plans: employee contributions* (applicable in periods beginning on or after 1 July 2014). The amendments have clarified the accounting treatment when contributions are required from employees or third parties in defined benefit plans. The standard has not affected the financial statements.
- *Annual improvements to IFRSs* 2010-2012 and 2011-2013 (applicable mainly in periods beginning on or after 1 July 2014) as well as to 2012-2014 (applicable in periods beginning on or after 1 January 2016). In the Annual Improvements process, minor or less urgent standard amendments are compiled and implemented once a year. Impacts of the amendments vary by standards, but they have had no material impact on the consolidated financial statements.
- IFRIC 21 *Levies* (applicable in periods starting on or after 17 June 2014). The interpretation applies to standard IAS 37 '*Provisions, Contingent Liabilities and Contingent Assets*'. It deals with the recognition of an obligation of a levy possibly arising to the paying party. The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation has not affected the consolidated financial statements.

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

Scope and accounting policies of consolidated financial statements

Subsidiaries

Raisio's consolidated financial statements include the parent company, Raisio plc, and such directly or indirectly owned subsidiaries over which it has control. Control is acquired when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 are measured at fair value at the acquisition date. Costs related to the acquisition are recognised as an expense. Purchase price debt is 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.

Company founded for a special purpose

Executives' holding company Reso Management Oy has been combined to the consolidated financial statements over the period 2010 – 2013 in a manner similar to used with subsidiaries. The Group's Management Team's incentive scheme was carried out through this company.

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

On 25 February 2014, Raisio plc and the Management agreed on and completed a share exchange, through which Raisio plc acquired Reso Management Oy shares held by the Management. After the share exchange, Raisio plc held 100 per cent of the company in question. Earlier, the Management's investment in Reso Management Oy has was treated as the non-controlling interest in the consolidated financial statements.

Reso Management Oy was merged into Raisio plc on 31 August 2014. In connection with the merger, Raisio plc's shares held by Reso Management Oy were transferred to Raisio plc's direct ownership as the company's own shares.

Associates and joint ventures

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

Segment reporting

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

Foreign currency transactions and translations

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

Business transactions in foreign currency

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

Profits and losses from transactions in foreign currency and the conversion of monetary items have been recognised through profit or loss. Exchange rate profits and losses related to the main business are included in the corresponding items above EBIT. Foreign currency exchange differences are entered under financial income and expenses except for the exchange differences of the liabilities that have been determined to hedge the net investments in foreign operations and that are effective in it. These exchange differences are recognised 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

Comprehensive income and separate income statements for foreign Group companies, where the valuation or closing currency is not the euro, are converted to the euro using the average exchange rates of the reporting period and balance sheets using the exchange rates of the reporting period's end date. Converting income and comprehensive income of the accounting period by using different exchange rates in the income statement and statement of comprehensive income on the one hand, and in the balance sheet on the other, 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 recognised in other comprehensive income. If a foreign entity is disposed of during the reporting period, the accumulated translation differences are recognised through profit or loss as part of the sales profit or loss when recording the corresponding disposal proceeds.

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 using the reporting period's closing date exchange rates.

Property, plant and equipment

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

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

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

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

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

Depreciations begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Estimated useful lives are reviewed each closing date, and the depreciation periods are adjusted accordingly if they differ significantly from the previous estimates. If the carrying amount of a commodity is greater than the recoverable amount, the carrying amount is immediately reduced to the recoverable level of the amount. Impairment is discussed in greater detail under 'Impairment of tangible and intangible assets'.

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

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

Intangible assets

Goodwill

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

Goodwill is not depreciated. It is tested for impairment annually and always when there is an indication of impairment. For testing, goodwill is allocated to the cash-generating units. In the case of an associate or a joint venture, goodwill is included in the carrying amount of the associate 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 are incurred. Research costs related to new or significantly improved products are capitalised in the balance sheet as intangible assets from the date after which the costs of the research phase can be reliably determined, the product can be technically implemented, commercially utilised and it is expected to generate financial benefit and the Group has the intention and resources to complete the research work and use or sell the product. Research costs previously entered as expenses cannot be recognised as assets in later accounting periods.

In the Group's Benemilk Division, expenses related to the development of new products have been activated since 2013. In previous years, the Group has not activated research expenses.

An item is depreciated from the time it is ready for use. An item not yet ready for use is tested for impairment annually. After initial recognition, capitalised development expenses are measured at cost less accumulated depreciation and impairment losses. Depreciations of activated development expenses have not yet been made.

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 Group has trademarks whose useful lives are estimated to be indefinite.

Depreciation periods for intangible assets with indefinite useful lives use are as follows:

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

In connection of the business combinations of the acquisitions included in the Brands segment, the recognised brands have been estimated to have indefinite useful lives. The reputation and long history of the brands support the Management's view that the brands will generate cash flows for an indefinite time.

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

Depreciations of intangible assets begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciations is ceased when the intangible fixed asset is classified as held for sale (or included within a disposal group classified as held for sale) according to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Government grants and assistance

Government grants related to the purchase of tangible and intangible fixed assets are entered as deductions from the carrying amount when the Group has reasonable assurance of receiving the grants and the Group complies with the conditions for receiving the grant. 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 related expenses and the right to receive the subsidy are generated.

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 cost of an acquired asset comprises all costs of purchase including direct transportation, handling and other costs. 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 sales and discontinued operations

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

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

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

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

If it is subsequently found that criteria for an asset to be classified as held-for-sale are no longer met, the asset in question is transferred back to be presented and measured according to the applicable IFRSs.

Rental agreements

Group as a lessee

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

Rental agreements that leave the risks and rewards incident to ownership to the lessor 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 lessor

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. They are depreciated over their useful lives, such as similar owner-occupied tangible fixed assets.

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. 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. 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.

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 recognised 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 asset 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. The Group's 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 defined benefit schemes.

Share-based payments

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

Provisions

Provisions are recognised 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 recognised 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. Provision amounts are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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's 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 recognised in the financial period during which the shareholders have approved the dividends for payment.

Current tax and deferred tax

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 recognised in the corresponding items. Current tax is calculated from the taxable income according to the valid tax rate of each country. The tax is adjusted by possible taxes related to previous accounting periods. The Group deducts current tax assets and tax liabilities from each other if, and only if, the Group has a legally enforceable right to set off the recognised items from each other.

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

No deferred tax is entered for the investments in subsidiaries, associates or joint ventures if the Group can determine the date of dissolution of the temporary difference and the difference is not expected to be dissolved in the foreseeable future.

Deferred taxes have been calculated using the tax rates set by the date of the financial statements or tax rates whose approved content has been announced by the date of the financial statements.

A deferred tax asset has been recognised to the extent that it is probable that taxable income will be generated in the future, against which the temporary difference can be used. The recognition requirements for deferred tax assets are assessed on the closing date of each reporting period.

Revenue recognition principles

Net sales include the income from the sale of goods at fair value and adjusted by indirect taxes, discounts and foreign currency exchange rate differences.

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. When volume discounts are related to the sale of products, they are assessed and recorded at the time of sale. Revenues from services are recorded when the service has been completed.

Revenues from licences and royalties are recorded in accordance with the actual contents of the agreement. Interest income is recorded using the effective interest method and dividend income when the right to receive payment is established.

Income statement by function of expense

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

Other operating income and expenses

Asset sales profits and losses related to continuing operations, returns unrelated to actual sales of deliverables, such as rental income, 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.

In the Board of Directors' Report, Financial Statements Bulletin and Interim Report, it is possible to present one-off items and to calculate alternative key figures excluding one-off items. One-off items can include significant expenses of outside experts related to business acquisitions and business expansion, expenses related to business reorganisation and expenses related to the impairment of assets.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified into the following categories: financial assets entered at fair value through profit or loss, loans and other receivables as well as financial assets held for sale. The classification is based on the purpose of acquisition of financial assets, and it is carried out in connection with the original purchase.

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

Financial assets recorded at fair value through profit or loss are financial assets held for trading. Financial assets held for trading have mainly been acquired to generate short-term profit from changes in market prices. This group includes bonds, certificates of deposit and commercial papers. 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. Items in this group are measured at fair value.

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 sales and loans receivables as well as financial instruments included in accrued income. They are measured at amortised cost and included in current and non-current financial assets; in the latter if they fall due after 12 months.

Available-for-sale financial assets are non-derivative assets specifically allocated to this group. The group includes mainly companies' shares and similar rights of ownership. They are included in non-current assets. They are measured at fair value. Investments in such unquoted shares for which fair value cannot be defined reliably are measured at acquisition price.

Changes in the fair value of available-for-sale financial assets are recorded in other comprehensive income and presented in the fair value reserve under shareholders' equity, 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 an average maturity of three months.

Financial liabilities

Financial liablilites are classified as financial liabilities recorded at fair value through profit or loss or as other financial liabilities. Financial liabilities are recorded at fair value on the basis of the compensation originally received. Transaction costs have been included in the original carrying amount of the financial liabilities when treating an item not measured at fair value through profit or loss. Financial liabilities recognised at fair value through profit or loss are liabilities from derivative contracts that do not meet the terms of hedge accounting. Other financial liabilities are measured at amortised cost using the effective interest method. Financial debts are included in current and non-current debts and may be either interest-bearing or non-interest-bearing.

Impairment of financial assets

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

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

Derivative financial instruments and hedge accounting

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

According to its financial risk management policy, the Group may use various derivates to hedge against interest rate, currency and commodity price risks. Interest rate swaps are used to hedge the Group against 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. Exchange-traded commodity futures can be used to hedge against the price risk caused by raw material purchases.

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 entered into, the Group processes it as hedging of a highly probable forecast transaction (cash flow hedging). Hedge accounting is discontinued in case its conditions cease to meet the qualifying criteria, the hedged item is derecognized from the balance sheet, the hedging instrument expires or it is sold or exercised, the forecast transaction is no longer expected to occur or the management decides to discontinue hedge accounting.

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

Cash flow hedging

Change in fair value of the effective portion of derivative instruments meeting the conditions of cash flow hedging are recognised 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 either in other operating income or expenses, or in financial income or expenses, depending on its nature.

Hedges of a net investment in a foreign operation

Profits and losses accumulated from the hedging of a net investment are transferred to profit or loss when net investment is partially or completely disposed of.

Other hedge instruments to which hedge accounting is not applied

Hedge accounting is not applied to certain hedging relationships, despite the fact that they meet effective hedging requirements set by the Group's risk management These are, among others, certain derivatives hedging interest risk and currency risk. Of these, changes in the fair values of interest rate swaps are recognised under financial income and expenses. Changes in fair values of forward foreign exchange contracts are recognised 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 recognised in financial income and expenses.

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 provisions, to the determination of fair values of acquired assets resulting from the business combination and to the use of deferred tax assets against future taxable income.

Estimates made in the preparation of the 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 affecting sales and the cost level. The Group monitors the realisation of these estimates and assumptions. Any changes in estimates and assumptions are entered in the period in which they have been detected.

Impairment testing

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

Determination of fair value of acquired assets in the business combination

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

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

Deferred tax assets

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

Application of new and amended IFRS standards

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

- *Annual improvements* to IFRSs 2012-2014 (applicable in periods beginning on or after 1 January 2016). In the Annual Improvements process, minor or less urgent standard amendments are compiled and implemented once a year. The effects of amendments vary by standard, but are not relevant for the Group.
- Amendment to IAS 27 *Separate Financial Statements - Equity Method in Separate Financial Statements* (applicable in periods beginning on or after 1 January 2016). The standard amendment allows the companies to use the equity method for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment does not affect the consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*: Amended by *Bearer Plants* (applicable in periods starting on or after 1 January 2016). The amendment allows the recognition of productive biological assets alternatively at their acquisition cost, when the standard earlier required them to be recognised at fair value. Products derived from these productive biological assets are, however, still measured in accordance with IAS 41 at fair value less costs to sell. The amendment does not affect the future consolidated financial statements.
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Amended by *Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable in periods beginning on or after 1 January 2016). The amendment prohibits the use of a revenue-based method to calculate depreciation of intangible assets. The revenue-based method can only be used if revenue and the consumption of economic benefits of the intangible asset are highly correlated. The revenue-based depreciation method cannot be applied for tangible assets either. The amendment is not expected to affect the consolidated financial statements.
- Amendment to IFRS 11 *Joint arrangements* Amended by *Accounting for Acquisitions of Interests in Joint Operations* (applicable in periods beginning on or after 1 January 2016). The amendment requires the application of the principles of accounting for business combinations for the acquisition of joint operations when the activity constitutes a business. The amendment is not expected to affect the future consolidated financial statements.
- Amendment to IAS 1: *Presentation of financial statements - Disclosure initiative* (effective in periods beginning on or after 1 January 2016). The amendments clarify the IAS 1 guidance related to materiality, consolidation of income and balance sheet items, presentation of subheading and the structure and accounting principles of financial statements. The Group is currently assessing the effects of the amendment.
- IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable in periods beginning on or after 1 January 2016). The amendments clarify the guidance concerning the sale or contribution of assets between the investor and its associate or joint venture. The amendment does not affect the future consolidated financial statements. The amendment has not yet been approved in the EU.
- IFRS 15 *Revenue from Contracts with Customers* (applicable in periods starting on or after 1 January 2018). The new standard includes a five-step model for the recognition of sales returns based on contracts with customers. This standard supersedes the current standards IAS 18 *Revenue* and IAS 11 *Construction contracts* and related interpretations. Sales recognition may occur at a point in time or over time, with the transfer of control as the key criterion. In addition, the standard also requires more disclosures. The Group Management is assessing possible impacts of the standard on the consolidated financial statements. The amendment has not yet been approved in the EU.
- Amendments to IFRS 9 *Financial instruments* (applicable in periods beginning on or after 1 January 2018). The new standard will replace the current IAS 39 *Financial Instruments: Recognition and Measurement*.IFRS 9 changes the classification and measurement requirements for financial assets, and includes a new expected loss impairment model. Classification and measurement of financial liabilities largely correspond to the current requirements of IAS 39. In terms of hedge accounting, there are still three types of hedging relationships: More risk positions can now be included within the scope of hedge accounting and hedge accounting principles have been aligned with risk management. The new standard also includes more extensive disclosure requirements, and there are changes concerning the presentation. The Group Management is assessing possible impacts of the standard on the consolidated financial statements. The amendment has not yet been approved in the EU.
- IFRIC 16 *Leases* (applicable in periods starting on or after 1 January 2019). The standard replaces the current guidance of IAS 17. According to IFRS 16, a lessee is required to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for almost all lease contracts. Lessor accounting remains more or less similar to current practice. The Group Management is assessing possible impacts of the standard on the consolidated financial statements. The amendment has not yet been approved in the EU.

Consolidated notes

1. SEGMENT INFORMATION

The Group consists of two reportable segments, Brands and Raisioagro, and other operations. Brands and Raisioagro segments are the Group's strategic business units that are lead as separate units. Their products are different and require different distribution channels and market strategies. The Brands segment includes Snack & Cereal, Benecol, Benemilk and Confectionery. Raisioagro segment includes cattle and fish feeds, farming supplies and grain trade.

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)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External sales										
Services	**0.2**	0.2	**0.0**	0.0	**3.4**	1.2			**3.6**	1.4
Goods	**381.5**	302.9	**135.5**	188.3	**0.0**	0.0			**517.0**	491.2
Royalties	**0.6**	1.3	**0.0**	0.0					**0.7**	1.3
Total external sales	**382.3**	304.3	**135.5**	188.4	**3.4**	1.2			**521.2**	493.9
Internal sales	**2.8**	1.8	**10.4**	13.2			**-13.2**	-15.0	**0.0**	0.0
Net sales	**385.1**	306.1	**145.9**	201.6	**3.4**	1.2	**-13.2**	-15.0	**521.2**	493.9
Depreciation	**10.5**	9.1	**2.5**	3.8	**1.1**	1.5			**14.1**	14.4
Value impairments	**4.6**	10.3	**0.0**	8.2	**2.4**	0.0			**7.0**	18.5
Segment EBIT	**45.4**	20.6	**2.4**	-8.9	**-5.3**	-4.7			**42.4**	6.9
Share of results of associates and joint ventures			**0.0**	0.0					**0.0**	0.0
Segment assets	**427.6**	414.3	**49.1**	56.2	**12.0**	15.8	**-2.5**	-3.3	**486.1**	483.0
Including:										
Shares in associates and joint ventures	**0.0**	0.0	**0.7**	0.8					**0.7**	0.8
Increase in non-current assets	**9.1**	103.1	**0.7**	1.1	**1.2**	0.6	**0.0**	0.0	**11.0**	104.9
Segment liabilities	**67.3**	55.2	**17.4**	23.2	**6.7**	3.8	**-2.5**	-3.3	**88.9**	79.0

(EUR million)	2015	2014
RECONCILIATION		
Reconciliation of results		
Segment EBIT	**42.4**	6.9
Share of results of associates and joint ventures	**0.0**	0.0
Financial income and expenses	**-2.5**	-1.5
Result before tax	**39.9**	5.4
Reconciliation of assets to Group assets		
Segment assets	**486.1**	483.0
Deferred tax assets	**5.7**	3.9
Loans receivable and other receivables related to financing	**0.2**	0.0
Tax assets	**1.8**	1.4
Financial assets at fair value through profit or loss	**58.8**	30.4
Liquid funds	**11.0**	25.6
Recognised assets	**563.6**	544.3
Reconciliation of liabilities to Group liabilities		
Segment liabilities	**88.9**	79.0
Deferred tax liability	**10.9**	10.9
Financial liabilities	**110.1**	125.7
Financial liabilities at fair value through profit or loss	**0.6**	2.0
Tax liability	**2.6**	1.1
Dividend liability	**0.4**	0.3
Liabilities related to financing	**0.1**	0.0
Recognised liabilities	**213.5**	219.0
GEOGRAPHICAL INFORMATION:		
Revenue from external customers		
Finland	**175.5**	219.1
Great Britain	**192.5**	130.8
Rest of Europe	**142.4**	130.9
Rest of the world	**10.7**	13.2
Total	**521.2**	493.9
Non-current assets, excluding deferred tax assets and financial instruments		
Finland	**56.2**	60.4
Great Britain	**275.4**	265.3
Rest of Europe	**21.2**	22.5
Rest of the world	**0.0**	0.0
Total	**352.8**	348.1

Information about major customers:
In 2015 and 2014, 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 2015

No acquired business operations at the period of 1 January-31 December 2015.

IN 2014

Benecol business in the UK, Ireland and Belgium

On 19 November 2014, Raisio acquired Cilag GmbH International's Benecol business in the UK, Ireland and Belgium, and amended the agreement on the Northern American markets of Benecol. As a business buyer, the Group had established a company called Benecol Limited in the UK for acquisition purposes. The company is Raisio UK Limited's subsidiary. Product range of the acquired business includes margarines, drinks and yogurts sold under the Benecol brand.

Benecol Limited's results have been reported as part of Raisio's Brands segment from 19 November 2014.

The purchase price of EUR 88.5 million for the business and stocks was paid when the object of the deal was transferred to Raisio. Majority of the purchase price was allocated to intangible assets. The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of EUR 1.5 million, which was recorded as administration costs of the Brands segment in the income statement of 2014. In connection with the deal, rights to the Benecol brand and plant stanol ester patents held by Cilag as well as current assets were returned to Raisio. Raisio did not assume liabilities as part of the acquisition.

The acquisition resulted in goodwill of EUR 52.6 million (GBP 41.2 million). Goodwill is based on the opportunity to develop the Benecol business on Raisio's own terms. In terms of Benecol products, Raisio's strategic goal is to enhance competitiveness in the existing markets, to expand into new markets as well as to innovate new Benecol products. Recorded goodwill is deductible for tax purposes. A deferred tax liability is recorded for deducted tax.

Post-acquisition net sales for Benecol Limited totalled EUR 7.3 million and EBIT excluding one-off items EUR 1.5 million.

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

	Fair values entered in the business combination
Trade marks	31.1
Other intangible assets	2.7
Inventories	2.2
Total assets	36.0
Deferred tax liabilities	0.2
Net assets	35.8
Acquisition price	88.5
Goodwill	52.6

3. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR million)	2015	2014
Excise duty refund	**0.5**	0.5
Gains and losses on the sale of tangible and intangible fixed assets	**3.4**	0.0
Compensation for damage	**1.3**	0.0
Other income and expenses from business operations	**1.1**	1.3
Total	**6.3**	1.8
Auditors' remuneration		
Audit	**0.3**	0.3
Tax guidance	**0.0**	0.0
Other services	**0.0**	0.0
Total	**0.4**	0.3

4. DEPRECIATION AND IMPAIRMENT

(EUR million)	2015	2014
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	**1.2**	0.7
Other intangible assets	**0.4**	0.4
Total	**1.6**	1.1
Depreciation on tangible assets		
Buildings	**3.3**	4.0
Machinery and equipment	**9.2**	9.2
Other tangible assets	**0.1**	0.1
Total	**12.5**	13.3
Impairment by asset group		
Intangible rights	**0.0**	10.1
Buildings	**2.5**	3.1
Machinery and equipment	**4.5**	5.3
Total	**7.0**	18.5
Total depreciation and impairment	**21.1**	32.9
Depreciation by activity		
Cost of sales	**11.8**	12.4
Sales and marketing	**0.4**	0.4
Administration	**1.8**	1.5
Research and development	**0.2**	0.2
Total	**14.1**	14.4
Impairment and their returns		
Expenses corresponding to products sold	**4.7**	8.4
Sales and marketing	**0.0**	10.1
Administration	**2.3**	0.0
Total	**7.0**	18.5

5. EXPENSES FROM EMPLOYMENT BENEFITS

(EUR million)	2015	2014
Salaries	**67.2**	58.4
Termination benefits	**0.1**	0.5
Pension expenses – defined contribution plans	**4.5**	4.8
Share-based rewards	**2.0**	1.1
Other indirect personnel costs	**3.3**	3.9
Total	**77.2**	68.6

Details about the management's employee benefits are provided in Notes 29 Related party transactions.

Details about assigned company shares are provided in Notes 19 Share-based payments

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

	2015	2014
Brands	**1,625**	1,712
Raisioagro	**117**	148
Joint operations	**56**	55
Total	**1,798**	1,915

6. FINANCIAL INCOME AND EXPENSES

(EUR million)	2015	2014
Dividend income from available-for-sale financial assets	**0.1**	0.1
The impact of the fair value change to fair value for financial assets recognised through profit or loss	**-0.1**	-0.1
Interest earnings from financial assets at fair value through profit or loss	**0.3**	0.5
Interest income from loan receivables	**0.0**	0.0
Other interest income	**0.7**	0.3
Total financial income	**1.0**	0.7
Interest expenses from loans	**-2.0**	-1.5
Other interest expenses	**-1.5**	-0.5
Exchange rate differences, net		-0.2
Other financial expenses	**-0.1**	-0.1
Total financial expenses	**-3.6**	-2.3

Items comprising the EBIT include exchange rate gains and losses amounting to EUR 3.8 million in 2015 (EUR 1.2 million in 2014)

7. INCOME TAXES

(EUR million)	2015	2014
Tax based on the taxable income for the financial period	**-7.5**	-4.5
Taxes paid in previous financial periods	**0.4**	0.0
Deferred taxes	**2.2**	4.7
Total	**-4.9**	0.2
Reconciliation between tax expense of the income statement and the Group's tax calculated at the Finnish tax rate 20.0% (20.0% in 2014).		
Taxes calculated on the basis of the domestic tax rate	**-8.0**	-1.1
Impact of a deviating tax rate used in foreign subsidiaries	**-0.3**	-0.2
Change in tax rate	**0.0**	0.4
Returns exempt from tax	**0.5**	0.1
Non-deductible expenses	**-0.9**	-0.5
Losses for the period, for which no tax assets have been recognised	**-0.2**	-0.3
Utilisation of tax refund receivable from previously unrecognised tax losses	**0.2**	0.2
Depreciation of previously recognised tax liabilities	**2.3**	0.2
Adjustment of previously recorded tax assets	**-0.2**	-0.1
Additional tax deductions	**1.3**	1.6
Tax from previous years	**0.4**	0.0
Other items	**0.0**	-0.1
Total	**-4.9**	0.2

(EUR million)	Before taxes	Tax impact	After taxes
Taxes related to the items of other comprehensive income:			
Year 2015			
Available-for-sale financial assets	**0.1**	**0.0**	**0.1**
Cash flow hedge	**-1.2**	**0.2**	**-1.0**
Translation differences	**11.9**	**0.0**	**11.9**
	10.8	**0.2**	**11.0**
Year 2014			
Available-for-sale financial assets	0.1	0.0	0.1
Cash flow hedge	2.7	-0.5	2.2
Translation differences	5.6	0.0	5.6
	8.4	-0.6	7.8

8. EARNINGS PER SHARE

(EUR million)	2015	2014
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)	**35.0**	5.6
Undiluted weighted average of shares in the financial period	**157,163,023**	156,888,339
Dilution resulting from share-based compensation	**1,028,458**	612,545
Diluted weighted average of shares in the financial period	**158,191,481**	157,500,884
Undiluted earnings per share, continuing operations (EUR/share)	**0.22**	0.04
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	**0.22**	0.04

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.

9. INTANGIBLE ASSETS 2015

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	83.7	171.9	18.0	5.0	278.6
Exchange rate differences	4.3	10.2	0.1	0.0	14.6
Increase	0.0		0.1	2.5	2.6
Business combination	0.0	0.0			0.0
Divestments and other decreases	0.1				0.1
Reclassifications between items	0.0	0.0	0.7	-0.7	0.0
Acquisition cost 31.12.	87.9	182.1	18.9	6.7	295.6
Accumulated depreciation and write-downs 1.1.	21.1	3.2	15.9	0.0	40.2
Exchange rate differences	0.6	0.0	0.0	0.0	0.6
Accumulated depreciation of decrease and transfers	0.1	0.0	0.0	0.0	0.1
Depreciation for the financial period	1.2	0.0	0.4	0.0	1.6
Write-downs and their returns	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	22.9	3.2	16.3	0.0	42.4
Book value 31.12.2015	65.1	178.9	2.6	6.7	253.3

9. TANGIBLE ASSETS 2015

(EUR million)	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	Tangible assets total
Acquisition cost 1.1.	13.6	134.6	248.9	0.9	0.7	398.7
Exchange rate differences	0.6	0.8	3.8	0.0	0.0	5.1
Increase	0.0	0.2	5.0	0.0	3.3	8.6
Business combination				0.0		0.0
Divestments and other decreases	0.3	1.7	9.8	0.1	0.0	11.9
Reclassifications between items	3.3	-0.8	-0.3	0.0	-2.2	0.0
Acquisition cost 31.12.	17.1	133.0	247.7	0.8	1.9	400.5
Accumulated depreciation and write-downs 1.1.	0.0	94.4	194.9	0.3	0.0	289.6
Exchange rate differences	0.0	0.1	2.1	0.0	0.0	2.2
Accumulated depreciation of decrease and transfers	0.0	0.5	9.1	0.1	0.0	9.7
Depreciation for the financial period	0.0	3.3	9.2	0.1	0.0	12.5
Write-downs and their returns	0.0	2.5	4.5	0.0		7.0
Accumulated depreciation 31.12.	0.0	99.8	201.5	0.3	0.0	301.7
Book value 31.12.2015	17.1	33.2	46.2	0.5	1.9	98.8

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 60.3 million.

In the Brands segment, an additional depreciation of EUR 4.5 million on machinery was made related to the closure and production restructuring of the UK-based Southall factory. An additional depreciation of EUR 2.4 million on buildings was made after the expiration of the property lease related to the discontinued malt business.

The carrying amount of tangible assets includes assets of EUR 0.1 million acquired via financial lease.

9. INTANGIBLE ASSETS 2014

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	46.9	111.7	17.6	2.3	178.5
Exchange rate differences	2.3	7.2	0.1	0.0	9.6
Increase	0.3		0.1	3.2	3.5
Business combination	34.0	53.0			87.0
Divestments and other decreases	0.0				0.0
Reclassifications between items	0.3	0.0	0.2	-0.4	0.0
Acquisition cost 31.12.	83.7	171.9	18.0	5.0	278.6
Accumulated depreciation and write-downs 1.1.	10.0	3.2	15.4	0.0	28.7
Exchange rate differences	0.3	0.0	0.0	0.0	0.3
Accumulated depreciation of decrease and transfers	0.0	0.0	0.0	0.0	0.0
Depreciation for the financial period	0.7	0.0	0.4	0.0	1.1
Write-downs and their returns	10.1	0.0	0.0	0.0	10.1
Accumulated depreciation 31.12.	21.1	3.2	15.9	0.0	40.2
Book value 31.12.2014	62.6	168.7	2.1	5.0	238.4

TANGIBLE ASSETS 2014

(EUR million)	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	Tangible assets total
Acquisition cost 1.1.	13.0	131.5	240.6	0.8	0.8	386.7
Exchange rate differences	0.5	-0.2	2.6	0.0	0.0	3.0
Increase	0.1	2.7	8.3	0.2	3.2	14.4
Business combination						0.0
Divestments and other decreases	0.0	-0.1	5.3	0.1	0.0	5.3
Reclassifications between items	0.0	0.5	2.8	0.0	-3.2	0.0
Acquisition cost 31.12.	13.6	134.6	248.9	0.9	0.7	398.7
Accumulated depreciation and write-downs 1.1.	0.0	87.8	184.1	0.3	0.0	272.2
Exchange rate differences	0.0	-0.4	1.4	0.0	0.0	1.0
Accumulated depreciation of decrease and transfers	0.0	0.0	4.9	0.1	0.0	5.0
Depreciation for the financial period	0.0	4.0	9.2	0.1		13.3
Write-downs and their returns	0.0	3.1	5.0	0.0	0.0	8.1
Accumulated depreciation 31.12.	0.0	94.4	194.9	0.3	0.0	289.6
Book value 31.12.2014	13.6	40.2	54.0	0.6	0.7	109.0

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 56.8 million.

In the UK's Brands segment, Raisio wrote down the book value of the Honey Monster brand by EUR 10.1 million, due to weakened sales and profitability in the breakfast cereal category. The write-down is recorded as impairment of the sales and marketing function.

The carrying amount of tangible assets includes assets of EUR 0.1 million acquired via financial lease.

Raisioagro segment made write-downs due to the terminations of pig and poultry feed production and oil milling business. Related to the termination of pig and poultry feed production, the company made a write-down of EUR 2.3 million in buildings and that of EUR 3.9 million in machinery. For the oil milling business, the company made a write-down of EUR 1.2 million in buildings and that of EUR 0.7 million in machinery. The items are recorded as impairment of the production costs.

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

In the Group, goodwill is allocated to the cash-generating units defined by business segments. The acquisition of the European Benecol business completed in November 2014 resulted in goodwill of EUR 52.6 million. The Candy Plus acquisition completed at the end of the financial period 2012 resulted in goodwill of EUR 5.5 million and the acquisitions completed in 2010 and 2011 in the UK resulted in goodwill of EUR 105.7 million. All goodwill has been allocated to Western European operations of the Brands segment.

On the closing date, the book value of all goodwill totalled EUR 178.9 million.

A brand value of EUR 31.1 million was recorded in connection with the Benecol business acquisition completed in November 2014.The value of trademarks whose useful lives the Management has estimated to be indefinite was EUR 60.3 million on the closing date. The trademarks have been allocated in their entirety to the Brands segment's operations. The value of the trademarks has been tested. As a result of testing, Raisio wrote down the book value of the Honey Monster brand by 10.1 million euros in November 2014. For the other brands, the recoverable amount exceeds their carrying amount.

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

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

	2015	2014
Goodwill/Brands		
UK operations, Benecol		
Growth percentage *)	**2%**	
Discount rate	**8.0%**	
UK operations, Snack & Cereal		
Growth percentage *)	**2%**	2%
Discount rate	**7.5%**	5.7%
Candy Plus, Confectionery		
Growth percentage *)	**2%**	2%
Discount rate	**6.5%**	6.1%

*) In the cash flows after the forecast period

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

Sensitivity analysis of impairment testing:

Goodwill/Brands: Western Europe

UK operations, Benecol
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the book value of assets when the discount rate increases above 22.3 per cent (before taxes) or when the EBIT level falls permanently more than 30.5 per cent of the Management's estimates.

UK operations, Snack & Cereal and Confectionery
The entity's recoverable amount is above the carrying value of assets. The recoverable amount is less than the book value of assets when the discount rate increases above 8.4 per cent (before taxes) or when the EBIT level falls permanently more than 4.5 per cent of the Management's estimates.

Candy Plus
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the book value of assets when the discount rate increases above 25.1 per cent (before taxes) or when the EBIT level falls permanently more than 80.3 per cent of the management's estimates.

11. SUBSIDIARIES AND THE NON-CONTROLLING INTEREST

The Group structure on the closing date:

	Number of wholly-owned subsidiaries		Number of partly-owned subsidiaries	
	2015	2014	2015	2014
Brands	**39**	39	**3**	3
Raisioagro	**1**	2		
Other operations	**2**	2		

Proteinoil Oy included in the Raisioagro segment merged with Raisio plc during the financial period 2015.

The subsidiaries partly owned by the Brands segment are related to the Benemilk business. The non-controlling interest in Benemilk Ltd and CentrIQ Corporation (Benemilk US Ltd until 19 December 2015) is 43%.

A significant part of the Brands segment's companies, i.e. 26 companies, are located in the UK. Eight of the companies are operating, 18 are inactive.

A list of all the Group's subsidiaries is presented in Note 29 Related Party Transactions.

12. SHARES IN ASSOCIATES AND JOINT VENTURES

(EUR million)	2015	2014
ASSOCIATES		
The Group has one associate company, Vihervakka Oy, which is part of the Raisioagro segment.		
Book value 1.1.	**0.8**	0.8
Decrease	**0.0**	0.0
Share of result for the financial period	**0.0**	0.0
Book value 31.12.	**0.7**	0.8
The book value of associates does not include goodwill.		
Total assets, liabilities, net sales and profit/loss of associates:		
Assets	**2.8**	2.5
Liabilities	**0.9**	0.6
Net sales	**1.0**	1.0
Profit/loss	**-0.1**	0.0

Dividends of EUR 5.8 thousand were received from the associate in 2015 (EUR 7.7 thousand in 2014).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(EUR million)	2015	2014
Unquoted equity investments and participations	**2.6**	2.7
Total	**2.6**	2.7
At beginning of financial period	**2.7**	2.6
Increase	**0.1**	0.1
Decrease	**-0.1**	0.0
At end of period	**2.6**	2.7

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 18 Shareholders' equity.

14. INVENTORIES

(EUR million)	2015	2014
Materials and supplies	**37.2**	34.4
Production in progress	**3.7**	5.0
Finished products and goods	**23.4**	24.8
Advances paid	**0.0**	0.1
Total inventories	**64.3**	64.2

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.

15. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

(EUR million)	2015	2014
Accounts receivables	**60.5**	62.9
Prepaid expenses and accrued income	**3.6**	4.1
Other receivables	**4.3**	2.4
Total accounts receivable and other receivables	**68.4**	69.4

At the reporting date, about 36.7% of the Group's accounts receivables were denominated in euro, about 52.0% 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 0.1 million (EUR 0.5 million in 2014)

The overdue receivables have the following age distribution:

(EUR million)	2015	2014
Undue	**48.8**	52.5
Overdue 1-60 days	**11.6**	10.0
Overdue 61–180 days	**0.1**	0.4
Overdue more than 180 days	**0.0**	0.1
	60.5	62.9
Impairment of sales receivable:		
Value on 1.1.	**0.7**	0.8
Increase	**0.4**	0.4
Decrease	**-0.4**	-0.4
Value on 31.12.	**0.7**	0.7

The Group recognised a total of EUR 0.2 million (EUR 0.1 million in reporting period 2014) 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 and financial items. In compliance with IAS 39, the fair values of receivables included in financial assets are presented in Note 26.

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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR million)	2015	2014
Securities under financial assets	**56.9**	27.9
Derivative contracts	**1.9**	2.5
Total financial assets at fair value in the income statement	**58.8**	30.4

Financial assets recognized at fair value through profit or loss include certificates of deposit and commercial papers, held for trading, maturing within 12 months issued by banks and companies as well as derivatives. 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 26. Profits and losses for these items are presented in Note 6.

17. LIQUID FUNDS

(EUR million)	2015	2014
Cash in hand and at bank accounts	**11.0**	25.6
Total liquid funds	**11.0**	25.6

Liquid funds according to the cash flow statement are composed as follows:

Liquid funds	**11.0**	25.6
Financial securities	**56.9**	27.9
Total	**67.9**	53.6

Financial securities classified in liquid funds in the cash flow statement have an average maturity of some three months during the year.

18. 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 2013			
Restricted shares (20 votes/share)	33,733	5.7	
Restricted shares, company shares	-213		-0.4
Free shares (1 vote/share)	131,416	22.1	
Free shares, company shares	-9,534		-20.0
Total	155,402	27.8	-20.4
Restricted shares converted into free shares	361		
Disposal of company shares, free shares	-1,759		0.0
31 December 2014			
Restricted shares (20 votes/share)	33,371	5.6	
Restricted shares, company shares	-213		-0.4
Free shares (1 vote/share)	131,778	22.2	
Free shares, company shares	-7,776		-20.0
Total	157,160	27.8	-20.4
Restricted shares converted into free shares	**631**		
Disposal of company shares, free shares	**-9**		**0.0**
31 December 2015			
Restricted shares (20 votes/share)	**32,740**	**5.5**	
Restricted shares, company shares	**-213**		**-0.4**
Free shares (1 vote/share)	**132,409**	**22.3**	
Free shares, company shares	**-7,767**		**-20.0**
Total	**157,169**	**27.8**	**-20.4**

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 hedge.

Company shares:
Company shares include purchasing cost of own shares held by the Group. Over the period 2005-2012, own shares acquired through the stock exchange total 10,576,297, of which 10,363,601 are free shares and 212,696 restricted shares.

Over the financial years 2008-2014, a total of 1,117,556 free shares were assigned to the management and key personnel as reward and based on the share-based schemes of 2008 and 2009 as well as a total of 81,541 shares to the members of the Board of Directors as part of their reward. In 2015, a total of 8,657 free shares were assigned to the members of the Board of Directors as part of their rewards.

In 2010, a total of 4,120,000 free shares held by the company were assigned to Reso Management Oy in the directed share issue against payment. In the share exchange of February 2014, Raisio plc acquired Reso Management Oy shares held by the management by transferring 1,751,330 free shares held by the company. In August 2014, Raisio plc merged Reso Management Oy, and Raisio plc's 4,482,740 free shares held by Reso Management Oy became Raisio plc's company shares. A total of 4,482,740 Raisio plc shares held by Reso Management Oy were previously treated as company shares in the consolidated financial statements.

At the end of the financial year 2015, there were a total of 7,979,953 company shares of which 7,767,257 were free shares and 212,696 restricted shares in the consolidated financial statements. The remaining cost of own shares is a total of EUR 20.4 million and it is presented as a deduction from equity.

Dividends:
A dividend of EUR 0.14 per share was paid for 2015, i.e. a total of EUR 22.0 million (EUR 0.13 per share for 2014, i.e. a total of EUR 21.0 million). After the balance sheet date, the parent company's Board of Directors has proposed that a dividend of EUR 0.16 per share is paid, i.e. a total of EUR 26.4 million.

(EUR million)	2015	2014
Translation differences 1.1.	**2.2**	-3.4
Change in translation difference	**11.9**	5.6
Translation differences 31.12.	**14.2**	2.2
Other reserves:		
Fair value reserve	**1.5**	1.4
Hedge fund	**0.5**	1.5
Other reserves in total	**2.0**	2.9

19. SHARE-BASED PAYMENTS

In 2010, Raisio plc's Board decided on an incentive scheme for the members of the Group Management Team. Through the scheme, the management invested in Raisio's free shares. For this purpose, the management acquired a company called Reso Management Oy, the share capital of which they owned completely in the beginning. Reso Management Oy held a total of 4,482,740 Raisio's free shares. On 25 February 2014, Raisio plc and the Management agreed on and completed a share exchange, through which Raisio plc acquired Reso Management Oy shares held by the Management. A total of 1,751,330 Raisio plc free shares were transferred as consideration to the management in the share exchange. The number of shares was determined by Reso Management Oy's net assets and calculated, concerning both the shares transferred as consideration and the Raisio plc shares held by Reso Management Oy, using the trade volume weighted average quotation of the company's free share during the period 27 January - 21 February 2014 (EUR 4.589 per share).

In December 2011, the Board of Directors decided on a 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 was 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 was paid by the end of April 2015. The amount of the reward was tied to the EBIT of Raisio's Brands segment and a prerequisite for receipt of the reward for each person appointed to the scheme was that he/she would still be employed by Raisio Group on 28 February 2015.

In August 2014, the incentive scheme was modified concerning four persons: it was agreed that their rewards were tied solely to the 2014 EBIT of the confectionery business and that the scheme is extended so that their potential rewards will not be paid until March 2016 provided they are still employed by the Raisio Group. On the closing date 31 December 2015, the reward equalled to 55,000 Raisio plc free shares.

In February 2013, the Board decided on a new share-based incentive scheme for the Group's key employees. The earnings period of the share incentive scheme started on 1 January 2013 and ended on 31 December 2015. As for a new possible earnings period, the Board decides annually on its beginning, length as well as criteria and targets set for the criteria. Based on this, the Board decided, in December 2013, on the second earnings period for the share-based incentive scheme for 2014-2016 and, in December 2014, on the following periods for 2015-2017 and in December 2015 for 2016-2018.

In all four schemes, potential reward for each earnings period is based on the company's Total Shareholder Return (TSR). Reward payment is dependent on the achievement of the Group's cumulative profit target (EBT, earnings before taxes) in the period in question. Potential rewards are paid in April in the year following the ending of each earnings period and they are paid partly in the company's free shares and partly in cash. The cash payment is made to cover the key employee's taxes and fiscal fees arising from bonus. In case the employment or service of a person ends before the bonus payment, as a rule no bonus is paid.

According to the decision made at the General Meetings of 2009-2015, the members of the Board of Directors have been paid some 20% of their reward by assigning them company's own shares. A total of 74,325 shares were assigned during the period of 2009-2013, a total of 7,216 shares in 2014 and a total of 8,657 shares in 2015.

Share-based payments:

(EUR million)	2013–2015	2014–2016	2015–2017	2016–2018
Original number of shares	1,000,000	1,000,000	1,000,000	1,000,000
Original grant date	22.03.2013	13.01.2014	19.01.2015	15.01.2016
Exercise date	30.04.2016	30.04.2017	30.04.2018	30.04.2019
Vesting period, years	3.1	3.3	3.3	3.3
Remaining vesting period, years	0.3	1.3	2.3	3.3
Number of persons at the end of the period	26	30	37	0
Payment method	Shares and cash	Shares and cash	Shares and cash	Shares and cash
Changes in 2015				
1 January 2015				
Number of shares at the beginning of the reporting period	**785,000**	**915,000**	**0**	**0**
In reserve at the beginning of the reporting period	**215,000**	**85,000**	**1,000,000**	**0**
Changes during the reporting period				
Granted	**0**	**0**	**985,000**	**0**
Cancelled	**15,000**	**45,000**	**45,000**	**0**
31 December 2015				
Number of shares at the end of the reporting period	**770,000**	**870,000**	**940,000**	**0**
In reserve at the end of the reporting period	**230,000**	**130,000**	**60,000**	**1,000,000**

Determination of fair value

Fair value of the part paid in shares is determined at the grant date and amortised to the exercise date. Fair value of the cash part is determined at each reporting date until the potential bonus is paid. Thus, the amount of debt will change as Raisio's share price changes.

Parameters used in the calculation of share-based incentive schemes granted during the period:

	2015	2014
Share price at grant date, euros	**4.13**	4.71
Share price on the closing date, euros	**4.24**	4.20
Share price increase assumption, p.a.	**8.0%**	8.0%
Expected dividends before bonus payment, euros	**0.62**	0.58
Discount rate	**6.3%**	6.4%
Years to maturity	**3.3**	3.2

Costs from employee benefits include cash- and equity-settled share-based payments:

(EUR million)	2015	2014
Equity-settled	**0.6**	0.5
Cash-settled	**1.4**	0.6
Total	**2.0**	1.1
Debt from cash-settled share-based plans	**2.9**	1.5

20. DEFERRED TAXES

Changes in deferred taxes in 2015:

(EUR million)	1.1.2015	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested businesses	31.12.2015
Deferred tax assets:						
Internal margin of inventories	0.1	0.0				0.0
Internal margin of fixed assets	0.0	0.0				0.0
Provisions	1.1	-0.2		0.0		0.9
Confirmed fiscal losses	0.2	0.3				0.5
Derivative contracts	0.0		0.0	0.0		0.0
Depreciation not deducted in taxation	1.3	0.4		0.0		1.7
Other items	1.2	1.4		0.0		2.6
Total	3.9	1.9	0.0	0.0	0.0	5.7
Deferred tax liability:						
Accumulated depreciation difference	1.9	1.0	0.1	0.1		3.1
Investments available for sale	0.4		0.0			0.4
Derivative contracts	0.4		-0.3			0.1
Financial assets and liabilities at fair value	0.1	0.0		0.0		0.0
Valuation at fair value of intangible and tangible assets in business combination	5.1	0.0		0.3	0.0	5.4
Other items	3.1	-1.3	-0.1	0.1		1.8
Total	10.9	-0.3	-0.3	0.5	0.0	10.9

Changes in deferred taxes in 2014:

(EUR million)	1.1.2014	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested businesses	31.12.2014
Deferred tax assets:						
Internal margin of inventories	0.1	-0.1				0.1
Internal margin of fixed assets	0.0	0.0				0.0
Provisions	0.5	0.6		0.0		1.1
Confirmed fiscal losses	0.0	0.2				0.2
Derivative contracts	0.2		-0.1			0.0
Depreciation not deducted in taxation	0.3	1.1		0.0		1.3
Other items	1.1	0.0		0.0		1.2
Total	2.2	1.8	-0.1	0.0	0.0	3.9
Deferred tax liability:						
Accumulated depreciation difference	2.4	-0.5		0.0		1.9
Investments available for sale	0.3		0.0			0.4
Derivative contracts			0.4			0.4
Financial assets and liabilities at fair value	0.0	0.0		0.0		0.1
Valuation at fair value of intangible and tangible assets in business combination	7.1	-2.6		0.4	0.2	5.1
Other items	2.8	0.2		0.1		3.1
Total	12.6	-2.9	0.4	0.6	0.2	10.9

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 56.9 million (31 December 2014: EUR 50.8 million). Most of the losses will be discounted over a period in excess of five years.

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

(EUR million)	2015	2014
Deferred tax assets	**5.7**	3.9
Deferred tax liability	**10.9**	10.9
Deferred net liability	**5.2**	7.1

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

21. PROVISIONS

(EUR million)	2015	2014
Provisions 1.1.	**2.4**	1.4
Exchange rate differences	**0.0**	0.1
Increase in provisions	**0.0**	2.1
Provisions used	**-0.3**	-1.2
Provisions 31.12.	**2.1**	2.4
Non-current provisions	**0.1**	0.0
Current provisions	**2.1**	2.3
Total	**2.1**	2.4

Increase in provisions in 2014 is largely related to the reorganisation of the Raisioagro segment activities.

22. FINANCIAL LIABILITIES

(EUR million)	2015	2014
Long-term financial liabilities valued at amortised acquisition cost:		
Bank loans	**91.6**	94.2
Financial leasing liabilities	**0.0**	0.0
Total	**91.6**	94.2
Current financial liabilities recorded at amortised cost:		
Repayments of non-current loans	**18.6**	21.5
Financial leasing liabilities	**0.0**	0.0
Other interest-bearing liabilities	**0.0**	10.0
Total	**18.6**	31.5
Non-current liabilities (incl. finance leases), will mature as follows:		
Year 2016	**18.5**	25.6
Year 2017	**45.8**	23.0
Year 2018	**22.9**	22.9
Year 2019	**22.9**	22.9

Of the bank loans, some 79 per cent are euro-denominated and 21 per cent pound-denominated debt. Other financial liabilities are mainly euro-denominated. Bank loans carry both variable and fixed interest rates. Interest rate of the bank loan of GBP 16.9 million (EUR 22.9 million) is tied to the Libor rates. Interest rates of the bank loans of EUR 14 and 80 million are fixed. At the beginning of financial period 2015, the repayment plan of the loan of GBP 16.9 million was changed so that the loan will be due in its entirety at the beginning of 2017.

The fair values of interest-bearing liabilities are presented in Note 25.

23. DERIVATIVE CONTRACTS

(EUR million)	2015	2014
Total	**0.6**	2.0

Derivative contracts are commodity, interest rate and currency derivatives held for hedging and trading. All derivatives are cash flow hedges that are measured at fair value.

24. ACCOUNTS PAYABLE AND OTHER LIABILITIES

(EUR million)	2015	2014
Non-current		
Other liabilities	**0.1**	0.1
Current		
Accounts payable	**46.6**	44.5
Liabilities to associates	**0.0**	0.0
Accrued liabilities and deferred income	**33.0**	22.9
Advances paid	**1.9**	3.5
Other liabilities	**5.7**	5.9
Total	**87.2**	76.9

Accrued liabilities and deferred income include accrued business expenses and financial items. The most significant of these are accrued salaries and fees and other personnel expenses, which totalled EUR 10.2 million in 2015 (EUR 7.6 million in 2014).

25. 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 the 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 balance sheet date, EUR 56.9 million (EUR 27.9 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 risks

Liquidity risk

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

Market risk

Interest rate risk

Interest rate risk refers to the impact of interest rate fluctuations on the Group's net financial income and expenses, as well as on the market values of interest-bearing investments and derivatives, over the following 12 months. Interest rate risk is managed by controlling the structure and duration of the loan portfolio and interest-bearing investments within the limits allowed by the policy. The goal is to keep financial expenses as low and financial income as high as possible. The interest rate profile can be modified using interest rate swaps, forward rate agreements and interest rate options. A sterling denominated interest rate swap corresponding with loan terms was signed to hedge against interest rate risk resulting from the bank loan of GBP 45 million that the Group took out in 2011. Hedge accounting is applied to this interest swap. The repayment plan of the loan was changed so that the loan will be due in its entirety at the beginning of 2017. The interest rate swap will fall due according to the original plan. Interest rates were fixed on the bank loans of EUR 35 million, drawn down in the same year, and of EUR 80 million drawn down in 2014. 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.

Interest rate risk (EUR million)	31.12.2015	31.12.2014
Impact of 1-ppt increase in market rates:		
on interest income	**0.5**	0.3
on interest expenses	**-0.3**	-0.3
change in market values	**0.0**	0.1
Net impact on interest income and expenses	**0.2**	0.2

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 (1-6 months) or to the variable Libor rate of British pound (6 months). At the balance sheet date, 31 December 2015, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR 0.3 million (EUR 0.2 million) and to an interest rate decrease approximately EUR 0.3 million (EUR 0.1 million) Had the interest rate been 1 percentage point higher on the closing date 31 December 2015, Raisio's result after taxes would have been EUR 0.2 million (EUR 0.1 million) higher. Had the interest rate been 1 percentage point lower on the closing date 31 December 2015, Raisio's result after taxes would have been EUR 0.2 million (EUR 0.0 million) lower.

Currency risk

Currency risk refers to the insecurity related to result, balance sheet and cash flow as a result of changes in exchange rates. 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. Funding risk is mainly composed of the Group's foreign-currency-denominated financial items. Currency risk is managed using currency forwards that can be 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 from items denominated in pounds sterling, Russian rouble, Swedish crown, US dollar, Polish zloty, Czech Koruna and Swiss Franc.

The Group's currency risk on 31 December 2015 was EUR 0.4 million (EUR 0.1 million) if other currencies weaken by 5 per cent against the euro. The impact on Raisio's result after taxes would be EUR 0.2 million (EUR 0.1 million). On the closing date, the Group's 1–12-month currency forward contracts in CHF, CZK, GBP, RUB, SEK and USD had a nominal value of EUR 242.5 million.

Currency risks 31 December 2015 (EUR million)							Currency risks 31 December 2014					
Currency risk, net position							**Currency risk, net position**					
GBP	**RUB**	**SEK**	**USD**	**PLN**	**CZK**	**CHF**	GBP	RUB	SEK	USD	PLN	CZK
2.6	**-0.8**	**-0.1**	**3.1**	**-0.8**	**-0.3**	**1.3**	0.6	0.0	-0.5	0.1	-2.2	-0.0
5% weakening in currency against the euro:												
GBP	**RUB**	**SEK**	**USD**	**PLN**	**CZK**	**CHF**	GBP	RUB	SEK	USD	PLN	CZK
-0.1	**0.0**	**0.0**	**-0.2**	**-0.1**	**0.0**	**0.1**	0.0	0.0	0.0	0.0	-0.1	0.0

DERIVATIVES

Nominal values of derivatives (EUR million)	31.12.2015	31.12.2014
Interest rate derivatives, cash flow hedging	**7.7**	21.7
Currency derivatives, no hedge accounting	**105.5**	113.6
Currency derivatives, hedge accounting	**137.1**	16.1

Interest rate derivative used for cash flow hedging matures during 2016. 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 2015, the Group's equity totalled EUR 350.0 million (EUR 325.3 million) and equity ratio was 62.3% (60.2%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received.

	31.12.2015	31.12.2014
Equity, EUR million	**350.0**	325.3
Balance sheet total, EUR million	**563.6**	544.3
Equity ratio	**62.3%**	60.2%

26. 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 2015	Fair value 2015	Book value 2014	Fair value 2014
Financial assets					
Available-for-sale financial assets *)	13	**2.6**	**2.6**	2.7	2.7
Sales receivables and other receivables	15	**61.2**	**61.2**	63.5	63.5
Investments recognised at fair value in the income statement *)	16	**56.9**	**56.9**	27.9	27.9
Liquid assets	17	**11.0**	**11.0**	25.6	25.6
Derivatives *)	16	**1.9**	**1.9**	2.5	2.5
Financial liabilities					
Bank loans	22	**110.1**	**112.6**	115.8	119.0
Other loans	22	**0.0**	**0.0**	10.0	10.0
Accounts payable and other liabilities	24	**52.2**	**52.2**	70.3	70.3
Derivatives *)	23	**0.6**	**0.6**	2.0	2.0

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 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.

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.

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

(EUR million)	31.12.2015	31.12.2014
	Financial assets recognisable through the items of other comprehensive income Available-for-sale financial assets	
At beginning of financial period	**2.7**	2.6
Profits and losses		
In the items of other comprehensive income	**0.1**	0.1
Sales and other conveyances	**-0.1**	
At end of period	**2.6**	2.7

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
With the exception of the financial assets available for sale, all other financial assets and liabilities measured at fair value *) are on level 2. Fair value of the items on level 2 is defined by valuation techniques using market pricing the service provider's valuations. Financial assets available for sale are on level 3 because their fair value is not based on observable market data.

27. OTHER LEASES

(EUR million)	2015	2014
Group as lessee:		
Minimum leases paid on the basis of other non-cancellable leasing contracts:		
Within 12 months	**0.5**	0.6
After 12 months but before five years	**2.5**	2.4
After five years	**5.4**	5.3
Total	**8.3**	8.3

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

The 2015 income statement includes a total of EUR 3.6 million (EUR 4.0 million in 2014) in rent expenses paid based on other rental agreements.

28. CONTINGENT AND OTHER LIABILITIES

(EUR million)	2015	2014
Other liabilities		
Other financial liabilities	**2.3**	3.4
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	**1.1**	1.3

29. RELATED PARTY TRANSACTIONS

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

	Group holding, %	Parent company holding, %
SUBSIDIARY COMPANIES		
Brands		
Anytime Food and Drink Limited, UK	**100.00**	
Benecol Limited, UK	**100.00**	
Benemilk Ltd, Turku	**57.00**	
CentrIQ Corporation (Benemilk US Ltd until 19 December 2015), USA	**57.00**	
Big Bear Confectionery Limited, UK	**100.00**	
Big Bear Group Limited, UK	**100.00**	
Bright Foods Limited, UK	**100.00**	
Cabin Confectionery Limited, UK	**100.00**	
Candy Plus, a.s., Czech Republic	**100.00**	
Candy Plus Polska Sp. z o.o., Puola	**100.00**	
The Candy Plus Sweet Factory, s.r.o., Czech Republic	**100.00**	
Carlshamn Mejeri Produktion AB (Reso Mejeri Produktion AB as from 30 January 2016), Sweden	**100.00**	
Chartnatural Limited, UK	**100.00**	
Dormen Foods Limited, UK	**100.00**	
OOO Ecomilk, Russia	**100.00**	
FDS Informal Foods Limited t/a Snacks Unlimited, UK	**100.00**	
F. Fravigar Limited, UK	**100.00**	
Food and Drink Solutions Limited, UK	**100.00**	
Fox's Confectionery Limited, UK	**100.00**	
Glisten Limited, UK	**100.00**	
The Glisten Confectionery Company Limited, UK	**100.00**	
Glisten Finance Limited, UK	**100.00**	
Glisten Snacks Limited, UK	**100.00**	

	Konsernin omistus-osuus, %	Emoyhtiön omistus-osuus, %
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**	
Nordic Feed Innovations Oy, Turku	**76.00**	**76.00**
The Original Welsh Pantry Company Limited, UK	**100.00**	
Raisio Eesti AS, Estonia	**100.00**	
OOO Raisio Nutrition, Russia	**100.00**	
Raisio Sp. z o.o., Poland	**100.00**	
Raisio Staest US Inc., USA	**100.00**	
Raisio Sverige AB, Sweden	**100.00**	
Raisio UK Limited, UK	**100.00**	**100.00**
TOV Raisio Ukraina, Ukrain	**100.00**	
Raisio Nutrition Ltd, Raisio	**100.00**	**100.00**
Shepherd Boy Limited, UK	**100.00**	
Raisioagro		
Raisioagro Ltd., Raisio	**100.00**	**100.00**
Others		
Raisio Finance NV, Belgium	**100.00**	**99.99**
Raisionkaari Industrial Park Ltd., Raisio	**100.00**	**50.00**
ASSOCIATES		
Raisioagro		
Vihervakka Oy, Pöytyä	**38.50**	**38.50**

(EUR million)	2015	2014
Business activities involving insiders:		
Sales to associates and joint ventures	**0.0**	0.0
Purchases from associates and joint ventures	**0.0**	0.1
Sales to key employees in management	**0.1**	0.3
Purchases from key employees in management	**0.3**	0.5
Receivables from the key persons in the management	**0.0**	0.0
Liabilities to associates and joint ventures	**0.0**	0.0
Sales to associates and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	**3.3**	2.4
Compensation paid in conjunction with termination of employment	**0.0**	0.2
Share-based payments	**1.1**	0.7
Total	**4.4**	3.3
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	**1.6**	0.8
Other members of Management Team	**2.6**	2.3
Total	**4.2**	3.1

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

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

CEO and other members of Raisio Group's Management Team are covered by a group pension insurance for the management. Insurance is a contribution-based savings insurance with vested rights. Payment is 15-20% of basic annual salary.

For the CEO, the cost of the group pension insurance amounted to EUR 0.1 million in 2015 and for other Management Team members EUR 0.2 million, all totalling EUR 0.3 million. (In 2014, for the CEO EUR 0.1 million and for other Management Team members EUR 0.2 million, all totalling EUR 0.3 million.)

For the CEO, the expenses of statutory pension insurances amounted to EUR 0.2 million in 2015 and for other Management Team members, EUR 0.3 million, all totalling EUR 0.5 million. (In 2014, for the CEO EUR 0.1 million and for other Management Team members EUR 0.3 million, all totalling EUR 0.4 million.)

(EUR million)	2015	2014
Loans to related party:		
Loans to Reso Management Oy:		
At beginning of financial period	**0.0**	10.6
Charged interest rates	**0.0**	0.1
Received interest payments	**0.0**	-0.3
Repayments of loans	**0.0**	-10.4
At end of period	**0.0**	0.0

The interest rate is 3.25%. The loan has been repaid in full.

Financial indicators

(EUR million)	2015	2014	2013
Result and profitability			
Net sales, M€	**521.2**	493.9	557.6
change, %	**5.5**	-11.4	-4.5
International net sales, M€	**345.7**	274.9	273.9
% of net sales	**66.3**	55.6	49.1
Operating margin, M€	**63.6**	39.8	49.1
% of net sales	**12.2**	8.1	8.8
Depreciation and write-downs, M€	**21.1**	32.9	15.5
EBIT, M€	**42.4**	6.9	33.6
% of net sales	**8.1**	1.4	6.0
Result before taxes, M€	**39.9**	5.4	31.8
% of net sales	**7.6**	1.1	5.7
Return on equity, ROE, %	**10.4**	1.7	7.9
Return on investment, ROI, %	**9.2**	1.7	8.6
Financial and economical position			
Shareholders' equity, M€	**350.0**	325.3	331.7
Interest-bearing financial liabilities, M€	**110.1**	125.7	55.4
Net interest-bearing financial liabilities, M€	**42.2**	72.2	-28.5
Balance sheet total, M€	**563.6**	544.3	491.2
Equity ratio, %	**62.3**	60.2	68.2
Net gearing, %	**12.1**	22.2	-8.6
Cash flow from business operations, M€	**65.0**	26.2	71.8
Other indicators			
Gross investments, M€	**11.0**	104.9	16.5
% of net sales	**2.1**	21.2	3.0
R&D expenses, M€	**5.5**	6.6	6.3
% of net sales	**1.1**	1.3	1.1
Average personnel	**1,798**	1,915	1,946

Share indicators

	2015	2014	2013
Earnings/share, continuing operations (EPS), € [1]	**0.22**	0.04	0.17
Cash flow from business operations/share, € [1]	**0.41**	0.17	0.46
Equity/share, € [1]	**2.23**	2.07	2.13
Dividend/share, €	**0.16** [2]	0.14	0.13
Dividend/earnings, %	**72.7**	391.4	77.2
Effective dividend yield, %			
Free shares	**3.8**	3.3	3.0
Restricted shares	**3.8**	3.4	2.9
P/E ratio			
Free shares	**19.3**	117.4	25.9
Restricted shares	**19.3**	114.6	26.7
Adjusted average quotation, €			
Free shares	**4.24**	4.26	3.66
Restricted shares	**4.17**	4.22	3.66
Adjusted lowest quotation, €			
Free shares	**3.89**	3.32	2.94
Restricted shares	**3.81**	3.25	2.95
Adjusted highest quotation, €			
Free shares	**4.50**	5.04	4.68
Restricted shares	**4.50**	4.95	4.60
Adjusted quotation 31.12., €			
Free shares	**4.24**	4.20	4.37
Restricted shares	**4.24**	4.10	4.49
Market capitalisation 31.12., M€ [1]			
Free shares	**528.5**	520.8	532.6
Restricted shares	**137.9**	136.0	150.5
Total	**666.4**	656.8	683.1
Trading, EURm			
Free shares	**115.3**	113.4	110.0
Restricted shares	**4.8**	6.7	4.7
Total	**120.0**	120.1	114.7
Number of shares traded			
Free shares, 1,000 shares	**27,215**	26,651	30,063
% of total	**20.6**	20.2	22.9
Restricted shares, 1,000 shares	**1,142**	1,591	1,281
% of total	**3.5**	4.8	3.8
Average adjusted number of shares, 1,000 shares [1]			
Free shares	**124,428**	123,524	121,619
Restricted shares	**32,735**	33,365	33,778
Total	**157,163**	156,888	155,397
Adjusted number of shares 31.12., 1,000 shares [1]			
Free shares	**124,641**	124,002	121,882
Restricted shares	**32,528**	33,159	33,520
Total	**157,169**	157,160	155,402

[1] Number of shares, excluding the company shares held by the Group and the shares held by Reso Management Oy in the comparison period 2013.

[2] According to the Board of Directors' proposal EUR 0.16 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*	

* When calculating the key figures for the comparison period, the number does not include the Raisio plc's shares held by Reso Management Oy

Shares and shareholders

Raisio pls's shares are listed on Nasdaq Helsinki Ltd. Raisio's market value at the end of 2015 was EUR 700.2 million. Overall trading totalled EUR 120.1 million. The closing price of free shares on 31 December 2015 was EUR 4.24, and that of restricted shares EUR 4.24. The Board of Directors will propose a dividend of EUR 0.16 at the Annual General Meeting in spring 2016.

Share capital and share classes

The fully paid-up share capital of Raisio plc is EUR 27,776,072.91, which on 31 December 2015 was divided into 32,740,417 restricted shares (series K) and 132,408,613 free shares (series V). No nominal value is quoted for the shares. Restricted shares accounted for 19.8% of the share capital and 83.2% of the votes, while the corresponding figures for free shares were 80.2% and 16.8% (on 31 December 2015). 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 2015. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on Nasdaq Helsinki Ltd (hereafter: Stock Exchange) in the public trading under the sector Consumer Goods and 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. The company's shares have been entered into the book-entry system.

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

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

The Board may also convert restricted shares into free shares on request and likewise give advance information on whether the applicant will be granted permission to acquire restricted shares. In 2015, a total of 630,860 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 7.4 million restricted shares on the waiting list on 31 December 2015.

Ownership structure

At the end of 2015, Raisio plc had 36,562 (31 December 2014: 35,354) registered shareholders.

In 2015, foreign ownership in the Company amounted to 16.7 per cent at its highest, to 15.0 per cent at its lowest and was 15.9 per cent at the end of the year (31 December 2014: 16.0%).

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

Company shares

At the end of the financial period 2015, Raisio plc held 7,767,257 free shares and 212,696 restricted shares, which were, on the one hand, acquired between 2005 and 2012 based on the authorisations given by the AGMs and, on the other, obtained through the merger of the subsidiary into Raisio plc on 31 August 2014 (4,482,740 free shares). The number of free shares held by Raisio plc accounts for 5.9 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.7 per cent. In all, the shares held by the company represent 4.8 per cent of the entire share capital and 1.5 per cent of overall votes.

Other Group companies hold no Raisio plc shares. A share held in Raisio or 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.

Raisio plc's Research Foundation holds 150,510 restricted shares, which is 0.46 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.38 per cent 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 1,269,695 restricted shares and 3,433,931 free shares on 31 December 2015. This equals 2.9 per cent of all shares and 3.7 per cent of overall votes.

Structure of share capital on 31 December 2015

	Number of shares	% of total shares	% of total votes
Free shares	132,408,613	80.2	16.8
Restricted shares	32,740,417	19.8	83.2
Total	165,149,030	100.0	100.0

Shareholders on 31 December 2015	%
Households	48.6
Foreign owners [2]	15.9
Private enterprises [3]	10.1
Financial and insurance institutions [1]	5.6
Non-profit organizations	6.2
Waiting list and joint account	5.0
Public corporations	8.6

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

Shareholder agreements

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

Flagging notifications

In 2015, the company has not received any notifications of significant changes in holding and voting rights referred to in section 9 of the Securities Markets Act.

Raisio shares traded on Stock Exchange in 2015

The highest price of the series V share was EUR 4.50, the lowest EUR 3.89 and the average price EUR 4.24. The year-end price of the V share was EUR 4.24. A total of 27.2 million V shares were traded (26.7 million in 2014), which equals some 21 per cent of the total volume of V shares. The value of share trading was EUR 115.3 million (EUR 113.4 million).

The highest price of the series K share was EUR 4.50 and the lowest EUR 3.81 and the average price was EUR 4.17. The year-end price of the K share was EUR 4.24. A total of 1.1 million K shares were traded (1.6 million), and the value of share trading was EUR 4.8 million (EUR 6.7 million).

At the end of 2015, the share capital had a market value of EUR 700.2 million (EUR 690.3 million) and EUR 666.4 million (EUR 656.8 million) excluding the shares held by the company.

Dividend policy and dividend

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

The AGM held in March 2015 decided on a dividend of EUR 0.14 per share, which was paid on 8 April 2015. No dividend, however, was paid on the shares held by the company. The Board will propose a per-share dividend of EUR 0.16 at the AGM in spring 2016. The record date is 29 March 2016 and the payable date 5 April 2016.

Acquisition and conveyance of own shares

Based on the authorisation given by the AGM 2015, the Board can purchase and/or accept as collateral a maximum of 5,000,000 free shares and 1,250,000 restricted shares. The authorisation will be valid until 30 April 2016. The number of own shares that can be purchased and/or accepted as collateral based on this authorisation totals 3.8 per cent of all shares and 3.8 per cent 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 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. The shares may be purchased otherwise than in proportion to the holdings of the shareholders.

During the financial period, the Board has not exercised its authorisation to repurchase own shares or accept own shares as collateral. Furthermore, the Board has not purchased or accepted as collateral any shares during the financial period based on the authorisation granted by AGM 2014 and expired on 26 March 2015.

In the review period, a total of 8,657 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 2015. The value of free shares assigned as fees to the Board was EUR 35,415 at the time of the assignment.

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

Share issue authorisation

The AGM of 2015 authorised the Board to decide on the share issues by disposing of all the shares held by the Company and any potentially repurchased own shares, a maximum total of 14,200,000 shares, 1,460,000 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 2015 equals 4.8 per cent of the share capital and 1,5 per cent of the votes it represents. Furthermore, based on the authorisation, the number of issued new shares equals 12.1 per cent of the share capital and 2.5 per cent of the votes it represents.

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

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

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

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

The share issue authorisations will expire on 26 March 2020 at the latest.

The Board has not used its share issue authorisation of 2015 during the financial period.

Corporate Governance

Annual General Meeting and Company Management

The Annual General Meeting (AGM) is the Company's highest decision-making body. It meets annually by the end of April to decide on the matters within its responsibilities, such as the adoption of the financial statements and consolidated financial statements, dividend distribution, discharge from liability, 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 is responsible for the Company's administration and the proper organization of its operations. The Board is responsible for ensuring that the monitoring of the Company's accounting and asset management has been properly arranged.

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

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

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

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

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

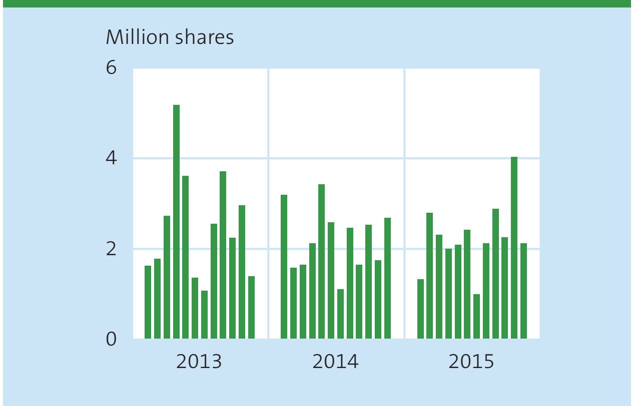
The Managing Director is appointed and discharged by the Board. The Managing Director is appointed for an indefinite term.

Amendments to the Articles of Association

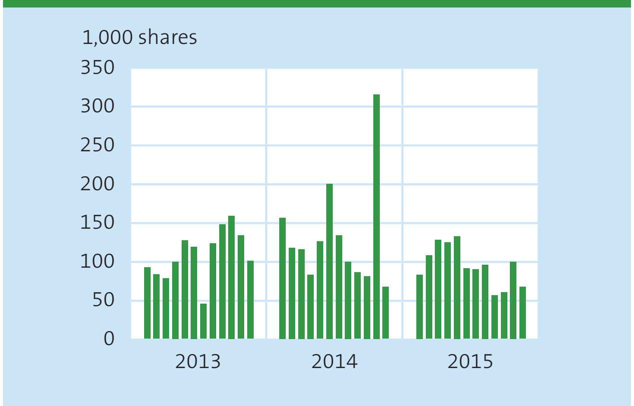
As a rule, the amendment of the Articles of Association requires that the proposed amendment is supported by at least two-thirds of the votes given and the shares represented at the meeting. In order to change sections 6, 7, 8, 9 and 18 of the Articles of Association, such a decision is required which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

The Articles of Association have not been amended or proposed to be amended during 2015.

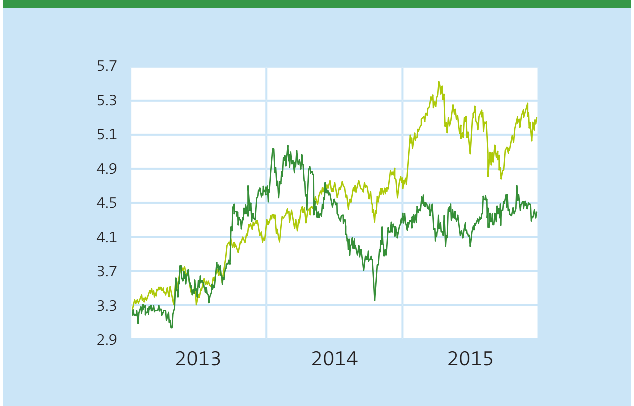
Trading volume, free share



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

Shareholders						
25 major shareholders on 31 December 2015, according to shareholders register						
	Series K, no.	Series V, no.	Total, no.	%	Votes, no.	%
Ilmarinen Mutual Pension Insurance Company		5,837,869	5,837,869	3.53	5,837,869	0.74
The Central Union of Agricultural Producers and Forest Owners (MTK)	3,733,980	199,000	3,932,980	2.38	74,878,600	9.51
Niemistö Kari		2,840,000	2,840,000	1.72	2,840,000	0.36
Varma Mutual Pension Insurance Company		2,553,454	2,553,454	1.55	2,553,454	0.32
Veritas Pension Insurance Company Ltd.		1,822,000	1,822,000	1.10	1,822,000	0.23
Elo Pension Company		1,710,000	1,710,000	1.04	1,710,000	0.22
Relander Harald		1,625,345	1,625,345	0.98	1,625,345	0.21
OP-Delta Fund		1,450,000	1,450,000	0.88	1,450,000	0.18
Evli Finnish Small Cap Fund		1,377,514	1,377,514	0.83	1,377,514	0.17
The State Pension Fund		1,300,000	1,300,000	0.79	1,300,000	0.17
Säästöpankki Kotimaa		1,219,875	1,219,875	0.74	1,219,875	0.15
OP-Finland Value Fund		1,089,591	1,089,591	0.66	1,089,591	0.14
FIM Fenno Sijoitusrahasto		1,009,885	1,009,885	0.61	1,009,885	0.13
Maa- ja Vesitekniikan Tuki ry.		1,000,000	1,000,000	0.61	1,000,000	0.13
Oy Etra Invest Ab		1,000,000	1,000,000	0.61	1,000,000	0.13
Laakkonen Mikko		826,823	826,823	0.50	826,823	0.11
Etera Mutual Pension Insurance Company		818,400	818,400	0.50	818,400	0.10
Sijoitusrahasto Aktia Capital		815,475	815,475	0.49	815,475	0.10
Svenska Lantbruksproducenternas Centralförbund Slc Rf	772,500		772,500	0.47	15,450,000	1.96
Brotherus Ilkka	42,540	709,500	752,040	0.46	1,560,300	0.20
OP-Finland Small Firms Fund		728,184	728,184	0.44	728,184	0.09
Langh Hans	679,980		679,980	0.41	13,599,600	1.73
Keskitien Tukisäätiö	100,000	500,000	600,000	0.36	2,500,000	0.32
Haavisto Maija	393,120	195,099	588,219	0.36	8,057,499	1.02
Haavisto Heikki	574,374		574,374	0.35	11,487,480	1.46

Shares registered under foreign ownership, including nominee registrations, totalled 26,186,687 on 31 December 2015, or 15.9% of the total and 19.8% of free shares. At the end of the year, Raisio plc owned 7,767,257 company shares, which represents 4.8% of the total.

Split of shareholdings on 31 December 2015								
	Free shares				Restricted shares			
Shares	Shareholders		Shares		Shareholders		Shares	
no.	no.	%	no.	%	no.	%	no.	%
1-1,000	23,371	67.8	10,432,513	7.9	3,087	58.0	1,083,409	3.3
1,001-5,000	8,931	25.9	20,925,949	15.8	1,421	26.7	3,410,276	10.4
5,001-10,000	1,366	4.0	10,077,450	7.6	418	7.9	3,003,674	9.2
10,001-25,000	565	1.6	8,785,974	6.6	277	5.2	4,342,713	13.3
25,001-50,000	138	0.4	4,995,209	3.8	74	1.4	2,399,377	7.3
50,001-	118	0.3	76,843,948	58.0	41	0.8	10,452,034	32.0
waiting list			0	0.0			7,444,854	22.7
joint account			179,120	0.1			604,080	1.8
special accounts			168,450	0.1			0	0.0
total	34,489	100.0	132,408,613	100.0	5,318	100.0	32,740,417	100.0

31 December 2015 Raisio plc had a total of 36,562 registered shareholders.

Parent company income statement

(EUR million)	Note	1.1.–31.12.2015	1.1.–31.12.2014
NET SALES		**2.28**	2.02
Other income from business operations		**0.26**	0.28
Materials and services	1	**-0.03**	-0.04
Personnel expenses	2	**-7.25**	-4.83
Depreciation and write-downs	3	**-0.06**	-0.05
Other expenses from business operations	4	**-1.66**	-1.22
EBIT		**-6.46**	-3.85
Financial income and expenses	5	**-1.79**	-1.24
RESULT BEFORE EXTRAORDINARY ITEMS		**-8.25**	-5.09
Extraordinary items	6	**+31.15**	+22.59
RESULT BEFORE APPROPRIATIONS AND TAXES		**22.90**	17.49
Appropriations	7	**-0.02**	+0.00
Income taxes	8	**-4.68**	-3.45
RESULT FOR THE FINANCIAL PERIOD		**18.21**	14.04

Parent company balance sheet

(EUR million)	Note	31.12.2015	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**0.03**	0.02
Tangible assets	9	**0.59**	0.54
Holdings in Group companies	10	**350.64**	371.15
Other investments	10	**68.03**	66.03
		419.29	437.74
CURRENT ASSETS			
Inventories	11	**0.02**	0.01
Current receivables	12	**46.30**	48.18
Securities under financial assets	13	**56.76**	27.80
Cash in hand and at banks		**7.90**	8.69
		110.98	84.68
TOTAL ASSETS		**530.27**	522.42
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		**18.66**	18.66
Retained earnings		**103.76**	111.61
Result for the year		**18.21**	14.04
		259.91	263.58
ACCUMULATED APPROPRIATIONS	15	**0.02**	0.00
LIABILITIES			
Non-current liabilities	16	**91.56**	94.22
Current liabilities	17	**178.78**	164.62
		270.34	258.84
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**530.27**	522.42

Parent company cash flow statement

(EUR million)	2015	2014
CASH FLOW FROM BUSINESS OPERATIONS		
Result before extraordinary items	**-8.25**	-5.09
Adjustments:		
Planned depreciation	**0.06**	0.05
Unrealised foreign exchange gains and losses	**3.66**	-1.66
Other income and expenses not involving disbursement	**-0.20**	-0.24
Financial income and expenses	**-1.88**	2.91
Cash flow before change in working capital	**-6.61**	-4.04
Increase (–)/decrease (+) in current receivables	**+1.50**	-1.40
Increase (–)/decrease (+) in inventories	**-0.01**	+0.01
Increase (+)/decrease (–) in current interest-free liabilities	**+2.06**	+0.63
Change in working capital	**+3.55**	-0.76
Cash flow from business operations before financial items and taxes	**-3.06**	-4.80
Interest paid and payments for financial expenses from business operations	**-2.71**	-7.97
Dividends received	**+0.01**	+0.01
Interest and other financial income	**+1.21**	+3.27
Income taxes paid	**-4.42**	-3.21
Cash flow before extraordinary items	**-8.98**	-12.70
CASH FLOW FROM BUSINESS OPERATIONS	**-8.98**	-12.70
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	**-0.11**	-0.25
Proceeds from divestments of tangible and intangible assets	**+0.00**	+0.04
Investments in shares of Group companies	**+0.00**	-88.11
Loans granted	**-2.00**	-11.85
Repayment of loan receivables	**+0.00**	+8.30
CASH FLOW FROM INVESTMENTS	**-2.11**	-91.87
Cash flow after investments	**-11.09**	-104.57
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	**-14.44**	+59.51
Increase (+)/decrease (–) in current liabilities	**+39.15**	-21.03
Increase (–)/decrease (+) in loan receivables	**+5.25**	-17.46
Group contributions received and paid	**+22.59**	+14.23
Dividend paid and other distribution of profit	**-21.87**	-20.89
CASH FLOW FROM FINANCIAL OPERATIONS	**+30.67**	+14.36
Change in liquid funds	**+19.59**	-90.21
Liquid funds at beginning of period	**+36.49**	+125.94
Liquid funds at end of period	**+64.66**	+36.49
Liquid assets from mergers	**+8.58**	+0.76

Parent company's accounting principles

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

Valuation of non-current assets

Tangible and intangible assets are entered in the balance sheet at their acquisition cost less planned depreciation. Planned depreciation is calculated using straight line depreciation method based on the useful life of tangible and intangible assets. Depreciation is 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) are recorded 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.

Shares and investments in subsidiaries in the company's fixed asset investments are valued at the acquisition cost or at the lower fair value.

Valuation of inventories

Inventories are entered 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 are measured at their acquisition cost or their probable value lower than acquisition cost. Liabilities are measured at their nominal value.

Pension arrangements

Statutory and voluntary pension security for the company personnel is arranged through pension insurance companies. Pension expenditure is entered as an expense in the year it is accrued. The company's managing director has the right and obligation to retire at the age of 62.

Provisions

Provisions are entered when the Group has a legal or constructive obligation following an event, the realisation of the obligation 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 it is virtually certain that the compensation will be received.

A rearrangement is entered when the Group has prepared a detailed rearrangement plan and started its implementation or made an announcement of the issue.

Net sales

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

Other operating income

Profit from asset sales and other income not related to actual sales of goods and services are presented as other operating income.

Extraordinary income and expenses

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

Dividends payable

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

Income taxes

Taxes in the Company's income statement include taxes paid in the financial period, calculated on the basis of the taxable profit, and taxes paid in previous financial periods. The financial statements show accumulated appropriations in full on the balance sheet, and the included tax liability is not treated as debt. Deferred taxes are not recorded.

Borrowing costs

Borrowing costs are entered as an expense in the period in which they occur.

Foreign currency items

Foreign currency transactions are recorded using the exchange rate at the transaction date. Foreign currency receivables and liabilities are translated into euro at the average exchange rates quoted at the balance sheet date. Realised exchange rate differences as well as gains and losses arising from the valuation of receivables and liabilities are recorded 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 presented under financing income and expenses.

Changes in the value of foreign currency loans are recorded in the income statement under financial income and expenses.

Derivative contracts

In line with its risk management policy, the company uses derivatives to hedge against currency and interest rate risks. Currency forward contracts are used to hedge receivables and liabilities in foreign currencies as well as future commercial cash flows. Exchange rate differences arising from them are entered through profit or loss.

Interest rate swaps are used to hedge the company's interest-bearing loans and receivables against changes in market interest rates. The accrued interest from swaps is recorded under financial income or expenses to adjust interest expenses or income resulting from the portfolio of loans and receivables below. Fair value of the swaps has not been recorded.

Company shares

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

Cash flow statement

Cash flows for the financial period are categorised into cash flows from business operations, investments and financing.

The cash flow statement is prepared using the indirect method.

Share-based payments

On the closing date, the company has three share-based incentives schemes in which the payments are made as company shares and as cash. The reward granted based on the share-based scheme 2013-2015 has been amortised as salary expenses in the financial statements on 31 December 2015. The portion of expense granted as shares has been recognised by multiplying the number of shares by the fair value of Raisio plc's share on the end date of the earnings period. The amount of money paid in cash has been amortised as expenses by multiplying the proportion corresponding to the number of shares by the fair value of Raisio plc's share on the end date of the earnings period. The final expense will be determined according to the share price on the payment date.

Notes to the parent company income statement

(EUR million)	2015	2014
1. MATERIALS AND SERVICES		
Materials, supplies and goods		
Purchases in the period	**0.03**	0.02
Change in inventories	**-0.01**	0.01
Total	**0.03**	0.03
External services	**0.01**	0.01
Total	**0.03**	0.04
2. PERSONNEL EXPENSES		
Wages and fees	**5.93**	3.62
Pension expenses	**0.80**	0.76
Other personnel expenses	**0.52**	0.46
Total	**7.25**	4.83
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director	**1.91**	0.82
Members of the Board of Directors	**0.21**	0.18
Members of the Supervisory Board	**0.03**	0.04
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Office workers	**40**	41
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	**0.06**	0.05
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	**0.07**	0.06
Certificates and reports	**0.01**	0.00
Other services	**0.01**	0.00
Total	**0.08**	0.06

(EUR million)	2015	2014
5. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	**0.01**	0.01
Total	**0.01**	0.01
Total interest received from long-term investment		
From Group companies	**0.76**	0.93
Total income from long-term investment	**0.77**	0.94
Other interest and financial income		
From Group companies	**0.05**	0.10
From others	**0.87**	0.50
Total	**0.93**	0.60
Total financial income	**1.70**	1.54
Exchange rate differences		
To Group companies	**3.09**	6.54
To others	**-2.57**	-6.36
Total	**0.52**	0.18
Interest paid and other financial expenses		
To Group companies	**-0.69**	-0.85
To others	**-3.31**	-2.11
Total	**-4.00**	-2.96
Total financial income and expenses	**-1.79**	-1.24
6. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	**31.15**	23.27
Total	**31.15**	23.27
Extraordinary expenses		
Group subsidies paid	**0.00**	-0.68
Total	**0.00**	-0.68
Total extraordinary income and expenses	**31.15**	22.59
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	**-0.02**	0.00
8. INCOME TAXES		
Income tax on extraordinary items	**-6.23**	-4.52
Income tax on ordinary operations	**1.55**	1.06
Taxes on previous financial years		0.00
Total	**-4.68**	-3.45

Notes to the parent company balance sheet

9. INTANGIBLE ASSETS 2015

(EUR million)	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1.1.	0.26	0.37	0.64
Increase 1.1.–31.12.	0.01		0.01
Decrease 1.1.-31.12.			0.00
Transfers between items			0.00
Acquisition cost 31.12.	0.28	0.37	0.65
Accumulated depreciation and write-downs 1.1.	0.24	0.37	0.62
Accumulated depreciation of decrease and transfers			
Depreciation for the financial period	0.00	0.00	0.00
Accumulated depreciation 31.12.	0.25	0.37	0.62
Book value 31.12.2015	0.03	0.00	0.03
Book value 31.12.2014	0.02	0.00	0.02

9. TANGIBLE ASSETS 2015

(EUR million)	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Tangible assets total
Acquisition cost 1.1.	0.00	0.70	0.34	0.26	0.02	1.33
Increase 1.1.–31.12.	0.09	0.02	0.08			0.19
Decrease 1.1.-31.12.						0.00
Transfers between items		0.02			-0.02	0.00
Acquisition cost 31.12.	0.09	0.75	0.41	0.26	0.00	1.52
Accumulated depreciation and write-downs 1.1.	0.00	0.66	0.21	0.00	0.00	0.88
Accumulated depreciation of decrease and transfers						0.00
Depreciation for the financial period	0.00	0.01	0.04	0.00	0.00	0.05
Accumulated depreciation 31.12.	0.00	0.67	0.25	0.00	0.00	0.93
Book value 31.12.2015	0.09	0.08	0.16	0.26	0.00	0.59
Book value 31.12.2014	0.09	0.04	0.12	0.26	0.02	0.54
Book value of the production machinery and equipment						
31.12.2015			0.00			
31.12.2014			0.00			

10. INVESTMENT 2015

(EUR million)	Group company shares	Participating interest company shares	Other shares	Receivables, Group companies	Total investment
Acquisition cost. 1.1.	371.15	0.03	0.03	65.98	437.18
Increase 1.1.-31.12.	0.00	0.00	0.00	2.00	2.00
Decrease 1.1.-31.12.	20.51	0.00	0.00	0.00	20.51
Acquisition cost 31.12.	**350.64**	**0.03**	**0.03**	**67.98**	**418.67**
Book value 31.12.2015	**350.64**	**0.03**	**0.03**	**67.98**	**418.67**
Book value 31.12.2014	371.15	0.03	0.03	65.98	437.18

SHARES AND HOLDINGS 2015

	Group holding, %	Parent company holding, %
GROUP COMPANIES		
Raisio Finance NV, Belgium	**100.00**	99.99
Raisionkaari Industrial Park Ltd, Raisio	**100.00**	50.00
Raisio UK Limited, UK	**100.00**	100.00
Glisten Limited, UK	**100.00**	0.00
Raisio Nutrition Ltd, Raisio	**100.00**	100.00
Raisioagro Ltd., Raisio	**100.00**	100.00
Nordic Feed Innovations Oy, Turku	**76.00**	76.00
ASSOCIATES		
Vihervakka Oy, Pöytyä	**38.50**	38.50

11. INVENTORIES

(EUR million)	2015	2014
Materials and supplies	**0.01**	0.01
Finished products and goods	**0.01**	0.01
	0.02	0.01

12. RECEIVABLES

(EUR million)	2015	2014
Current receivables		
Accounts receivables	**0.00**	0.00
Receivables from Group companies		
Accounts receivables	**0.02**	1.35
Loan receivables	**12.51**	17.76
Other receivables	**31.17**	23.30
Prepaid expenses and accrued income	**0.93**	5.17
	44.63	47.58
Other receivables	**0.01**	0.11
Prepaid expenses and accrued income	**1.65**	0.50
Total current receivables	**46.30**	48.18

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)	2015	2014
Repurchase price	**56.92**	27.95
Book value	**56.76**	27.80
Difference	**0.16**	0.15

14. SHAREHOLDERS' EQUITY

(EUR million)	2015	2014
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.	**18.66**	10.62
Increase, share exchange	**0.00**	8.04
Invested unrestricted shareholders' equity fund 31.12.	**18.66**	18.66
Retained earnings 1.1.	**125.65**	150.78
Dividend distributed	**-22.00**	-21.01
Unclaimed dividends	**0.08**	0.08
Disposal of company shares	**0.04**	0.03
Recovery on company shares	**0.00**	-18.27
Retained earnings 31.12.	**103.76**	111.61
Result for the year	**18.21**	14.04
Total unrestricted shareholders' equity	**140.64**	144.31
Total shareholders' equity	**259.91**	263.58
Distributable equity	**140.64**	144.31

Company share capital dividend by share series as follows:

	2015 shares	2015 EUR 1,000	2014 shares	2014 EUR 1,000
Restricted shares (20 votes/share)	**32,740,417**	**5,507**	33,371,277	5,613
Free shares (1 vote/share)	**132,408,613**	**22,270**	131,777,753	22,163
Total	**165,149,030**	**27,776**	165,149,030	27,776

Company shares held by Raisio:

	2015 shares	2015 Acquisition cost EUR 1,000	2014 shares	2014 Acquisition cost EUR 1,000
Restricted shares (20 votes/share)	**212,696**	**416**	212,696	416
Free shares (1 vote/share)	**7,767,257**	**37,275**	7,775,914	37,291
Total	**7,979,953**	**37,691**	7,988,610	37,707

The probable assignment price of company shares held by the Group on the date of the financial statements was EUR 33.8 million (EUR 33.5 million in 2014).

15. ACCUMULATED APPROPRIATIONS

Accumulated appropriations consist of the accumulated depreciation difference.

16. NON-CURRENT LIABILITIES

(EUR million)	2015	2014
Loans from credit institutions	**91.56**	94.22
Total non-current liabilities	**91.56**	94.22

17. CURRENT LIABILITIES

(EUR million)	2015	2014
Loans from credit institutions	**18.43**	21.44
Accounts payable	**0.14**	0.26
Liabilities to Group companies		
Accounts payable	**0.02**	0.01
Other liabilities	**154.37**	128.59
Accrued liabilities and deferred income	**0.11**	0.16
	154.50	128.76
Other liabilities	**1.07**	10.52
Accrued liabilities and deferred income	**4.64**	3.64
Total current liabilities	**178.78**	164.62
Accrued liabilities and deferred income include accrued business expenses, financial items and taxes.		
Interest-free debts		
Current	**6.03**	5.51

Other notes to the parent company accounts

18. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS

(EUR million)	2015	2014
CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due in 2015	**0.08**	0.09
Payables at a later date	**0.06**	0.04
Total	**0.14**	0.13
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	**38.83**	41.16

19. DERIVATIVE CONTRACTS:

(EUR million)	2015	2014
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	**3.85**	1.12
Value of underlying instrument	**242.54**	129.42
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	**-0.07**	-0.39
Value of underlying instrument	**7.66**	21.67
The value of interest rate swaps is the nominal amount of open contracts.		

OTHER LIABILITIES:

Long-term incentive scheme

The company is committed to a long-term incentive scheme. The purpose of the scheme is to support the achievement of the company's long-term objectives, to operate as a share-based incentive scheme for the company's senior management and to commit the participants to work persistently for the company's success.

Unrecognised cost for the future schemes:

	2014 - 2016	2015 - 2017
Grant date	**13 January 2014**	19 January 2015
Implementation date	**30 April 2017**	30 April 2018
Number of shares equivalent to the maximum reward	**410,000**	390,000
Payment method	**shares and cash**	shares and cash

Board's proposal for the disposal of profit

Shareholders' equity according to the balance sheet at 31 December 2015 is EUR 140,635,366.57. The Board of Directors proposes that a dividend of EUR 0.16 per share be paid from the parent company's earnings

totalling	EUR 26,423,844.80
carried over on the retained earnings account	EUR 114,211,521.77
Total	EUR 140,635,366.57

However, dividend will not be paid on the shares which are held by the company at the record date 29 March 2016.

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, 15 February 2016

Matti Perkonoja
Michael Ramm-Schmidt
Erkki Haavisto
Pirkko Rantanen-Kervinen
Ann-Christine Sundell
Antti Tiitola
Matti Rihko
CEO

Auditors' report

To the Annual General Meeting of Raisio Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raisio Oyj for the year ended 31 December 2015. The financial statements comprise statement of comprehensive income, the consolidated statement of financial position, statement of changes in equity and statement of cash flow, and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Raisio, 15 February 2016

Mika Kaarisalo	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 2015.

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, 18 February 2016

For the Supervisory Board

Paavo Myllymäki
Chairman

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