RAISIO

Financial Statements 2013

RAISIO PLC

Contents

Financial reporting

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

The Brands Division includes Consumer brands and Licensed brands units. In the text, Consumer brands unit is examined by key market areas that are Western Europe, Northern Europe and Eastern Europe. The non-dairy business that Raisio sold is included in the Northern European figures until 9 May 2013. Licensed brands unit includes Benecol business and a joint venture called Benemilk Ltd from 1 July 2013.

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

Report of the Board of Directors

Group's continuing operations

Operating environment

Economic situation in Europe continued unstable and it is challenging for the companies to maintain margins. Raisio has also reacted to the situation even though grocery trade was not subject of the strongest pressure. Raisio had decided that 2013 would be the year of enhanced operations and synergy benefits. In 2013, the company delivered the best EBIT in the current Raisio's history despite the weakened market conditions in Europe.

In the companies operating in many markets and categories, the targets needing management's special attention are changing more and more rapidly in the changing operating environment. In Raisio's Northern European Consumer brands unit, the reorganisation and product range renewal have been successfully completed and the unit's profitability has significantly improved. At the moment, the focus of improvement is on the UK's unit of cereals and snacks. In addition to the production transfers, we are also looking for solutions to external pressures raised by sugar levels of cereals through internal organisational changes and stronger branding expertise.

In food production, improved efficiency and product safety play a key role when building the future sustainable food chain. Many global challenges related to the food and agriculture sector can be turned into opportunities and profitable business with innovations supporting sustainable development. Benemilk dairy cattle feeds are a good example of a top innovation: they increase milk yields and improve milk contents while improving the efficiency of milk production. Our new fish feed concept Hercules LP Opti enhances the production chain of salmon while improving the profitability of fish farming in a sustainable way.

For the companies serving producers, expertise will be increasingly important as the number of farms decreases, farm size increases and customer needs change. Raisioagro actively develops its service concept and expertise to be the leading operator in the industry with the most innovative products and ecological solutions to meet the needs of grain and livestock farms.

Net sales

Raisio Group's 2013 net sales totalled EUR 557.6 (584.1) million. Net sales of the Brands Division were EUR 304.7 (329.5) million, those of Raisioagro Division EUR 254.2 (255.7) million and those of other operations EUR 1.3 (2.0) million. Net sales were reduced because of the company's divestments and focus on its core business. In the UK, net sales for breakfast cereals decreased due to low promotional levels and negative publicity related to sugar.

The Brands Division accounted for some 54 per cent and Raisioagro for some 46 per cent of the Group's net sales. Net sales from outside Finland represented 49.1 (49.3) per cent of the Group's total, amounting to EUR 273.9 (288.0) million.

Result

Raisio Group's 2013 EBIT amounted to EUR 33.6 (31.7) and, excluding one-off items, 39.3 (34.6) million, which is 6.0 (5.4) and, excluding one-off items, 7.1 (5.9) per cent of net sales. 2013 EBIT included a one-off item of EUR 5.7 million mainly resulting from expenses related to the divestments as well as to the streamlining and centralisation processes in the Western European snack and confectionery operations. Group's comparison period EBIT includes a one-off item of EUR 2.9 million resulting from expenses related to the cooperation negotiations and acquisition.

EBIT for the Brands Division totalled EUR 35.7 (34.9) and, excluding one-off items, 41.4 (37.4) million, for Raisioagro EUR 3.1 (-0.7 and, excluding one-off items -0.3) million and for other operations EUR -5.1 (-2.5) million.

Depreciations and impairment, allocated to operations in the income statement, amounted to EUR 15.5 and, excluding one-off items, 14.9 (16.6) million.

The Group's net financial expenses totalled EUR -1.8 (-16.0 and, excluding one-off items, -2.5) million. Financial items of the comparison year include one-off items of EUR -13.5 million, of which EUR -11.2 million resulted from the difference between the confirmed purchase price of Raisio UK Ltd's non-controlling interest and the estimated purchase price previously recorded in the balance sheet. Moreover, a total of EUR 2.3 million was also recorded in impairment for interest-bearing loan receivable in the comparison year.

The pre-tax result was EUR 31.8 (15.6) and, excluding one-off items, 37.6 (32.0) million.

The Group's post-tax result was EUR 25.9 (11.7) and, excluding one-off items, 30.2 (27.0) million. The Group's earnings per share for continuing operations were EUR 0.17 (0.08) and, excluding one-off items, 0.20 (0.18).

Key figures, result, continuing operations

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	2013	2012
Net sales	M€	**131.2**	**149.5**	**148.6**	**128.3**	**557.6**	584.1
Change in net sales	%	**-4.6**	**-7.1**	**-1.3**	**-4.9**	**-4.5**	5.7
EBIT	M€	**8.4**	**12.0**	**11.0**	**8.0**	**39.3**	34.6
EBIT	%	**6.4**	**8.0**	**7.4**	**6.2**	**7.1**	5.9
Depreciation and impairment	M€	**3.7**	**3.7**	**3.7**	**3.9**	**14.9**	16.6
EBITDA	M€	**12.1**	**15.6**	**14.7**	**11.9**	**54.3**	51.2
Net financial expenses	M€	**-0.4**	**-0.2**	**-0.8**	**-0.4**	**-1.8**	-2.5
Earnings per share (EPS)	€	**0.05**	**0.06**	**0.05**	**0.04**	**0.20**	0.18

Excluding one-off items

Balance sheet, cash flow and financing

On 31 December 2013, Raisio Group's balance sheet totalled EUR 491.2 (517.6) million. Shareholders' equity was EUR 331.7 (327.3) million, while equity per share was EUR 2.13 (2.10).

On 31 December 2013, the Group's interest-bearing financial liabilities were EUR 55.4 (78.0) million. Net interest-bearing debt was EUR -28.5 (16.2) million.

On 31 December 2013, the Group's equity ratio totalled 68.2 (64.1) per cent and net gearing was -8.6 (4.9) per cent. Return on investment was 8.6 (4.5) and, excluding one-off items, 10.0 (8.3) per cent.

Cash flow from business operations was EUR 71.8 (20.9) million. Working capital was EUR 52.8 (84.9) million on 31 December 2013.Working capital of EUR 32 million was released mainly from inventories and accounts receivables.

In 2013, Raisio plc paid EUR 19.2 (17.6) million in dividends for 2012.

Investments

The Group's gross investments totalled EUR 16.5 (24.6 and, excluding acquisitions, 10.5) million. Gross investments of the Brands Division were EUR 13.4 (21.2 and, excluding acquisitions, 7.2) million, those of Raisioagro EUR 2.3 (2.0) million and those of other operations EUR 1.0 (1.4) million.

The largest investments of 2013 were related to the streamlining and centralisation of the Western European snack and confectionery operations. Snack bar production in the UK was centralised to the Newport factory. Production lines of the closed factory were put into operation in January 2014. Furthermore, confectionery production will be centralised to Leicester factory in the UK and to Rohatec factory in the Czech Republic. Production is estimated to start in the new locations in the second and third quarters of 2014.

Acquisitions and divestments

Raisio sold fixed assets of its non-dairy business as well as Nordic Milkfreedom and Soygurt brands to Norwegian Kavli. The contract was signed on 5 March 2013. Operations were transferred to the new owner on 9 May 2013. At Raisio, non-dairy business had annual net sales of approximately EUR 7 million. A one-off item of EUR 0.6 million, resulting from write-downs and charges of the non-dairy business divestment, has been recorded in the Brands Division's second-quarter EBIT.

Raisio sold and transferred its US-based esterification plant to American Avoca Inc. The agreement was signed on 18 April 2013. Raisio's Summerville plant operated as a reserve plant with low volumes. In 2012, net sales of the factory totalled approximately EUR 3.2 million excluding the plant stanol ester production. With the deal, Raisio has enhanced the delivery chain of plant stanol ester, a Benecol product ingredient.

Disputes

In 2013, Raisio initiated arbitration proceedings related to the termination of a contractual relationship with a foreign company. The counterparty made a counterclaim to be dealt with in the same arbitral proceedings. Raisio regards the claim for damages entirely unfounded and has recorded no reserve due to it.

Research and development

The Group's research and development expenses were EUR 6.3 (6.9) million accounting for 1.1 (1.2) per cent of net sales. Gross investments of the Brands Division were EUR 4.9 (5.7) million, those of Raisioagro EUR 0.5 (1.0) million and those of other operations EUR 0.9 (0.2) million. Benemilk related development costs of EUR 0.3 million have been capitalised on the balance sheet.

Raisioagro's research activities focused on the efficacy verification of the Benemilk® feed innovation by both Finnish and international scientific studies in various animal breeds and feeding models. In addition, new Benemilk products were developed and launched in Finland so that the product line now includes an alternative for all the most commonly used feeding models in Finland.

In R&D of the Benecol business, new health claim applications and particularly regulation processes in the Asian markets were in our focus. Positive decisions were achieved with the latter.

R&D in foods focused on the development of healthy and ecological snacks. To meet customers' needs, it is possible to add real fruit juices and other natural raw materials in confectionery.

Key figures, balance sheet

		31.12.2013	30.9.2013	30.6.2013	31.3.2013	31.12.2012
Equity ratio	%	68.2	64.5	63.9	61.9	64.1
Gearing	%	-8.6	-2.6	8.0	8.4	4.9
Net interest-bearing debt	M€	-28.5	-8.4	25.5	26.2	16.2
Equity per share	€	2.13	2.10	2.04	2.00	2.10
Gross investments*	M€	16.5	8.7	4.8	1.7	24.6
Share						
Market capitalisation**	M€	683.1	664.8	542.1	470.3	479.3
Enterprise value (EV)	M€	654.6	656.5	567.6	496.5	495.5
EV/EBITDA		12.1	12.4	10.9	9.5	9.7

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

SEGMENT INFORMATION

Brands Division

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

Net sales

Net sales for the Brands Division totalled EUR 304.7 (329.5) million. Net sales for Consumer brands unit were EUR 271.4 (286.1) million. Net sales for Licensed brands unit amounted to EUR 41.3 (45.0) million. The UK is the largest single market of the Brands Division accounting for more than 40 per cent of the whole Division's net sales.

Net sales for the Western European confectionery business increased from the comparison year particularly due to the acquisition of Czech Candy Plus. Net sales for Raisio's confectionery business were almost EUR 100 million. Consumers and international customers appreciate Raisio's expertise and ability to develop new products.

Sales in snack bars showed good sales development in the UK. Instead, sales fell in Raisio's own breakfast and snack brands. The most significant factors behind this were the price increases in breakfast cereals, low promotional levels and external pressure on sugar.

In the Northern European operations, grocery trade sales declined from 2012 due to the finished cooperation in the distribution of Bunge's margarines in late 2012, the divestment of non-dairy business in May 2013 and product discontinuations resulting from the product portfolio renewal. At the same time, Northern European operations showed increased sales in our major consumer brands, Elovena and Benecol. Profitability of the operations improved significantly.

In Poland, net sales were up as the sale of Benecol margarines were transferred back to Raisio at the end of 2012. Net sales grew also in Russia.

Net sales of the Benecol business were down due to decreased sales and market share in the biggest market of Benecol products, resulting from the changes carried out by Raisio's main licensing partner, as well as decreased sales volume in contract manufacturing due to the divestment of the US-based esterification plant.

Result

In 2013, EBIT for the Brands Division amounted to EUR 35.7 (34.9) and, excluding one-off items, 41.4 (37.4) million, which is 11.7 (10.6) and, excluding one-off items, 13.6 (11.3) per cent of net sales. 2013 EBIT included a one-off item of EUR 5.7 million mainly resulting from the expenses related to the divestments and the streamlining of the Western European snack and confectionery operations.

EBIT for the Western European confectionery business improved as a result of the Candy Plus acquisition and well-developed sales. On the other hand, EBIT of our cereal business was down due to decreased sales volume of breakfast products in the UK.

EBIT for Northern European operations improved because of good sales growth particularly in Elovena and Benecol brands. In addition, the reorganisation and elimination of low-profit products from the portfolio were factors that significantly contributed to the improved EBIT.

EBIT for the Eastern European operations was considerably improved through increased sales in Benecol margarines in Poland.

EBIT for the Benecol business declined due to decreased sales volume of plant stanol ester and contract manufacturing. Fixed costs were reduced. Sales developed positively particularly in Asia, the most important growth area of Benecol products. EBIT for the Benecol business remains at its ordinary good level.

Consumer brands

Western Europe

Confectionery

Candy Plus, acquired from the Czech Republic in November 2012, has been integrated into Raisio's Western European confectionery business. In 2013, consumer demand for confectionery remained stable in Raisio's key market areas. Sales developed particularly well in soft gums. Instead of extensive launches of new products, Raisio focused on the expansion of packaging alternatives as well as on the pricing and promotional mechanism development. Due to the continued price-driven consumer demand in the UK, competition for branded products intensified and retailers expanded their range of private label products.

Key figures for the Brands Division

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	2013	2012
Net sales	M€	78.0	73.3	78.1	75.2	304.7	329.5
Consumer brands	M€	70.2	65.6	68.8	66.8	271.4	286.1
Licensed brands	M€	9.7	10.6	10.8	10.3	41.3	45.0
EBIT, excluding one-off items	M€	10.0	10.8	11.1	9.4	41.4	37.4
EBIT, excluding one-off items	%	12.9	14.8	14.2	12.5	13.6	11.3
One-off items	M€	-2.1	-3.0	-0.6	0.0	-5.7	-2.5
EBIT	M€	7.9	7.9	10.5	9.4	35.7	34.9
Investments *	M€	7.1	3.5	1.9	0.8	13.4	21.2
Net assets	M€	-	-	-	-	254.2	271.7

* Including acquisitions

Raisio's own branded products account for more than a quarter of the company's confectionery sales, the rest includes own label products and production for other confectionery operators. Raisio's best-known confectionery brands are Fox's Glacier, Juicee Gummee and Poppets.

In connection of the Candy Plus acquisition, Raisio invested in a new production line for extruted soft candies in the Rohatec factory. Demand for the confectionery made on the new line has met the expectations. Raisio believes that the demand for this type of candies will continue to grow.

At the end of October, after extensive studies and negotiations, Raisio decided to transfer the majority of the confectionery production of the UK-based Skegness factory to another UK factory in Leicester and also to the Rohatec factory in the Czech Republic. The confectionery production should end at the Skegness factory by the end of March 2014. The employees have been offered work at Raisio's other UK factories. Annual savings from the production centralisation are estimated to average two million euros. Production is scheduled to begin at new sites in the second half of 2014.

Cereals and snacks

Due to low consumer demand in the UK and increasing competition on prices, Raisio's sales in breakfast cereals clearly declined from the comparison year. Promotional level in total markets of cereals remained high. In retail, Raisio carried out price increases in Honey Monster products and our promotional level for the whole year was lower than before. The company has taken steps to correct the situation.

In August 2013, as part of its streamlining efforts, Raisio decided to transfer the snack bar production to the Newport factory in South Wales. Annual cost savings are expected to average EUR 1.4 million. The production transfer has been completed and the production in Newport is expected to get up to speed during the first quarter of 2014.

Sales in snack bars developed well in 2013. Particularly good sales were seen in products made under our partners' brands. Extensive investment in the Newport factory will increase production capacity and improve growth potential significantly.

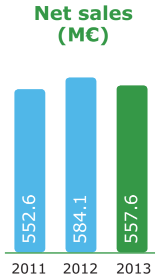
More than half of Raisio's range of cereals and snacks is our own branded products, of which Honey Monster is the largest. Other well-known brands are Harvest Cheweee and Dormen. Weigthwatchers is the best-known among the licensed brands. Raisio is a major producer of retailers' branded products as well as snack bars sold under the partners' brands.

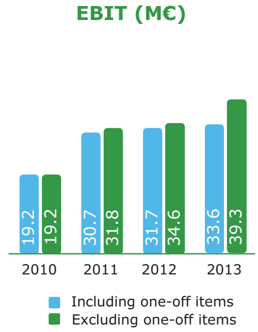
Northern Europe

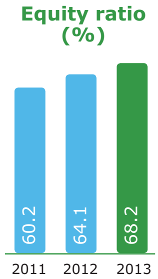
In the Northern European operations, the company carried out an enhancement programme that started at the end of 2012. The purpose was to improve competitiveness and cost-effectiveness and to renew the product portfolio. As a result of the programme, Raisio's business conditions and profitability improved significantly.

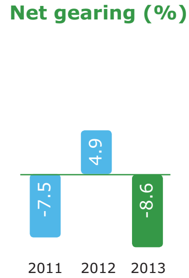
In Finland, strong sales growth continued in consumers' favourite Elovena breakfast and snack products and in cholesterol-lowering Benecol products. Particularly good sales growth was shown by Elovena Hetki instant porridges and by Elovena snack biscuits and drinks. Elovena was awarded as the Brand Builder of the Year in September 2013 by the Association of Finnish Advertisers.

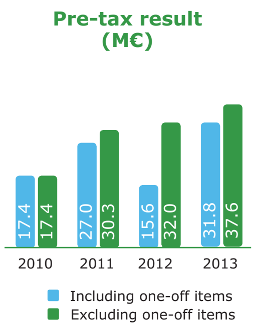
Raisio Group's key figures

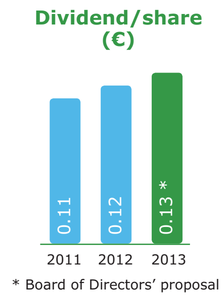


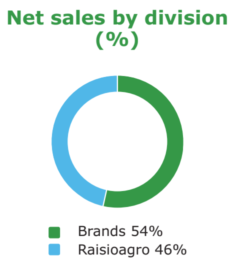


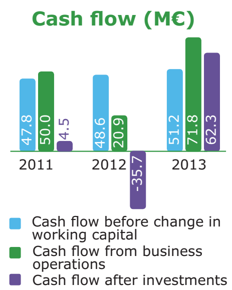












As the product portfolio was renewed, several dozen of small and low-margin products were removed from the range. In the spring, Raisio sold its non-dairy business to Norwegian Kavli. In Sweden and the Baltic Countries, Raisio moved into an effective distributor model.

Extremely tight price competition continued in HoReCa as well as in industrial and bakery sales. Sales were down on the previous year as Raisio withdrew from low-profit agreements. Cost savings programme carried out in the last quarter led to improved price competitiveness, which in turn increased the order intake.

Eastern Europe

As expected, 2013 was good in Poland, Russia and Ukraine. Flakes sold under the Nordic brand showed steady growth in Russia and Ukraine.

In Poland, Sulma's pasta range was renewed and the product sale has been extended to cover the whole country, which resulted in sales growth of approximately 20 per cent. In Poland, the Benecol margarine sale was successfully returned to Raisio in 2013. Raisio is a market leader in cholesterol-lowering functional margarines even though the competition in Poland has intensified with the entry of a new operator.

Licensed brands

Benecol

Raisio sold its US-based esterification plant in spring 2013 and streamlined the production chain of plant stanol ester. Benecol products were launched in Hong Kong in September. In Hong Kong, we have a new business model in use; Raisio itself and a local distributor are jointly responsible for the business and its development. Raisio's long-term partner Kalbe International launched Benecol products in the Philippines in October. Sales in Benecol products showed good growth in Indonesia, Kalbe International's first market area of Benecol products.

Europe remains the largest market area for Benecol products. The fastest sales growth, however, was seen in the new markets of South America and Asia. Market conditions remained challenging in some European markets due to the increased share of private label products and intensified price competition, among other things. Raisio's biggest Benecol partner lost market share in the largest market for Benecol products due to their changes completed.

There were still significant differences between the countries in the sales development of Benecol products. Benecol partners' activity in marketing and advertising resulted mainly in good sales development. For two consecutive years, Benecol brand has been elected the most trusted functional food brand in Finland in the survey of the Reader's Digest Magazine.

Benemilk Ltd

In April 2013, Raisio and Intellectual Ventures (IV) decided to establish a joint venture called Benemilk Ltd in Finland. The joint venture aims to strengthen the patent protection of Benemilk and to internationally commercialise the invention.

At the end of July 2013, Benemilk Ltd had filed a total of 10 new international patent applications related to the Benemilk innovation. Some of the applications were for new inventions and all related to the Benemilk innovation. The process of Benecol patent applications is progressing as planned. The initial patent applications filed in February 2012 became public on 1 August 2013. They are related to the Benemilk compound feeds and concentrates as well as to improved milk composition.

At the end of December 2013, Benemilk Ltd filed a patent application regarding a Finnish fish feed invention in the USA and is starting the commercialisation of the invention. The patent application concerns the fish feed, developed by the Finnish Game and Fisheries Research Institute, in which fish oil can be replaced by more ecological and affordable rapeseed oil while maintaining the quality and health benefits of the fish and ensuring products that meet consumer needs.

Raisioagro has been a key partner for the Finnish Game and Fisheries Research Institute in the development process of the new fish feed. The company is already using the new method. Salmon feeding regimens can incorporate more plant-based ingredients without reducing the nutritional values of the fish. With the invention, both the profitability and ecological sustainability of salmon farming will improve as the use of fish oil can be significantly reduced.

Operations of Benemilk Ltd, the joint venture between Raisio and Intellectual Ventures (IV), will be steered so that, in addition to the Benemilk innovation, the company will also commercialise other innovations and related IPR for the food and agriculture sector. Together with academia, we aim to innovate solutions for the global challenges facing the food and agriculture sector.

Raisioagro Division

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

Key figures for the Raisioagro Division

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	2013	2012
Net sales	M€	53.4	76.4	70.9	53.5	254.2	255.7
EBIT, excluding one-off items	M€	-0.3	2.6	1.3	-0.6	3.1	-0.3
EBIT, excluding one-off items	%	-0.5	3.4	1.9	-1.1	1.2	-0.1
One-off items	M€	0.0	0.0	0.0	0.0	0.0	-0.4
EBIT	M€	-0.3	2.6	1.3	-0.6	3.1	-0.7
Investments	M€	0.7	0.3	0.7	0.7	2.3	2.0
Net assets	M€	-	-	-	-	52.4	74.3

Net sales

Raisioagro's net sales totalled EUR 254.2 (255.7) million. Net sales for fish feeds increased by about 20 per cent. Net sales for cattle, pig and poultry feeds decreased slightly. Net sales for farming supplies increased by about 40 per cent. Net sales for oil milling industry halved from the comparison period due to the adjustment measures carried out. Price competition in feeds intensified as a result of the excess capacity in feed production.

Feeds and farming supplies account for 87 per cent of Raisioagro's net sales. Nearly 90 per cent of Raisioagro's net sales are from Finland. Russia is the largest export market of fish and farm feeds.

Result

Raisioagro's EBIT was EUR 3.1 (-0.7 and, excluding one-off items -0.3) million. EBIT for feeds and other farming supplies improved significantly on the comparison year. Measures carried out to improve cost-effectiveness, expansion of the product range and adjustments in the oil milling industry also contributed to the improvement. Despite the adjustments, the full-year EBIT in the oil milling industry was clearly negative. In the comparison year, Raisioagro recorded a one-off item of EUR 0.4 million resulting from the costs related to the employee cooperation negotiations.

Intensified competition increases the need to examine the profitability of Raisioagro's different activities to ensure profitable business and growth.

Business operations

Farm feeds

In 2013, Raisioagro established and strengthened its position in the Finnish market for agricultural products as the company became more recognised. Total volume in Raisioagro's feed sales was at the previous year's level and sales focused on the products with a higher degree of processing, such as Benemilk.

In Finland, the number of livestock farms further decreased due to the structural change in agriculture. Increased production on the farms still continuing compensate for the missing production of quitting farms. Total production of milk, poultry, pork and eggs increased.

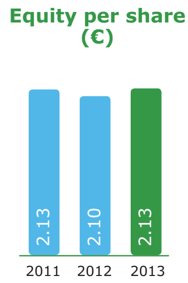
Consumer demand for milk remained good, which was also seen in higher producer prices. With proper feed choices and good feeding planning, it is possible to increase cows' milk yields.

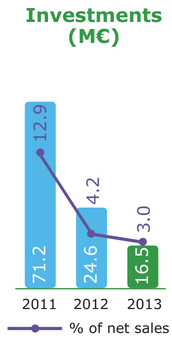
In poultry, market conditions remained positive. Particularly broiler meat production increased; its consumption rose by about four per cent in the review period. Profitability of pork production remained weak in Finland although producer prices were up in early 2013. Total pork production increased slightly from the previous year. On pig and poultry farms, Raisioagro's operations are based on feeding expertise, which is increasingly important because of the sector restructuring.

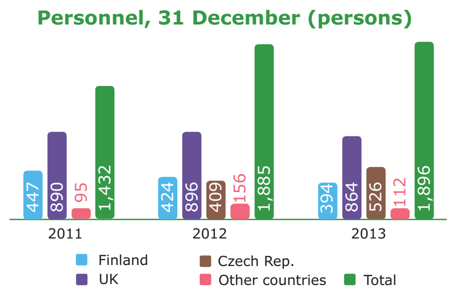
Benemilk

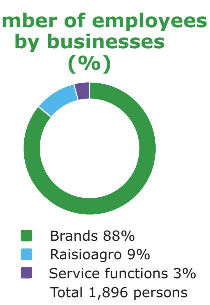
In milk products, demand has grown and prices have increased globally. This supports all measures and inventions that help enhance the efficiency of milk production both in

Raisio Group's key figures









Finland and internationally. Raisioagro systematically continues its work to promote Benemilk products in Finland. Benemilk Ltd is responsible for the international commercialisation of the innovation.

Benemilk feeds were launched in Finland at the beginning of 2013. In the lauch stage, Benemilk product line included four products. The second phase of the launch was carried out last autumn; the product range was expanded and Raisioagro organised a tour of seminars. Now Benemilk range includes right feeds for all the most common feeding models used in Finland.

As Benemilk achieved a market share of about 10 per cent in the Finnish dairy cattle feeds, an immediate increase of 1.4 per cent was seen in the milk average yield in spring 2013. This has provided the farmers with additional income of some 14 million euros. Good silage crop is of course important. However, similar growth in milk production has not been seen in 10 years although there have been years of good silage crops.

Fish feeds

Sales in Raisioagro's fish feeds increased due to our innovative fish feed invention and environmentally sustainable product range. In addition, weather conditions in our key markets, Finland and Northwest Russia, were favourable for fish farming in 2013.

Raisioagro is a major operator in Northwest Russia, the company's key export market. Today, greater attention is given to the environmental impact of fish farming and we have the right products for the growing market of Northwest Russia. About half of fish feeds produced by Raisioagro are exported.

Raisioagro's new concept Hercules LP OPTI combines a new invention and environmental issues. Hercules LP was launched already in 2009 and it was the first in the world to use phytase enzyme in the feed for big rainbow trout. Due to the enzyme, the phosphorus load of waterways is reduced by 26%. The new Opti feed has been developed for the final growth stage of salmon to ensure the optimal amount of beneficial EPA and DHA fatty acids naturally found in the fish.

Farming supplies and online store

Range of farming supplies sold by Raisioagro has been extended every year. Raisioagro's market position strengthened in all product groups of farming supplies trade while the total market in Finland remained at previous year's level.

In fertilisers, Raisio's main partner is Yara and in fuel oils, Neste Oil. Raisio will also include Neste Oil's lubricants in its range, in addition to the fuel oils that tripled sales from the comparison year.

Raisioagro's online store has also significantly increased sales of farming supplies. We aim to provide our customers with a comprehensive range of feeds and other farming supplies from one place at competitive prices.

Vegetable oils

In early 2013, Raisio adjusted its oil milling industry to the market situation and made investments in production efficiency and flexibility. However, these measures were not sufficient to secure profitable business in the changed situation. In Finland, oil plants are not sufficiently cultivated to meet the needs of Finnish industry, and the crushing of imported seed is not economically viable.

At the end of September 2013, Raisio started employee co-operation negotiations to re-evaluate operational possibilities in the oil milling industry. The negotiations resulted in the interruption of operations. Raisio left the door open in the issue of oil seed crushing, but laid off all factory employees in January 2014 until further notice. The decision concerns 15 employees.

EU's decision to ban the use of neonicotinoids further weakens the availability of Finnish seed, especially if the decision is permanent. As for the next harvest season, farmers' willingness to grow oilseed crops is not yet known. Potential agricultural subsidy solutions supporting the Finnish oilseed cultivation are very important for the future of the business.

Grains

Grain and protein raw material prices remained quite high during the first half of 2013. Good crops of the new season both in Finland and abroad resulted in the decrease of raw material prices. Volatility in grain raw material prices is expected to continue.

99% of the grain Raisio uses in Finland is Finnish. The company purchases the most part of the grain from its contract farmers. With contract farming, Raisio aims to purchase good-quality grain cost-effectively and at competitive price as raw materials for Raisio's foods and feeds.

Corporate responsibility

As a significant user of grain and other plant-based raw materials, Raisio has willingness and ability to build a sustainable food chain. Sustainability impacts of Raisio's products extend outside our direct control, to primary production, other industry and consumption, for example. Raisio operates together with its stakeholders, such as customers, staff, raw material suppliers, academia and organisations, to promote sustainable development in the entire food chain.

Interest in origin was a major responsibility trend worldwide in 2013. This also affected Raisio as our stakeholders showed increased interest in the issue. So, in many projects, Raisio paid attention to the environmental impacts of primary production.

Benemilk feeds were launched in Finland at the beginning of 2013. Cows can use the energy of Benemilk feeds more efficiently, which reduces the environmental impacts of milk production.

In spring 2013, Raisio started the use of genetically modified soy as an alternative raw material for poultry and pig feeds. Raisio's range still include both GMO-free and organic feeds. All Raisioagro's cattle and fish feeds are completely GMO-free.

Raisioagro's contest Huippufarmari haussa (Raisio's Next Top Farmer) was the first Finnish crop contest that takes environmental impacts into account. The yields of the best farms were twice as high as the national average.

Raisio develops ecological, healthy products and solutions to meet consumer and customer needs. In our production, we emphasise sustainable use of natural resources. The company is not aware of any significant financial environmental risks.

Management and administration

Board of Directors and Supervisory Board

The number of members of the Board of Directors has been confirmed to be five but since July 2013, the Board has worked with four members. The members are Matti Perkonoja (Chairman), Michael Ramm-Schmidt (Deputy Chairman), Erkki Haavisto and Pirkko Rantanen-Kervinen. Anssi Aapola served as a Board member since November 2006 until his death on 6 July 2013. All Board members are independent of the company and significant shareholders.

Simo Palokangas served as Chairman of the Board since November 2006 until 27 March 2013. On the basis of the Articles of Association, he was not eligible to be a Board member for the following term. Matti Perkonoja was elected Chairman of the Board as from 27 March 2013.

Supervisory Board was chaired by Michael Hornborg until 27 March 2013. After this, Deputy Chairman Holger Falck served as the Chairman until 28 May 2013 when the Supervisory Board elected Paavo Myllymäki as its Chairman.

Group Management Team

Vincent Poujardieu started as Vice President of Raisio's Consumer brands unit on 29 April 2013. Consumer brands unit includes Raisio's food operations in Western, Northern and Eastern Europe. Poujardieu will also continue as the Group's Management Team member and Vice President of Business Development. Earlier Poujardieu was responsible for Raisio's Licensed brands unit.

Mikko Laavainen started as Vice President of the Licensed brands unit on 29 April 2013. He also became a member of the Group's Management Team. In addition to Benecol, Licensed brands unit includes Benemilk Ltd. Previously Laavainen worked as COO of the Benecol business.

Jarmo Puputti started as Raisioagro Ltd's Managing Director and member of the Raisio Group's Management Team on 1 November 2013.

Raisioagro Ltd's long-time Managing Director Leif Liedes started as Senior Advisor in the Benemilk project on 1 November 2013. He continues as a member of the Group's Management Team.

CEO Matti Rihko, CFO Jyrki Paappa, Vice President of HR Merja Lumme and Vice President of Legal Affairs Sari Koivulehto-Mäkitalo continue to serve as Group Management Team members. Sari Koivulehto-Mäkitalo also serves as a Management Team secretary.

Personnel

At the end of 2013, Raisio's continuing operations employed 1,896 (31 December 2012: 1,885) people. The average number of employees was 1,946 (1,587). At the end of 2013, a total of 79 (78) per cent of personnel worked outside Finland.

The Brands Division had 1,667 (1,643), Raisioagro 176 (184) and the service functions 53 (58) employees at the end of 2013. Most of Raisio people work in the UK.

Raisio's wages and fees from continuing operations in 2013 totalled EUR 64.7 million (EUR 65.7 million in 2012 and EUR 62.0 million in 2011) including other personnel expenses.

Risks and sources of uncertainty in the near future

Uncertainty in the international economic development is continuing. Gradual reduction of the US debt recovery has increased uncertainty, particularly in emerging economies. Their currencies have weakened against the dollar and euro. Of Raisio's market areas, this development has concerned especially Russia. Low economic growth and prolonged sovereign debt problems are maintaining the economic uncertainty in 2014. Despite the generally uncertain situation, we believe that the grocery trade will remain relatively stable compared to many other industries.

Volatility in raw material prices is estimated to remain at a high level. Slow economic growth and potentially good harvests may calm down the price development. On the other hand, extreme weather events may cause sudden changes in harvest expectations and price levels of various agricultural commodities. In terms of profitability, risk management, for both value and volume of major raw materials, will remain significant also in the future.

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

Outlook 2014

In 2014, Raisio continues to improve its EBIT. The improvement is estimated to focus on the second half of 2014 when the ongoing streamlining projects are completed.

Board of Directors' proposal for the distribution of profits

The parent company's distributable equity was EUR 161,401,885.58 on 31 December 2013. At the Annual General Meeting held on 27 March 2014, the Board of Directors will propose a dividend of EUR 0.13 per share, not, however, on the shares held by the Company.

The record date will be 1 April 2014 and the payment date 8 April 2014.

In Raisio, 13 February 2014

Raisio plc
Board of Directors

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

Consolidated income statement

(EUR million)	Note	1.1.-31.12.2013	1.1.-31.12.2012
NET SALES	1	557.6	584.1
Cost of sales		-456.8	-488.8
Gross profit		100.8	95.2
Sales and marketing expenses		-35.3	-35.4
Administration expenses		-27.0	-23.0
Research and development expenses		-6.3	-6.9
Other income and expenses from business operations	3	1.5	1.7
EBIT	4, 5, 19	33.6	31.7
Financial income	6	1.0	1.9
Financial expenses	6	-2.8	-17.9
Share of results of associates and joint ventures		0.0	-0.1
RESULT BEFORE TAXES		31.8	15.6
Income taxes	7	-6.0	-4.0
RESULT FOR THE FINANCIAL PERIOD		25.9	11.7
ATTRIBUTABLE TO:			
Equity holders of the parent company		26.2	12.0
Non-controlling interests		-0.3	-0.3
		25.9	11.7
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF EQUITY HOLDERS OF THE PARENT COMPANY	8		
Earnings per share (EUR)			
Undiluted earnings per share		0.17	0.08
Diluted earnings per share		0.17	0.08

Comprehensive income statement

(EUR million)	Note	1.1.-31.12.2013	1.1.-31.12.2012
RESULT FOR THE PERIOD		25.9	11.7
OTHER COMPREHENSIVE INCOME ITEMS AFTER TAXES			
Items that may be subsequently transferred to profit or loss			
Hedging of net investments		0.0	-0.5
Available-for-sale financial assets		0.1	0.0
Cash flow hedge		0.4	0.1
Gains and losses arising from translating the financial statements of foreign operations		-3.6	1.4
COMPREHENSIVE INCOME FOR THE PERIOD		22.8	12.7
COMPONENTS OF COMPREHENSIVE INCOME:			
Equity holders of the parent company		23.1	13.0
Non-controlling interests		-0.3	-0.3
		22.8	12.7

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	31.12.2013	31.12.2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**41.3**	39.7
Goodwill	9, 10	**108.5**	111.2
Tangible assets	9	**114.5**	123.4
Shares in associates and joint ventures	11	**0.8**	0.7
Available-for-sale financial assets	12	**2.6**	2.3
Long-term receivables	13	**0.1**	0.2
Deferred tax assets	20	**2.2**	2.4
		269.9	279.9
CURRENT ASSETS			
Inventories	14	**70.9**	92.7
Accounts receivables and other receivables	15	**66.5**	82.0
Financial assets at fair value through profit or loss	16	**73.6**	56.3
Cash in hand and at banks	17	**10.3**	6.8
		221.3	237.7
TOTAL ASSETS		**491.2**	517.6
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
Company shares		**-20.4**	-20.5
Translation differences		**-3.4**	0.2
Other funds		**0.7**	0.2
Retained earnings		**234.5**	227.0
		330.6	326.3
Non-controlling interests		**1.1**	1.0
TOTAL SHAREHOLDERS' EQUITY		**331.7**	327.3
LIABILITIES			
Non-current liabilities			
Deferred tax liability	20	**12.6**	14.1
Pension contributions	21	**0.0**	0.2
Provisions	22	**0.2**	0.2
Non-current financial liabilities	23	**34.2**	55.5
Derivative contracts	24	**0.9**	1.7
Other non-current liabilities		**0.1**	0.1
		48.0	71.8
Current liabilities			
Accounts payable and other liabilities	25	**86.3**	92.6
Tax liability based on the taxable income for the period		**1.8**	3.0
Provisions	22	**1.2**	0.0
Derivative contracts	24	**0.9**	0.3
Current financial liabilities	23	**21.1**	22.6
		111.4	118.5
TOTAL LIABILITIES		**159.5**	190.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**491.2**	517.6

Notes are an essential part of the financial statements.

Changes in shareholders' equity in the financial period ended 31 December 2013

(EUR million)	Share capital	Share premium reserve	Reserve fund	Company shares	Trans-lation differ-ences	Other reserves	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests	Total share-holders' equity
SHAREHOLDERS' EQUITY ON 31.12.2011	27.8	2.9	88.6	-19.5	-0.7	0.2	232.5	331.7	1.1	332.9
Comprehensive income for the period										
Result for the period							12.0	12.0	-0.3	11.7
Other comprehensive income items (adjusted for tax effects)										
Hedging of net investment					-0.5			-0.5		-0.5
Available-for-sale financial assets						0.0		0.0		0.0
Cash flow hedge						0.1		0.1		0.1
Translation differences					1.4			1.4		1.4
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.9	0.1	12.0	13.0	-0.3	12.7
Business activities involving shareholders										
Dividends							-17.6	-17.6	0.5	-17.1
Unclaimed dividends							0.1	0.1		0.1
Repurchase of company shares				-1.0				-1.0		-1.0
The share acquired from the non-controlling interest							0.0	0.0	-0.3	-0.3
Share-based payment				0.0			0.0	0.1		0.1
Total business activities involving shareholders	0.0	0.0	0.0	-1.0	0.0	0.0	-17.4	-18.4	0.2	-18.2
SHAREHOLDERS' EQUITY ON 31.12.2012	**27.8**	**2.9**	**88.6**	**-20.5**	**0.2**	**0.2**	**227.0**	**326.3**	**1.0**	**327.3**
Comprehensive income for the period										
Result for the period							26.2	26.2	-0.3	25.9
Other comprehensive income items (adusted for tax effects)										
Available-for-sale financial assets						0.1		0.1		0.1
Cash flow hedge						0.4		0.4		0.4
Translation differences					-3.6			-3.6		-3.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-3.6	0.5	26.2	23.1	-0.3	22.8
Business activities involving shareholders										
Dividends							-19.1	-19.1	0.4	-18.6
Unclaimed dividends							0.1	0.1		0.1
The share acquired from the non-controlling interest								0.0	0.0	0.0
Share-based payment				0.0			0.2	0.2		0.2
Total business activities involving shareholders	0.0	0.0	0.0	0.0	0.0	0.0	-18.8	-18.8	0.4	-18.3
SHAREHOLDERS' EQUITY ON 31.12.2013	**27.8**	**2.9**	**88.6**	**-20.4**	**-3.4**	**0.7**	**234.5**	**330.6**	**1.1**	**331.7**

Consolidated cash flow statement

(EUR million)	2013	2012
CASH FLOW FROM BUSINESS OPERATIONS		
Result before taxes	**31.8**	15.6
Adjustments		
Depreciation and impairment	**15.5**	16.6
Financial income and expenses	**1.8**	16.0
Share of results of associates and joint ventures	**0.0**	0.1
Other income and expenses not involving disbursement	**2.2**	0.4
Other adjustments [1]	**-0.1**	0.0
Cash flow before change in working capital	**51.2**	48.6
Change in accounts receivables and other receivables	**13.3**	-4.6
Change in inventories	**21.0**	-8.3
Change in accounts payable and other liabilities	**-7.3**	-4.7
Change in working capital	**27.0**	-17.7
Cash flow from business operations before financial items and taxes	**78.2**	30.9
Interest paid	**-2.8**	-3.8
Dividends received	**0.1**	0.1
Interest received	**0.8**	2.2
Other financial items, net	**3.2**	-4.8
Income taxes paid	**-7.7**	-3.8
CASH FLOW FROM BUSINESS OPERATIONS	**71.8**	20.9
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries, minus liquid assets on the date of acquisition		-46.2
Investments on marketable securities	**-0.3**	-0.1
Investments in tangible and intangible assets	**-15.0**	-10.0
Sales revenues from securities	**0.0**	0.2
Income from tangible and intangible assets	**5.6**	0.1
Loans granted	**0.0**	-0.8
Repayment of loan receivables	**0.1**	0.2
CASH FLOW FROM INVESTMENTS	**-9.5**	-56.6
Cash flow after investments	**62.3**	-35.7
CASH FLOW FROM FINANCIAL OPERATIONS		
Repayment of non-current loans	**-21.9**	-23.2
Change in current loans	**0.1**	-2.0
Dividends paid	**-18.5**	-17.0
Repurchase of company shares	**0.0**	-1.0
CASH FLOW FROM FINANCIAL OPERATIONS	**-40.3**	-43.2
Change in liquid funds	**22.0**	-78.9
Liquid funds at the beginning of the period	**61.9**	140.5
Impact of changes in exchange rates	**0.0**	0.7
Impact of change in market value on liquid funds	**0.1**	-0.4
Liquid funds at end of period [2]	**83.9**	61.9

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

Accounting policies for the consolidated financial statements

Basic information

The Group is an international specialist in plant-based nutrition, which develops, manufactures and markets foods, functional food ingredients as well as animal feeds and vegetable oils. In addition, the Group is engaged in the grain trade and supplies farming supplies to the agricultural sector. The Group operates in 9 countries. Raisio's organisation consists of two profit centres, Brands and Raisioagro, and service functions supporting the Group's business areas.

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

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

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

These consolidated financial statements were authorised for issue by Raisio plc's Board of Directors on 13 February 2014. 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 2013. The International Accounting Standards refer to the standards and their interpretations approved for application within the EU according to the procedure governed by EU Regulation (EC) No. 1606/2002. Notes to the consolidated financial statements also comply with the Finnish Accounting and Community Legislation that supplements the IFRS provisions. The currency used in the financial statements is the euro, and the statements are shown in EUR millions.

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

The Group has adopted the following revised or amended standards and interpretations as of 1 January 2013:

- Amendment to IAS 1: *Presentation of financial statements - Presentation of Items of Other Comprehensive Income* (applicable in periods beginning on or after 1 July 2012). The main change is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently under certain conditions (reclassification adjustments). The amendment affected the Group's presentation of items of other comprehensive income.
- Amendment to IAS 19 *Employee Benefits* (applicable in periods beginning on or after 1 January 2013). The amendment means that the application of the 'corridor approach' was eliminated. All actuarial profits and losses must be recorded immediately in other comprehensive income in the period they arise. The amendment does not affect the consolidated financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2013). The amendment increases disclosures, which are intended to improve the representation of when various financial instruments may be offset. The amendment has had no material impact on the consolidated financial statements.
- IFRS 13 *Fair value measurement* (applicable in periods beginning on or after 1 January 2013). The standard aims to improve consistency and reduce complexity. The use of fair value is not extended but the standard provides guidance on how it should be applied where its use is permitted or required by other standards. The standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements. According to the standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard expanded the disclosures regarding assets measured at fair value, for example financial instruments.
- IFRIC 20 *Stripping costs in the production phase of a surface mine* (applicable in periods beginning on or after 1 January 2013). The interpretation provides guidance on accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation has no impact on the consolidated financial statements.
- Annual improvements to IFRSs 2009-2011 (May 2012) (applicable in periods beginning on or after 1 January 2013). In the Annual Improvements process, minor or less urgent standard amendments are compiled and implemented once a year. The amendments included in the process concern several standards. Impacts of the amendments vary by standards, but they have had no material impact on the consolidated financial statements.
- Amendment to IAS 12: *Income taxes:* Deferred tax (applicable periods beginning on or after 1 January 2013). The amendment concerns companies that have investment properties. The standard previously required an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. When the asset is measured using the fair value model in IAS 40, Investment property, it may be difficult and subjective to assess whether recovery will be through use or through sale. The amended standard provides an exception to the determination of deferred tax assets or liabilities related to investment property measured at fair value. The amendment has not affected the consolidated financial statements.

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

Scope and accounting policies of consolidated financial statements

Subsidiaries

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

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

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

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

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

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

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

Company founded for a special purpose

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

The employments of two Group management team members in the Group company ended during 2012. Raisio plc used its right given to it in the agreement related to the scheme to redeem the Reso Management Oy shares held by these management team members. Thus, Raisio plc holds 22.22 per cent of the company in question.

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

Reso Management Oy will be dissolved according to the shareholders' agreement in the spring of 2014. Since Raisio plc will assign a variable number of shares to the owners of Reso Management Oy at the time of the dissolution of the arrangement, the management's investment in Reso Management Oy has been treated as the non-controlling interest in the consolidated financial statements.

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

Associates and joint ventures

Associates are companies in which the Group owns 20-50% of the voting rights or over which it has considerable influence but no control. Joint ventures are companies where, according to an agreement-based arrangement, the Group is committed to sharing the control of financial and business principles with one or more parties. Associates and joint ventures are consolidated using the equity method. A holding equivalent to the Group ownership is eliminated from the unrealised profits between the Group and its associates companies 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 exchange rates of the fair value measurement date. Non-monetary items are valued at the transaction date exchange rate.

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

Conversion of financial statements in foreign currency

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 recorded in other comprehensive income. If a foreign entity is disposed of during the reporting period, the accumulated translation differences are recorded through profit or loss as part of the sales profit or loss when recording the corresponding disposal proceeds.

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

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

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

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

Government grants and assistance

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

Intangible assets

Goodwill

For the business combinations taken place after 1 January 2010, goodwill represents the amount by which the transferred consideration, non-controlling interest and previously held interest 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 generated. 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 2013, the Group has capitalised costs related to a new product development process in its new Benemilk unit. In previous years, the Group has not capitalised 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 development expenses activated in 2013 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 depreciation of other intangible assets is based on the following estimated useful lives:

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

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

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

Inventories

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

Assets held for sale and discontinued operations

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

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

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

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

Rental agreements

Group as a lessee

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

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

Group as lesser

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

Impairment of tangible and intangible assets

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

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

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

Employee benefits

Pension obligations

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

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

Share-based payments

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

In 2010, some of the Management Team members have been granted a share-based incentive and commitment scheme implemented through Reso Management Oy. The grant date of the arrangement was 23 June 2010 and a total of 4,482,740 free shares were assigned to the management. At the beginning of the arrangement, fair value of the arrangement was estimated using Black & Scholes options pricing model and it is amortised through profit or loss as employee benefit expenses from the grant date to the date the obligation to work ends according to the scheme, i.e. 31 March 2014.

Provisions

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

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

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

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

Dividends payable

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

Income taxes

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

Deferred taxes are calculated from temporary differences between the carrying value and the tax base. The most significant temporary differences arise from the depreciation of tangible and intangible assets, measurement of derivative contracts at fair value and 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 recorded to the extent that it is probable that taxable income will be generated in the future, against which the temporary difference can be used.

Revenue recognition principles

The Group sells foods and functional ingredients as well as feeds and vegetable oils. 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, and impairments of goodwill and other miscellaneous assets, are presented as other operating income and expenses.

EBIT

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

Financial assets and liabilities

Financial assets

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

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, commercial papers and fund units. Derivatives, which do not meet the terms of hedge accounting, have been classified as held for trading. All assets held for trading are current assets.

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.

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.

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

Liquid funds

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

Financial 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 agaist changes in market interest rates. Currency forward contracts are used to hedge receivables and debts in foreign currencies as well as future commercial cash flows. Exchange-traded commodity futures have been 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 entered in other comprehensive income and presented in the equity hedge fund. Gains and losses accrued in equity from the hedging instrument are transferred to profit or loss when the hedged item affects profit or loss. The ineffective portion for profit or loss on the hedging instrument is recorded in the income statement.

Hedges of a net investment in a foreign operation

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

Other hedge instruments to which hedge accounting is not applied

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 entered under financial income and expenses. Changes in fair values of forward foreign exchange contracts are recorded in other operating income and expenses when used to hedge actual business operations, and in financial income and expenses when they are hedging financial items. Effects of the interest element of the forward exchange contract are recorded in financial income and expenses.

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

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

The Group management may have to make judgement-based decisions relating to the choice and application of accounting policies for the financial statements. This particularly concerns the cases when effective IFRSs allow alternative valuation, recording and presenting manners. No significant judgement-based decisions have been needed.

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

Estimates made in 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.

- Amendment to IFRS 10, 11 and 12 on transition guidance (applicable in periods starting on or after 1 January 2014). The amendments provide additional transition relief to these IFRSs, limiting the requirement to provide adjusted comparative information on only one financial period. For disclosures related to unconsolidated structured entities, it is no longer required to present comparative information for periods before IFRS 12 is first applied. The amendment is not estimated to affect the future consolidated financial statements.
- IFRS 10 – *Consolidated financial statements* (applicable in the EU in periods beginning on or after 1 January 2014). The standard sets the rules for presenting and preparing consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control and establishes control as the basis for consolidation. The standard sets out how to apply the principle of control to identify whether an investor controls the investee and therefore must consolidate the investee. The standard also includes the accounting requirements for the preparation of consolidated financial statements. The Group management estimates that the standard will not have a material impact on future consolidated financial statements.
- IFRS 11 *Joint arrangements* (applicable in the EU in periods beginning on or after 1 January 2014). The standard provides guidance on how joint arrangements are treated. According to this standard, the arrangement is based on its rights and obligations rather than its legal form. There are two types of joint arrangements: a joint operation and a joint venture. The joint operator has rights to the assets and obligations related to the arrangement, and it accounts for its share of assets, liabilities, revenues and expenses. The parties in joint ventures have rights to the net assets of the arrangement, and the parties account their interest using the equity method. Proportionate consolidation for joint ventures is no longer permitted. The Group estimates that the standard will not affect the consolidated financial statements.
- IFRS 12 *Disclosure of Interests in Other Entities* (applicable in the EU in periods beginning on or after 1 January 2014). The standard includes disclosure requirements for all forms of interests. It applies to joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group management estimates that the standard will expand disclosures that the Group presents for its holdings in other entities.
- Revised IAS 27, *Separate Financial Statements* (applicable in the EU in periods on or after the 1 January 2014). The revised standard now only deals with the requirements for separate financial statements. The revised standard has no impact on the consolidated financial statements.
- Revised IAS 28 *Investments in Associates and Joint Ventures* (applicable in the EU in periods beginning on or after 1 January 2014). The revised standard includes the requirements for joint ventures and associates to be equity accounted following the issue of IFRS 11. The Group management estimates that the standard will not affect future consolidated financial statements.
- Amendment to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (applicable in periods beginning on or after 1 January 2014). The amended standard provides guidance on the presentation of financial assets and liabilities in net terms on the balance sheet. The amendment clarifies some requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group estimates that the amendment has no material impact on the consolidated financial statements.

- Amendments to IFRS 9 *Financial Instruments* (mandatory effective date still open). As the IASB's initially three-phase project is completed, it will replace the current standard IAS 39 *Financial instruments: Recognition and Measurement*. At this stage, IFRS 9 includes valuation bases and hedge accounting of financial assets and liabilities. It has retained but simplified different valuation bases by establishing two measurement categories for financial assets: amortised cost and fair value. The classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. In the new hedge accounting guidelines, hedge accounting moves closer to risk management. In addition, the requirements for hedge effectiveness testing are less stringent than before. In future, a hedged item can be, for example, risk components related to commodities, combined options, groups consisting of several items when hedged against currency risk and equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Due to incompleted parts, the effects of the standard on the consolidated financial statements cannot yet be assessed.
- Amendment to IFRS 10, IFRS 12 and IAS 27 on controlled investees (applicable in periods beginning on or after 1 January 2014). If the entity fits the investment entity definition of the standard and it measures all of its subsidiaries at fair value, it is no longer required to present consolidated financial statements. The amendments of the standards have no impact on the consolidated financial statements.
- Amendment to IAS 36: *Impairment of Assets - The recoverable amount* (applicable in periods beginning on or after 1 January 2014). The amendment concerns the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group estimates that the amendment will have no material impact on the consolidated financial statements.
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement - Novation of derivatives* (applicable in periods beginning on or after 1 January 2014). The amendment concerns the requirements of hedge accounting in situations in which a derivative contract is transferred to a central counterparty (CCP). Due to this amendment, hedge accounting can be continued if specific conditions are met in the transfer situations in question. The Group estimates that the amendment will have no material impact on the consolidated financial statements.
- IFRIC 21 Levies (applicable in periods starting on or after 1 January 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.
- Amendment to IAS 19 *Defined benefit pension plans: employee contributions* (applicable in periods beginning on or after 1 July 2014). The amendment permits that such payments that are related to work performance and the amount of which varies according to an employee's length of service can be reduced from the cost of benefits earned in the period the work is performed. The amendment is not expected to affect the consolidated financial statements. The amendment has not yet been approved in the EU.
- Annual improvements to IFRSs 2010-2012 (December 2013, applicable in periods starting on or after 1 July 2014). The improvements will result in amendments of six standards, but they are not expected to have any material impact on the consolidated financial statements. The amendments have not yet been endorsed by the EU.
- Annual improvements to IFRSs 2011-2013 (December 2013, applicable in periods starting on or after 1 July 2014). The improvements will result in amendments of three standards, but they are not expected to have any material impact on the consolidated financial statements. The amendments have not yet been endorsed by the EU.

Consolidated notes

1. SEGMENT INFORMATION

The Group consists of two reportable segments, Brands and Raisioagro, and other operations. Brands and Raisioagro segments are the Group's strategic business units that are lead as separate units. Their products are different and require different distribution channels and market strategies. Brands segment consists of Consumer brands unit and Licensed brands unit. Under the segment, the Group reports Benecol and Benemilk businesses as well as Northern, Eastern and Western food operations. Raisioagro segment includes feeds, grain trade, vegetable oils, farming supplies and bioenergy.

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)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External sales										
Services	**0.1**	0.1	**0.0**	0.0	**1.3**	1.9			**1.4**	2.1
Goods	**300.5**	324.6	**254.1**	255.6	**0.0**	0.1			**554.7**	580.2
Royalties	**1.4**	1.8	**0.0**	0.0					**1.5**	1.8
Total external sales	**302.1**	326.4	**254.2**	255.6	**1.3**	2.0			**557.6**	584.1
Internal sales	**2.6**	3.1	**0.0**	0.0			**-2.6**	-3.1	**0.0**	0.0
Net sales	**304.7**	329.5	**254.2**	255.7	**1.3**	2.0	**-2.6**	-3.1	**557.6**	584.1
Depreciation	**9.2**	9.8	**4.2**	4.5	**1.6**	2.1			**15.0**	16.4
Value impairments	**0.5**	0.2			**0.0**				**0.5**	0.2
Segment EBIT	**35.7**	34.9	**3.1**	-0.7	**-5.1**	-2.5	**0.0**	0.0	**33.6**	31.7
Share of results of associates and joint ventures	**0.0**	-0.1	**0.0**	0.0					**0.0**	-0.1
Segment assets	**305.9**	325.0	**85.8**	114.6	**15.3**	16.8	**-2.3**	-4.6	**404.8**	451.8
Including:										
Shares in associates and joint ventures	**0.0**	0.0	**0.8**	0.7					**0.8**	0.7
Increase in non-current assets	**13.4**	21.2	**2.3**	2.0	**1.0**	1.4	**-0.1**	0.0	**16.5**	24.6
Segment liabilities	**51.7**	53.2	**33.4**	40.2	**4.5**	3.8	**-2.3**	-4.6	**87.4**	92.6

(EUR million)	2013	2012
RECONCILIATION		
Reconciliation of results		
Segment EBIT	**33.6**	31.7
Share of results of associates and joint ventures	**0.0**	-0.1
Financial income and expenses	**-1.8**	-16.0
Result before tax and discontinued operations	**31.8**	15.6
Reconciliation of assets to Group assets		
Segment assets	**404.8**	451.8
Deferred tax assets	**2.2**	2.4
Loans receivable and other receivables related to financing	**0.1**	0.2
Tax assets	**0.2**	0.2
Financial assets at fair value through profit or loss	**73.6**	56.3
Liquid funds	**10.3**	6.8
Recognised assets	**491.2**	517.6
Reconciliation of liabilities to Group liabilities		
Segment liabilities	**87.4**	92.6
Deferred tax liability	**12.6**	14.1
Financial liabilities	**55.4**	78.0
Financial liabilities at fair value through profit or loss	**1.8**	2.0
Pension obligation	**0.0**	0.2
Tax liability	**1.8**	3.0
Dividend liability	**0.3**	0.3
Liabilities related to financing	**0.1**	0.0
Recognised liabilities	**159.5**	190.3
GEOGRAPHICAL INFORMATION:		
Revenue from external customers		
Finland	**283.7**	296.0
Great Britain	**132.5**	149.8
Rest of Europe	**130.6**	127.3
Rest of the world	**10.8**	10.9
Total	**557.6**	584.1
Non-current assets, excluding deferred tax assets and financial instruments		
Finland	**71.6**	77.0
Great Britain	**173.3**	173.7
Rest of Europe	**20.2**	20.7
Rest of the world	**0.0**	3.6
Total	**265.0**	275.0

Information about major customers:
In 2013 and 2012, the Group had no major customers, as defined in IFRS 8, whose revenue to the Group would have exceeded 10% of the Group’s net sales.

2. ACQUIRED BUSINESS OPERATIONS

IN 2012

Candy Plus

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

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

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

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

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

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

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

The accounting treatment for the consolidation of Candy Plus business was not yet complete when the 2012 financial statements were being drawn up. However, changes in the entries recorded were not considered to be necessary.

Sulma

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

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

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

3. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR million)	2013	2012
Excise duty refund	**0.7**	1.1
Other income and expenses from business operations	**0.7**	0.6
Total	**1.5**	1.7
Auditors' remuneration		
PwC		
Audit	**0.3**	0.2
Certificates and reports	**0.0**	0.0
Tax guidance	**0.0**	0.0
Other services	**0.0**	0.0
Total	**0.3**	0.3
PKF (UK) LL		
Audit		0.1
Tax guidance		0.0
Other services		0.0
Total		0.1

4. DEPRECIATION AND IMPAIRMENT

(EUR million)	2013	2012
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	0.7	0.7
Other intangible assets	0.6	1.1
Total	1.3	1.8
Depreciation on tangible assets		
Buildings	4.0	4.2
Machinery and equipment	9.6	10.3
Other tangible assets	0.1	0.1
Total	13.7	14.6
Impairment by asset group		
Intangible rights	0.0	0.1
Other intangible assets	0.0	0.0
Buildings	0.0	0.0
Machinery and equipment	0.5	0.1
Other tangible assets	0.0	0.0
Total	0.5	0.2
Total depreciation and impairment	15.5	16.6
Depreciation by activity		
Cost of sales	12.7	13.6
Sales and marketing	0.5	0.3
Administration	1.5	2.2
Research and development	0.3	0.3
Total	15.0	16.4
Impairment and their returns		
Expenses corresponding to products sold	0.0	0.1
Administration	0.6	0.0
Research and development	0.0	0.1
Total	0.5	0.2

5. EXPENSES FROM EMPLOYMENT BENEFITS

(EUR million)	2013	2012
Salaries	54.9	54.2
Termination benefits	0.0	0.3
Pension expenses – defined contribution plans	4.7	5.5
Share-based rewards	0.9	1.0
Other indirect personnel costs	4.2	4.7
Total	64.7	65.7

Details about the management's employee benefits are provided in Notes 30 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

	2013	2012
Brands	1,709	1,328
Raisioagro	181	196
Joint operations	56	63
Total	1,946	1,587

6. FINANCIAL INCOME AND EXPENSES

(EUR million)	2013	2012
Dividend income from available-for-sale financial assets	0.1	0.1
Interest income from financial assets at fair value through profit or loss	0.1	
Interest earnings from financial assets at fair value through profit or loss	0.5	1.3
Interest income from loan receivables	0.0	0.0
Other interest income	0.4	0.5
Other financial income	0.0	0.0
Total financial income	1.0	1.9
Interest expenses from loans	-1.9	-2.8
Other interest expenses	-0.6	-0.6
Interest income from financial assets at fair value through profit or loss		-11.2
Ineffective portion of hedges of net investments in foreign operations		-0.4
Impairment of loans receivable		-2.3
Exchange rate differences, net	-0.1	-0.3
Other financial expenses	-0.2	-0.4
Total financial expenses	-2.8	-17.9

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

Items comprising the EBIT include exchange rate gains and losses amounting to EUR 0.3 million in 2013 (EUR 0.2 million in 2012).

7. INCOME TAXES

(EUR million)	2013	2012
Tax based on the taxable income for the financial period	**-6.6**	-5.4
Taxes paid in previous financial periods	**-0.5**	-0.1
Deferred taxes	**1.1**	1.5
Total	**-6.0**	-4.0
Reconciliation statement for the tax expenses in the income statement and the taxes calculated on the basis of the Group's domestic tax rate (24.5%).		
Taxes calculated on the basis of the domestic tax rate	**-7.8**	-3.8
Impact of a deviating tax rate used in foreign subsidiaries	**-0.1**	-0.4
Change in tax rate	**1.1**	0.7
Returns exempt from tax	**0.2**	0.2
Non-deductible expenses	**-0.4**	-3.7
Losses for the period, for which no tax assets have been recognised	**-0.2**	-0.5
Utilisation of tax refund receivable from previously unrecognised tax losses	**0.0**	0.3
Other previously unrecognised tax assets	**0.6**	
Depreciation of previously recognised tax liabilities	**0.0**	3.0
Adjustment of previously recognised tax assets for confirmed losses	**0.0**	-0.6
Additional tax deductions	**1.0**	1.4
Tax from previous years	**-0.5**	-0.1
Other items	**0.0**	-0.3
Total	**-6.0**	-4.0

(EUR million)	Before taxes	Tax impact	After taxes
Taxes related to the items of other comprehensive income			
Year 2013			
Available-for-sale financial assets	**0.0**	**0.1**	**0.1**
Cash flow hedge	**0.5**	**-0.2**	**0.4**
Translation differences	**-3.6**	**0.0**	**-3.6**
	-3.0	**-0.1**	**-3.1**
Year 2012			
Available-for-sale financial assets	0.0	0.0	0.0
Cash flow hedge	0.1	0.0	0.1
Hedging of net investments	-0.5	0.0	-0.5
Translation differences	1.4	0.0	1.4
	1.0	0.0	1.0

8. EARNINGS PER SHARE

(EUR million)	2013	2012
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)	**26.2**	12.0
Undiluted weighted average of shares in the financial period	**155,396,939**	155,534,646
Dilution resulting from share-based compensation	**277,192**	
Diluted weighted average of shares in the financial period	**155,674,131**	155,534,646
Undiluted earnings per share, continuing operations (EUR/share)	**0.17**	0.08
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	**0.17**	0.08

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 2013

(EUR million)	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	Intangible assets total
Acquisition cost 1.1.	47.6	114.4	17.6	0.0	179.7
Exchange rate differences	-0.9	-2.7	0.0	0.0	-3.6
Increase	0.0		1.3	2.5	3.9
Divestments and other decreases	0.1		1.3		1.5
Reclassifications between items	0.3	0.0	0.0	-0.3	0.0
Acquisition cost 31.12.	46.9	111.7	17.6	2.3	178.5
Accumulated depreciation and write-downs 1.1.	9.5	3.2	16.1	0.0	28.8
Exchange rate differences	-0.1	0.0	0.0	0.0	-0.1
Accumulated depreciation of decrease and transfers	0.1	0.0	1.2	0.0	1.3
Depreciation for the financial period	0.7	0.0	0.6	0.0	1.3
Write-downs and their returns	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	10.0	3.2	15.4	0.0	28.7
Book value 31.12.2013	36.9	108.5	2.2	2.3	149.8

9. TANGIBLE ASSETS 2013

(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.	13.9	135.2	259.1	0.6	1.8	410.7
Exchange rate differences	-0.2	-0.9	-2.1	0.0	0.0	-3.4
Increase	0.1	0.1	8.1	0.2	4.2	12.6
Divestments and other decreases	0.8	4.1	27.9	0.0	0.5	33.3
Reclassifications between items	0.0	1.2	3.5	0.0	-4.7	0.0
Acquisition cost 31.12.	13.0	131.5	240.6	0.8	0.8	386.7
Accumulated depreciation and write-downs 1.1.	0.0	86.6	199.9	0.2	0.5	287.3
Exchange rate differences	0.0	-0.3	-1.2	0.0	0.0	-1.6
Accumulated depreciation of decrease and transfers	0.0	2.5	24.8		0.5	27.8
Depreciation for the financial period	0.0	4.0	9.6	0.1		13.7
Write-downs and their returns	0.0	0.0	0.5	0.0	0.0	0.6
Accumulated depreciation 31.12.	0.0	87.8	184.1	0.3	0.0	272.2
Book value 31.12.2013	13.0	43.7	56.5	0.5	0.8	114.5

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

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 33.6 million.

9. INTANGIBLE ASSETS 2012

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

9. TANGIBLE ASSETS 2012

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

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

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

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

In the Group, goodwill is allocated to the cash-generating units defined by business segments. The Candy Plus acquisition carried out at the end of the financial period 2012 resulted in goodwill of EUR 5.5 million. The earlier UK acquisitions carried out in 2010 and 2011 resulted in goodwill of a total of EUR 105.7 million. All goodwill has been allocated to Western European operations of the Brands segment.
All goodwill totalled EUR 108.5 million on the closing date.
The carrying value of the brands acquired in connection of the 2010 and 2011 acquisitions totalled EUR 33.6 million on the closing date. The management has considered that the useful lives of these brands are indefinite. The brands have been allocated in their entirety to Western European operations of the Brands segment. The value of the brands has been tested and 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:

Goodwill / Western Europe

UK operations

- Estimated EBIT percentage *) 14.0% (15.0% in 2012)
- Growth percentage **) 2.0% (2.0% in 2012)
- Discount rate 6.1% (5.7% in 2012)

Candy Plus

- Estimated EBIT percentage *) 11.0%
- Growth percentage **) 2.0%
- Discount rate 6.5%

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

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

Sensitivity analysis of impairment testing:

Goodwill / Western Europe

UK operations
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the carrying value of assets when the discount rate increases above 12.6 per cent (before taxes) or when the EBIT level falls permanently more than 59 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 carrying value of assets when the discount rate increases above 11.6 per cent (before taxes) or when the EBIT level falls permanently more than 52 per cent of the management's estimates.

11. SHARES IN ASSOCIATES AND JOINT VENTURES

(EUR million)	2013	2012
JOINT VENTURES		
Book value 1.1.	**0.0**	0.1
Share of result for the financial period	**0.0**	-0.1
Book value 31.12.	**0.0**	0.0
ASSOCIATES		
Book value 1.1.	**0.7**	0.7
Decrease	**0.0**	0.0
Share of result for the financial period	**0.0**	0.0
Book value 31.12.	**0.8**	0.7
The book value of associates does not include goodwill.		
The amounts of the assets and liabilities, net sales and result of joint ventures, corresponding to the Group's holdings:		
Assets and liabilities related to investments in joint ventures:		
Non-current assets	**0.0**	0.0
Current assets	**0.0**	0.7
Non-current liabilities	**0.0**	0.0
Current liabilities	**0.0**	0.7
Assets, net	**0.0**	0.0
Income and expenses related to investments in joint ventures:		
Net sales	**0.0**	10.2
Expenses	**0.0**	10.4
Profit/loss	**0.0**	-0.1
Total assets, liabilities, net sales and profit/loss of associates:		
Assets	**2.2**	2.2
Liabilities	**0.2**	0.2
Net sales	**1.0**	1.2
Profit/loss	**0.1**	0.0

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(EUR million)	2013	2012
Unquoted equity investments and participations	**2.6**	2.3
Total	**2.6**	2.3
At beginning of financial period	**2.3**	2.4
Increase	**0.3**	0.1
Decrease	**0.0**	-0.2
At end of period	**2.6**	2.3

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.

13. LONG-TERM RECEIVABLES

(EUR million)	2013	2012
Loan assets from third parties	0.1	0.2
Total long-term receivables	0.1	0.2

The long-term loans receivable from the third parties presented above mainly consists of EUR-denominated subordinated loan. The fair values of long-term receivables are presented in Note 27.

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.

14. INVENTORIES

(EUR million)	2013	2012
Materials and supplies	39.2	56.7
Production in progress	3.5	4.0
Finished products and goods	28.2	31.9
Advances paid	0.0	0.1
Total inventories	70.9	92.7

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)	2013	2012
Accounts receivables	59.9	73.0
Receivables from Group companies	0.0	0.4
Prepaid expenses and accrued income	4.8	6.0
Other receivables	1.8	2.6
Total accounts receivable and other receivables	66.5	82.0

At the reporting date, about 43.3% of the Group's accounts receivables were denominated in euro, about 41.3% in pound and the rest in other currencies.

At the reporting date, the Group had accounts receivables that had matured over 60 days earlier and whose value had not decreased: EUR 0.2 million (EUR 0.5 million in 2012) The overdue receivables have the following age distribution:

(EUR million)	2013	2012
Undue	53.8	54.0
Overdue 1-60 days	5.9	18.5
Overdue 61–180 days	0.2	0.5
Overdue more than 180 days	0.0	0.0
	59.9	73.0
Impairment of sales receivable:		
Value on 1.1.	1.9	0.9
Acquired companies		1.1
Other increase	0.2	0.5
Decrease	-1.4	-0.6
Value on 31.12.	0.8	1.9

The Group recognised a total of EUR 0.1 million (EUR 0.2 million in reporting period 2012) in credit losses from accounts receivables in the reporting period.

Substantial items included in prepaid expenses and accrued income consist of accrued business income and expenses, financial items and taxes. In compliance with IAS 39, the fair values of receivables included in financial assets are presented in Note 27.

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)	2013	2012
Securities under financial assets	73.6	55.1
Derivative contracts	0.0	1.2
Total financial assets at fair value in the income statement	73.6	56.3

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 held for trading. 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 27. Profits and losses for these items are presented in Note 6.

17. LIQUID FUNDS

(EUR million)	2013	2012
Bank deposits	2.0	
Cash in hand and at bank accounts	8.3	6.8
Total liquid funds	10.3	6.8

Short-term bank deposits are mainly euro-denominated or, using a currency swap, denominated in euro and can be withdrawn on demand.

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

Liquid funds	10.3	6.8
Financial securities	73.6	55.1
Total	83.9	61.9

Financial securities classified in liquid funds in the cash flow statement have an average maturity of some three months at the balance sheet date.

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 2011			
Restricted shares (20 votes/share)	34,255	5.8	
Restricted shares, company shares	-209		-0.4
Free shares (1 vote/share)	130,894	22.0	
Free shares, company shares	-9,148		-19.1
Total	155,793	27.8	-19.5
Restricted shares converted into free shares	208		
Disposal of company shares, free shares	-14		0.0
Repurchase of company shares, free shares	408		-1.0
Repurchase of company shares, restricted shares	4		0.0
31 December 2012			
Restricted shares (20 votes/share)	34,047	5.7	
Restricted shares, company shares	-213		-0.4
Free shares (1 vote/share)	131,102	22.1	
Free shares, company shares	-9,542		-20.0
Total	155,394	27.8	-20.5
Restricted shares converted into free shares	314		
Disposal of company shares, free shares	-8		0.0
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

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 2008-2012, 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 66,812 shares to the members of the Board of Directors as part of their reward. Furthermore, in the directed share issue against payment a total of 4,120,000 free shares held by the company were assigned to Reso Management Oy.

In 2013, a total of 7,513 free shares were assigned to the members of the Board of Directors as part of their rewards.

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

At the end of the financial year 2013, there were a total of 9,747,156 company shares of which 9,534,460 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:
The per-share dividend in 2013 was EUR 0.12, which amounted to a total of EUR 19.2 million (in 2012 EUR 0.11 per share and a total of EUR 17.6 million). After the date of the financial statements, the parent company's Board of Directors proposed a dividend of EUR 0.13 per share, or a total of EUR 21.5 million.

(EUR million)	2013	2012
Accumulated translation differences:		
Translation differences 1.1.	0.2	-0.7
Change in translation difference	-3.6	0.9
Translation differences 31.12.	-3.4	0.2
Other reserves:		
Fair value reserve	1.4	1.3
Hedge fund	-0.7	-1.0
Other reserves in total	0.7	0.2

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

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

In December 2011, the Board of Directors decided on a synthetic share-based incentive and commitment scheme for the management and key employees of the British subgroup Raisio UK. The earnings period of the scheme is 1 January 2012 – 31 December 2014. On the basis of the scheme, a cash reward corresponding to a maximum total of 400,000 Raisio plc free shares will be paid by the end of April 2015. The amount of the reward is tied to the EBIT of Raisio's Brands segment and a prerequisite for receipt of the reward for each person appointed to the scheme is that he/she will still be employed by Raisio Group on 28 February 2015. Some of the persons originally appointed to the scheme are no longer employed by the Group, so the cash reward corresponded to a maximum total of 225,000 Raisio plc free shares on the closing date of 31 December 2013.

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 will end 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. For the earnings period 2013 - 2015, potential return of the scheme is based on the company's Total Shareholder Return (TSR). The reward will be paid in April 2016, partly in the Company's free shares (series V) 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. On the closing date, 31 December 2013, a total of 33 persons were within the share incentive scheme and bonuses to be paid correspond to the value of 940,000 Raisio plc free shares including the part paid in cash. Share price of a free share was EUR 3.09 at the grant date of the scheme on 22 March 2013 and EUR 4.37 on the closing date.

In December 2013, the Board decided on a new period for the share-based incentive scheme for 2014 - 2016. The earnings period of the scheme started on 1 January 2014 and will end on 31 December 2016. Potential bonus is based on the company's Total Shareholder Return (TSR). Bonus will be paid in 2017 similarly, partly in the company's free shares and partly in cash. There are some 40 persons within the scheme. Bonuses correspond to the value of a maximum of 1,000,000 Raisio plc free shares including the part paid in cash.

According to the decision made at the General Meetings of 2009-2013, the members of the Board of Directors have been paid some 20% of their reward by assigning them own shares held by the company. A total of 53,116 shares were assigned during 2009-2011, a total of 13,696 shares in 2012 and a total of 7,513 shares in 2013.

(EUR million)	2013	2012
Costs from employee benefits include cash- and equity-settled share-based payments:		
Equity-settled	**0.2**	0.1
Cash-settled	**0.7**	0.9
Total	**0.9**	1.0
Debt from cash-settled share-based plans	**0.9**	0.2

20. DEFERRED TAXES

Changes in deferred taxes in 2013:

(EUR million)	1.1.2013	Recognised in the income statement	Recorded in other comprehensive income	Exchange rate differences	Acquired/ divested subsidiaries	31.12.2013
Deferred tax assets:						
Internal margin of inventories	0.1	0.0				0.1
Internal margin of fixed assets	0.0	0.0				0.0
Provisions	0.7	-0.2		0.0		0.5
Confirmed fiscal losses	0.0	0.0				0.0
Derivative contracts	0.3		-0.2			0.2
Pension contributions	0.0	0.0				0.0
Depreciation not deducted in taxation	0.6	-0.3		0.0		0.3
Other items	0.6	0.6		-0.1		1.1
Total	2.4	0.0	-0.2	-0.1	0.0	2.2
Deferred tax liability:						
Accumulated depreciation difference	2.4	0.1		-0.1		2.4
Investments available for sale	0.4		-0.1			0.3
Financial assets and liabilities at fair value	0.0	0.0				0.0
Valuation at fair value of intangible and tangible assets in business combination	8.2	-1.0		-0.2		7.1
Other items	3.1	-0.2		0.0		2.8
Total	14.1	-1.1	-0.1	-0.3	0.0	12.6

Changes in deferred taxes in 2012:

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

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 47.9 million (31 December 2012: EUR 49.5 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)	2013	2012
Deferred tax assets	**2.2**	2.4
Deferred tax liability	**12.6**	14.1
Deferred net liability	**10.5**	11.8

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. PENSION CONTRIBUTIONS

Changes in the liabilities recorded in the balance sheet:

(EUR million)	2013	2012
Beginning of financial period	**0.2**	0.2
Pension expenses in the income statement	**-0.2**	0.0
End of financial period	**0.0**	0.2

22. PROVISIONS

(EUR million)	2013	2012
Provisions 1.1.	**0.2**	1.4
Exchange rate differences	**0.0**	0.0
Acquired companies	**0.0**	0.0
Increase in provisions	**1.2**	0.0
Provisions used	**0.0**	-1.2
Provisions 31.12.	**1.4**	0.2
Non-current provisions	**0.2**	0.2
Current provisions	**1.2**	0.0
Total	**1.4**	0.2

Increase in provisions is related to the centralisation and streamlining project in the Brands segment of Western European confectionery business.

23. FINANCIAL LIABILITIES

(EUR million)	2013	2012
Long-term financial liabilities valued at amortised acquisition cost		
Bank loans	**34.2**	55.5
Financial leasing liabilities	**0.0**	0.0
Total	**34.2**	55.5
Current financial liabilities recorded at amortised cost:		
Repayments of non-current loans	**20.7**	22.3
Financial leasing liabilities	**0.0**	0.0
Other interest-bearing liabilities	**0.4**	0.3
Total	**21.1**	22.6
Non-current liabilities (incl. finance leases), will mature as follows:		
Year 2014	**20.5**	20.8
Year 2015	**20.5**	20.8
Year 2016	**13.7**	13.9

Of the bank loans, approximately one-third is euro-denominated and two-thirds sterling-denominated debt. Other financial liabilities are mainly euro-denominated. Bank loans carry both variable and fixed interest rates. Interest rate of the bank loan of GBP 28.1 million (EUR 33.7 million) is tied to the Libor rates. The bank loan of EUR 21 million carries a fixed interest rate.

The fair values of interest-bearing liabilities are presented in Note 27.

(EUR million)	2013	2012
Maturity of financial leasing liabilities:		
Financial leasing liabilities – total of minimum leases		
Within 12 months	**0.0**	0.0
After 12 months but before five years	**0.0**	0.0
Gross overall investment	**0.0**	0.0
Financial leasing liabilities – present value of minimum leases		
Within 12 months	**0.0**	0.0
After 12 months but before five years	**0.0**	0.0
Gross overall investment	**0.0**	0.0
Financial expenses accumulated in the future	**0.0**	0.0
Total financial liabilities	**0.0**	0.0

24. DERIVATIVE CONTRACTS

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.

25. ACCOUNTS PAYABLE AND OTHER LIABILITIES

(EUR million)	2013	2012
Non-current		
Other liabilities	**0.1**	0.1
Current		
Accounts payable	**53.7**	54.3
Liabilities to associates	**0.0**	0.1
Accrued liabilities and deferred income	**20.4**	21.0
Advances paid	**5.4**	6.7
Other liabilities	**6.7**	10.5
Total	**86.3**	92.6

Accrued liabilities and deferred income include accrued business expenses, financial items and taxes. The most significant of these are accrued salaries and fees and other personnel expenses, which totalled EUR 7.6 million in 2013 (EUR 6.9 million in 2012).

26 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 73.6 million (EUR 55.1 million in the comparison year) of the Group's financial assets were invested in Finnish commercial papers and certificates of deposit.

Credit risk in sales

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

Liquidity risks

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

Interest rate risk (EUR million)	31.12.2013	31.12.2012
Impact of 1-ppt increase in market rates:		
on interest income	**1.0**	1.0
on interest expenses	**-0.3**	-0.7
change in market values	**0.3**	0.7
Net impact on interest income and expenses	**1.0**	1.1

Raisio's sensitivity to interest rate fluctuations is determined by calculating how much a change of one percentage point, constant over the entire interest rate curve, affects net interest rate expenses and income. The examination takes into account Raisio's interest-bearing investments and liabilities. In the financial period, Raisio's interest-bearing investments have focused on investments with a short term to maturity. The interest rates of financial liabilities are tied to the variable Euribor rate (3-6 months) or to the variable Libor rate of British pound (6 months). At the balance sheet date, 31 December 2013, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR 1.0 million (EUR 1.2 million) and to an interest rate decrease approximately EUR 0.3 million (EUR 0.4 million) Had the interest rate been 1 percentage point higher on the closing date 31 December 2013, Raisio's result after taxes would have been EUR 0.8 million (EUR 0.9 million) higher. Had the interest rate been 1 percentage point lower on the closing date 31 December 2013, Raisio's result after taxes would have been EUR 0.2 million (EUR 0.3 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, which are rarely continuously open for more than 12 months.

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

The Group's currency risk on 31 December 2013 was EUR 0.1 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 0.1 million (EUR 0.1 million). At the balance sheet date, the 1–12 months currency forward contracts in GBP, SEK and USD had a nominal value of EUR 73.7 million.

Currency risks 31.12.2013 (EUR million)						Currency risks 31.12.2013				
Currency risk, net position						**Currency risk, net position**				
GBP	**RUB**	**SEK**	**USD**	**PLN**	**CZK**	GBP	RUB	SEK	USD	PLN
-0.9	**0.0**	**0.1**	**-0.1**	**-2.9**	**-0.5**	-0.1	0.6	-0.4	0.6	-3.1
5% weakening in currency against the euro:										
GBP	**RUB**	**SEK**	**USD**	**PLN**	**CZK**	GBP	RUB	SEK	USD	PLN
0.0	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	0.0	0.0	0.0	0.0	0.1

Commodity risk

During the financial period, Raisio has used commodity derivatives, allowed by financial policy, to hedge cash flows arising from rapeseed purchases. Hedge accounting has been applied to commodity hedges; derivatives used have been continuously open for less than 12 months. On 31 December 2013, all hedges were terminated and hedging has been found effective.

DERIVATIVES

Nominal values of derivatives (EUR million)	31.12.2013	31.12.2012
Interest rate derivatives, cash flow hedging	**33.7**	48.2
Currency derivatives, no hedge accounting	**64.1**	65.1
Currency derivatives, hedge accounting	**9.6**	0.0

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

CAPITAL MANAGEMENT

The Group's capital management aims to use a strong equity structure to safeguard the Group's ability to do business and to increase owner value by aiming at the highest possible return. The development of the equity structure is monitored using the equity ratio. At the end of 2013, the Group's equity was EUR 331.7 million (EUR 327.3 million) and equity ratio was 68.3% (64.1%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received.

	31.12.2013	31.12.2012
Equity, EUR million	**331.7**	327.3
Balance sheet total, EUR million	**491.2**	517.6
Equity ratio	**68.3%**	64.1 %

27. 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 2013	Fair value 2013	Book value 2012	Fair value 2012
Financial assets					
Available-for-sale financial assets*)	12	**2.6**	**2.6**	2.3	2.3
Loan receivables	13	**0.1**	**0.1**	0.2	0.2
Sales receivables and other receivables	15	**60.5**	**60.5**	74.0	74.0
Investments recognised at fair value in the income statement *)	16	**73.6**	**73.6**	55.1	55.1
Liquid assets	17	**10.3**	**10.3**	6.8	6.8
Derivatives *)	16	**0.0**	**0.0**	1.2	1.2
Financial liabilities					
Bank loans	23	**54.9**	**56.1**	77.7	78.9
Other loans	23	**0.4**	**0.4**	0.3	0.3
Financial leasing liabilities	23	**0.0**	**0.0**	0.0	0.0
Accounts payable and other liabilities	25	**76.0**	**76.0**	76.0	76.0
Derivatives *)	24	**1.8**	**1.8**	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 OMX Helsinki Ltd's purchase price of the closing date. Part of unquoted share investments have been recognised at fair value by applying, for instance, recent transactions between independent parties. If the valuation at fair value by using valuation methods has not been possible and fair value has not been reliably available, the assets held for sale have been valuated at their acquisition cost. Financial assets at fair value through profit or loss are marketable and market prices at closing date or market interests corresponding to the length of the agreement have been used in their valuation.

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

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

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

Fair value hierarchy for financial assets measured at fair value
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.

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

(EUR million)	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Financial assets recognisable through the items of other comprehensive income Available-for-sale financial assets		**Financial liabilities at fair value through profit or loss** Purchase price debt	
At beginning of financial period	**2.3**	2.4	**0.0**	20.5
Profits and losses				
In the income statement under financial income and expenses	**0.0**			12.6
In the items of other comprehensive income	**0.0**	0.0		0.5
Payments				-33.5
Purchases	**0.3**	0.1		
Sales and other conveyances		-0.2		
At end of period	**2.6**	2.3	**0.0**	0.0

28. OTHER LEASES

(EUR million)	2013	2012
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	**1.7**	1.7
After five years	**4.9**	5.1
Total	**7.1**	7.3

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

The 2013 income statement includes a total of EUR 4.3 million (EUR 4.5 million in 2012) in rent expenses paid based on other rental agreements.

29. CONTINGENT AND OTHER LIABILITIES

(EUR million)	2013	2012
Pledged assets:		
For the company		
Contingent liabilities for associates		
Guarantees	**0.0**	0.0
Other liabilities		
Other financial liabilities	**3.5**	2.5
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	**0.7**	0.5

30. 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**	
Benemilk Ltd, Turku	**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., Poland	**100.00**	
The Candy Plus Sweet Factory, s.r.o., Czech Republic	**100.00**	
Carlshamn Mejeri Produktion AB, Sweden	**100.00**	
Chartnatural Limited, UK	**100.00**	
Dormen Foods Limited, UK	**100.00**	
OOO Ecomilk, Russia	**100.00**	
FDS Informal Foods Limited t/a Snacks Unlimited, UK	**100.00**	
F. Fravigar Limited, UK	**100.00**	
Food and Drink Solutions Limited, UK	**100.00**	
Fox's Confectionery Limited, UK	**100.00**	
Glisten Limited, UK	**100.00**	
The Glisten Confectionery Company Limited, UK	**100.00**	
Glisten Finance Limited, UK	**100.00**	
Glisten Snacks Limited, UK	**100.00**	
Halo Foods Limited, UK	**100.00**	
Health Bars Limited, UK	**100.00**	
Holgates Nutritional Foods Limited, UK	**100.00**	
Honey Monster Foods Limited, UK	**100.00**	
Jester Food Products Limited, UK	**100.00**	
The Lindum Snack Company Limited, UK	**100.00**	

	Group holding, %	Parent company holding, %
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	
UAB Raisio Lietuva, Lithuania	100.00	
OOO Raisio Nutrition, Russia	100.00	
Raisio Sp. z o.o., Poland	100.00	
Raisio Staest US Inc., USA	100.00	
Raisio Sverige AB, Sweden	100.00	
Raisio UK Limited, UK	100.00	100.00
TOV Raisio Ukraina, Ukrain	100.00	
Raisio Nutrition Ltd, Raisio	100.00	100.00
Shepherd Boy Limited, UK	100.00	
Raisioagro		
Proteinoil Oy, Raisio	100.00	100.00
Raisioagro Ltd., Raisio	100.00	100.00
Others		
Raisio Finance NV, Belgium	100.00	99.99
Raision Konsernipalvelut Oy, Raisio	100.00	100.00
Raisionkaari Industrial Park Ltd., Raisio	100.00	50.00
Reso Management Oy, Raisio	22.22	22.22
ASSOCIATES		
Raisioagro		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2013	2012
Business activities involving insiders:		
Sales to associates and joint ventures	**0.0**	9.5
Purchases from associates and joint ventures	**0.1**	0.1
Sales to key employees in management	**0.3**	0.2
Purchases from key employees in management	**0.8**	0.9
Short-term receivables from associates and joint ventures	**0.0**	0.4
Liabilities to associates and joint ventures	**0.0**	0.1
Sales to associates and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	**2.2**	2.4
Compensation paid in conjunction with termination of employment	**0.0**	0.4
Share-based payments	**0.4**	0.5
Total	**2.6**	3.3
Members of the Supervisory Board:	**0.0**	0.0
Members of the Board of Directors:	**0.1**	0.2
Managing Director and members of Management Team:		
Matti Rihko	**0.9**	0.7
Other members of Management Team	**1.4**	2.4
Total	**2.4**	3.0

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

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

CEO and other members of Raisio Group's Management Team are covered by a group pension insurance for the management. 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 2013 and for other Management Team members EUR 0.2 million, all totalling EUR 0.3 million.

(In 2012, for the CEO EUR 0.1 million and for other Management Team members EUR 0.3 million, all totalling EUR 0.3 million.)

(EUR million)	2013	2012
Loans to related party:		
Loans to key employees in management:		
At beginning of financial period	**0.0**	0.9
Repayments of loans	**0.0**	-0.9
At end of period	**0.0**	0.0
Loans to Reso Management Oy:		
At beginning of financial period	**10.6**	10.6
Interests received	**0.3**	0.3
Accumulated interests	**-0.3**	-0.3
At end of period	**10.6**	10.6
The interest rate is 3.25%. The loan will be repaid on 31 March 2014 at the latest. Raisio plc is entitled to demand and accept as pledge the Raisio plc's shares acquired with the loan.		
Loans to associates		
At beginning of financial period	**0.0**	0.1
Repayments of loans	**0.0**	-0.1
Accumulated interests	**0.0**	0.0
Interests received	**0.0**	0.0
At end of period	**0.0**	0.0
The loan has been fully paid back.		
Loans to the related party in total	**10.6**	10.6

Financial indicators

(EUR million)	2013	2012	2011
Result and profitability			
Net sales, M€ [1]	**557.6**	584.1	552.6
change, %	**-4.5**	5.7	30.5
International net sales, M€ [1]	**273.9**	288.0	239.0
% of net sales	**49.1**	49.3	43.3
Operating margin, M€ [1]	**49.1**	48.3	47.7
% of net sales	**8.8**	8.3	8.6
Depreciation and write-downs, M€ [1]	**15.5**	16.6	17.0
EBIT, M€ [1]	**33.6**	31.7	30.7
% of net sales	**6.0**	5.4	5.6
Result before taxes, M€ [1]	**31.8**	15.6	27.0
% of net sales	**5.7**	2.7	4.9
Return on equity, ROE, % [1]	**7.9**	3.5	6.5
Return on investment, ROI, % [1]	**8.6**	4.5	7.3
Financial and economical position			
Shareholders' equity, M€	**331.7**	327.3	332.9
Interest-bearing financial liabilities, M€	**55.4**	78.0	115.7
Net interest-bearing financial liabilities, M€	**-28.5**	16.2	-24.8
Balance sheet total, M€	**491.2**	517.6	561.8
Equity ratio, %	**68.2**	64.1	60.2
Net gearing, %	**-8.6**	4.9	-7.5
Cash flow from business operations, M€	**71.8**	20.9	50.0
Other indicators			
Gross investments, M€ [1]	**16.5**	24.6	71.2
% of net sales	**3.0**	4.2	12.9
R&D expenses, M€ [1]	**6.3**	6.9	6.8
% of net sales	**1.1**	1.2	1.2
Average personnel [1]	**1,946**	1,587	1,454

[1] Key figures presented for continuing operations.

Share indicators

	2013	2012	2011
Earnings/share, continuing operations (EPS), € [1]	**0.17**	0.08	0.14
Cash flow from business operations/share, € [1]	**0.46**	0.13	0.32
Equity/share, € [1]	**2.13**	2.10	2.13
Dividend/share, €	**0.13** [2]	0.12	0.11
Dividend/earnings, %	**77.2**	155.4	79.3
Effective dividend yield, %			
Free shares	**3.0**	3.9	4.6
Restricted shares	**2.9**	3.9	4.6
P/E ratio			
Free shares	**25.9**	39.9	17.2
Restricted shares	**26.7**	40.2	17.2
Adjusted average quotation, €			
Free shares	**3.66**	2.65	2.45
Restricted shares	**3.66**	2.69	2.49
Adjusted lowest quotation, €			
Free shares	**2.94**	2.12	1.52
Restricted shares	**2.95**	2.08	1.60
Adjusted highest quotation, €			
Free shares	**4.68**	3.10	2.84
Restricted shares	**4.60**	3.10	2.91
Adjusted quotation 31.12., €			
Free shares	**4.37**	3.08	2.39
Restricted shares	**4.49**	3.10	2.39
Market capitalisation 31.12., M€ [1]			
Free shares	**532.6**	374.4	291.0
Restricted shares	**150.5**	104.9	81.4
Total	**683.1**	479.3	372.3
Trading, EURm			
Free shares	**110.0**	78.8	73.7
Restricted shares	**4.7**	2.9	2.1
Total	**114.7**	81.6	75.8
Number of shares traded			
Free shares, 1,000 shares	**30,063**	29,758	30,050
% of total	**22.9**	22.7	23.0
Restricted shares, 1,000 shares	**1,281**	1,069	831
% of total	**3.8**	3.1	2.4
Average adjusted number of shares, 1,000 shares [1]			
Free shares	**121,619**	121,568	122,283
Restricted shares	**33,778**	33,967	34,052
Total	**155,397**	155,535	156,334
Adjusted number of shares 31.12., 1,000 shares [1]			
Free shares	**121,882**	121,560	121,746
Restricted shares	**33,520**	33,834	34,047
Total	**155,402**	155,394	155,793

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

[2] According to the Board of Directors' proposal EUR 0.13 per share.

Calculation of key financial development indicators

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

Calculation of key share indicators

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

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

Shares and shareholders

Raisio pls's shares are listed on NASDAQ QMX Helsinki Ltd. Raisio's market value at the end of 2013 was EUR 725,7 million. Overall trading totalled EUR 114.7 million. The closing price of free shares on 31 December 2013 was EUR 4.37, and that of restricted shares EUR 4.49. The Board of Directors will propose a dividend of EUR 0.13 at the Annual General Meeting in spring 2014.

Share capital and share classes

Raisio plc's fully paid-up share capital is EUR 27,776,072.91, which on 31 December 2013 was divided into 33,732,671 restricted shares (series K) and 131,416,359 free shares (series V). No nominal value is quoted for the shares. Restricted shares accounted for 20.4% of the share capital and 83.7% of the votes, while the corresponding figures for free shares were 79.6% and 16.3% (31 December 2013). 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 2013. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd (hereafter referred to as the Stock Exchange) under the sector Consumer Goods and sub-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 2013, a total of 314,495 restricted shares were converted into free shares.

In the book-entry system, restricted shares for which the approval procedure is in progress or the approval has not been sought, will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. There were 6.7 million restricted shares on the waiting list on 31 December 2013.

Ownership structure

Raisio plc had 35,007 (35,414) registered shareholders at the end of 2013.

In 2013, foreign ownership in the Company amounted to 16.1 per cent at its highest, to 9.5 per cent at its lowest and was 16.1 per cent at the end of the year (31 December 2012: 9.2%).

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

Company's own shares

At the end of the financial period 2013, Raisio plc held 5,051,720 free shares and 212,696 restricted shares acquired between 2005 and 2009 as well as in 2011 and 2012 under the authorisations given by AGMs. The management-owned Reso Management Oy of which, on the basis of the agreements, Raisio plc is seen to have the control, and which is thus regarded as a subsidiary, owns 4,482,740 free shares. The number of free shares held by Raisio plc and Reso Management Oy accounts for 7.3 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6 per cent. In all, the company shares held by these companies represent 5.9 per cent of the entire share capital and 1.7 per cent of overall votes.

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

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

The Raisio Group Research Foundation holds 150,510 restricted shares, which is 0.45 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the entire share capital and 0.37 per cent of the votes it represents. The Foundation does not or did not hold Raisio plc shares as collateral.

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 1,347,475

Structure of share capital on 31 December 2013

	Number of shares	% of total shares	% of total votes
Free shares	**131,416,359**	**79.6**	**16.3**
Restricted shares	**33,732,671**	**20.4**	**83.7**
Total	**165,149,030**	**100.0**	**100.0**

Shareholders on 31 December 2013	%
Households	**49.4**
Foreign owners [2]	**16.1**
Private enterprises [3]	**11.4**
Financial and insurance institutions [1]	**5.9**
Non-profit organizations	**6.6**
Waiting list and joint account	**4.6**
Public corporations	**5.9**

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

restricted shares and 3,416,493 free shares on 31 December 2013. This equals 2.9 per cent of all shares and 3.8 per cent of overall votes.

Shareholder agreements

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

Flagging notifications

In 2013, 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 2013

The highest price of the series V share was EUR 4.68, the lowest EUR 2.94 and the average price EUR 3.66. The year-end price of the V share was EUR 4.37. A total of 30.1 million V shares were traded (29.8 million in 2012), which equals some 23 per cent of the total volume of V shares. The value of share trading was EUR 110.0 (EUR 78.8 million).

The highest price of the series K share was EUR 4.60 and the lowest EUR 2.95. The average price was EUR 3.66. The year-end price of the K share was EUR 4.49. A total of 1.3 million K shares were traded (1.1 million), and the value of share trading was EUR 4.7 million (EUR 2.9 million).

At the end of 2013, the share capital had a market value of EUR 725.7 million (EUR 509.3 million) and EUR 702.7 million (EUR 493.1 million) excluding the shares held by the company.

Dividend policy and dividend

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

The AGM held in spring 2013 decided on a dividend of EUR 0.12 per share, which was paid on 10 April 2013. No dividend, however, was paid on the shares held by the company. The Board will propose a per-share dividend of EUR 0.13 at the AGM held in spring 2014. The record date is 1 April 2014 and the payable date 8 April 2014.

Acquisition and conveyance of own shares

Based on the authorisation given by the AGM 2013, 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 2014. 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 3.7 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 2012 and expired on 27 March 2013.

In the review period, a total of 7,513 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 2013. The value of free shares assigned as fees to the Board was EUR 28,345 at the time of the assignment.

Share issue authorisations

The AGM of 2013 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 11,521,929 shares, 1,462,696 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 2013 equals 3.2 per cent of the share capital and 1.2 per cent of the votes it represents. Furthermore, based on the authorisation, the number of issued new shares equals 12.1 per cent of the share capital and 2.5 per cent of the votes it represents.

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

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

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

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

The share issue authorisations will expire on 27 March 2018 at the latest.

During the financial period, the Board has not used its share issue authorisation of 2013. Nor has it used the share issue authorisation given by the AGM 2012 that expired on 27 March 2013.

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.

Corporate Governance

Annual General Meeting and Company Management

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

The Board is responsible for the Company's administration and the proper organisation 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.

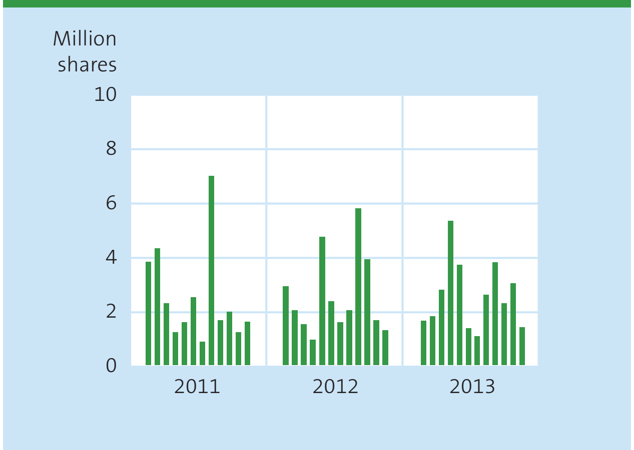
The Supervisory Board supervises the corporate administration run by the Board and CEO and gives the AGM a statement on the financial statements and auditor's report.

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.

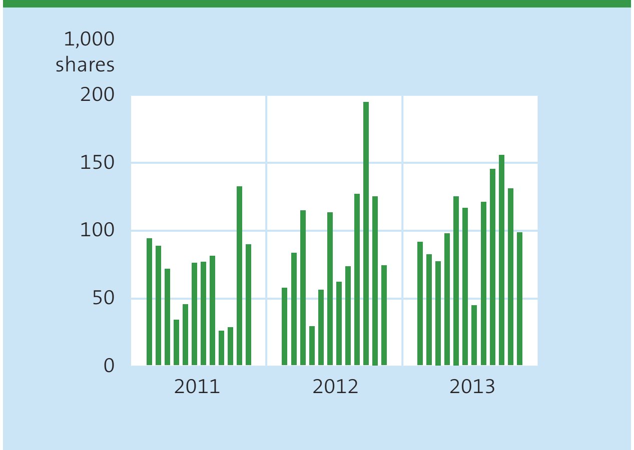
The body that elects the members of the Supervisory Board and the Board of Directors may make a new appointment decision at any time, meaning that the duties of a member or all members may be terminated before the term comes to an end.

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.

Trading volume, free share



Trading volume, restricted share



Share price development, EUR, free share

Share price development, EUR, restricted share

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 2013.

Shareholders

25 major shareholders on 31 December 2013, according to shareholders register

	Series K, no.	Series V, no.	Total, no.	%	Votes, no.	%
Reso Management Oy		4,482,740	4,482,740	2.71	4,482,740	0.56
Ilmarinen Mutual Pension Insurance Company		4,252,178	4,252,178	2.57	4,252,178	0.53
The Central Union of Agricultural Producers and Forest Owners (MTK)	3,733,980	199,000	3,932,980	2.38	74,878,600	9.29
Niemistö Kari		2,840,000	2,840,000	1.72	2,840,000	0.35
OP-Delta Fund		1,800,000	1,800,000	1.09	1,800,000	0.22
Veritas Pension Insurance Company Ltd.		1,788,438	1,788,438	1.08	1,788,438	0.22
OP-Finland Value Fund		1,677,114	1,677,114	1.02	1,677,114	0.21
Relander Harald		1,550,000	1,550,000	0.94	1,550,000	0.19
Mutual Fund Evli Finnish Equity		1,412,914	1,412,914	0.86	1,412,914	0.18
Savings Bank Finland Fund		1,303,338	1,303,338	0.79	1,303,338	0.16
The State Pension Fund		1,300,000	1,300,000	0.79	1,300,000	0.16
Mutual Insurance Company Pension-Fennia		1,260,000	1,260,000	0.76	1,260,000	0.16
Sijoitusrahasto Aktia Capital		1,065,475	1,065,475	0.65	1,065,475	0.13
FIM Fenno Sijoitusrahasto		1,059,885	1,059,885	0.64	1,059,885	0.13
Maa- ja Vesitekniikan Tuki ry.		1,000,000	1,000,000	0.61	1,000,000	0.12
Oy Etra Invest Ab		1,000,000	1,000,000	0.61	1,000,000	0.12
OP-Finland Small Firms Fund		983,116	983,116	0.60	983,116	0.12
Brotherus Ilkka	42,540	784,500	827,040	0.50	1,635,300	0.20
Laakkonen Mikko		826,823	826,823	0.50	826,823	0.10
The central union of Swedish-speaking agricultural producers in Finland (SLC)	772,500		772,500	0.47	15,450,000	1.92
Etera Mutual Pension Insurance Company		772,019	772,019	0.47	772,019	0.10
Langh Hans	754,480		754,480	0.46	15,089,600	1.87
Keskitien Tukisäätiö	100,000	500,000	600,000	0.36	2,500,000	0.31
Haavisto Maija	393,120	199,270	592,390	0.36	8,061,670	1.00
Haavisto Heikki	574,374	11,090	585,464	0.35	11,498,570	1.43

Shares registered under foreign ownership, including nominee registrations, totalled 26,624,751 on 31 December 2013, or 16.1% of the total and 20.3% of free shares. At the end of the year, Raisio plc owned 5,264,416 company shares, which represents 3.2% of the total.

Split of shareholdings on 31 December 2013

	Free shares				Restricted shares			
Shares	Shareholders		Shares		Shareholders		Shares	
no.	no.	%	no.	%	no.	%	no.	%
1-1,000	21,812	66.5	10,108,211	7.7	3,315	57.7	1,178,313	3.5
1,001-5,000	8,801	26.8	20,714,056	15.8	1,552	27.0	3,727,823	11.1
5,001-10,000	1,371	4.2	10,167,681	7.7	449	7.8	3,221,875	9.6
10,001-25,000	572	1.7	8,881,397	6.8	296	5.2	4,625,158	13.7
25,001-50,000	133	0.4	4,718,086	3.6	85	1.5	2,739,147	8.1
50,001-	130	0.4	76,478,658	58.2	44	0.8	10,941,525	32.4
waiting list			0	0.0			6,687,800	19.8
joint account			179,820	0.1			611,030	1.8
special accounts			168,450	0.1			0	0.0
total	32,819	100.0	131,416,359	100.0	5,741	100.0	33,732,671	100.0

31 December 2013 Raisio plc had a total of 35,007 registered shareholders.

Parent company income statement

(EUR million)	Note	1.1.-31.12.2013	1.1.-31.12.2012
NET SALES		**2.14**	2.13
Other income from business operations		**0.00**	0.00
Materials and services	1	**-0.04**	-0.04
Personnel expenses	2	**-1.54**	-1.69
Depreciation and write-downs	3	**-0.03**	-0.03
Other expenses from business operations	4	**-6.15**	-4.62
EBIT		**-5.63**	-4.25
Financial income and expenses	5	**-1.16**	-0.13
RESULT BEFORE EXTRAORDINARY ITEMS		**-6.79**	-4.37
Extraordinary items	6	**+14.23**	+9.29
RESULT BEFORE APPROPRIATIONS AND TAXES		**7.44**	4.91
Appropriations	7	**+0.02**	-0.02
Direct taxes	8	**-1.79**	-1.21
RESULT FOR THE FINANCIAL PERIOD		**5.67**	3.68

Parent company balance sheet

(EUR million)	Note	31.12.2013	31.12.2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**0.02**	0.05
Tangible assets	9	**0.38**	0.44
Holdings in Group companies	10	**283.48**	304.47
Other investments	10	**72.93**	66.80
		356.81	371.75
CURRENT ASSETS			
Inventories	11	**0.02**	0.02
Current receivables	12	**18.37**	25.11
Securities under financial assets	13	**75.32**	54.84
Cash in hand and at banks		**50.62**	26.47
		144.33	106.44
TOTAL ASSETS		**501.14**	478.19
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	14		
Share capital		**27.78**	27.78
Premium fund		**2.91**	2.91
Reserve fund		**88.59**	88.59
Invested unrestricted shareholders' equity fund		**10.62**	10.62
Retained earnings		**145.11**	160.52
Result for the year		**5.67**	3.68
		280.67	294.10
ACCUMULATED APPROPRIATIONS	15	**0.01**	0.02
LIABILITIES			
Non-current liabilities	16	**34.24**	55.46
Current liabilities	17	**186.22**	128.61
		220.46	184.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**501.14**	478.19

Parent company cash flow statement

(EUR million)	2013	2012
CASH FLOW FROM BUSINESS OPERATIONS		
Result before extraordinary items	-6.79	-4.37
Adjustments:		
Planned depreciation	0.03	0.03
Unrealised foreign exchange gains and losses	-0.78	1.06
Other income and expenses not involving disbursement	0.07	0.04
Financial income and expenses	1.94	-0.93
Cash flow before change in working capital	-5.53	-4.19
Increase (–)/decrease (+) in current receivables	+1.47	+3.89
Increase (–)/decrease (+) in inventories	+0.00	+0.00
Increase (+)/decrease (–) in current interest-free liabilities	0.40	-2.41
Change in working capital	1.87	1.49
Cash flow from business operations before financial items and taxes	-3.65	-2.70
Interest paid and payments for financial expenses from business operations	-3.89	-4.04
Dividends received	0.01	0.02
Interest and other financial income	1.83	5.22
Income taxes paid	-1.68	-1.42
CASH FLOW FROM BUSINESS OPERATIONS	-7.39	-2.93
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	0.00	-0.11
Proceeds from divestments of tangible and intangible assets	0.02	0.00
Investments in shares of Group companies	-0.01	-54.97
Repayment of capital	21.00	0.00
Loans granted	-20.00	-20.00
Repayment of loan receivables	27.83	2.21
CASH FLOW FROM INVESTMENTS	28.84	-72.87
Cash flow after investments	21.45	-75.80
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	-21.90	-15.96
Increase (+)/decrease (–) in current liabilities	+46.33	+43.32
Increase (–)/decrease (+) in loan receivables	+8.53	-4.16
Group contributions received and paid	9.29	11.00
Repurchase of company shares	0.00	-1.02
Dividend paid and other distribution of profit	-19.07	-17.51
CASH FLOW FROM FINANCIAL OPERATIONS	23.18	15.68
Change in liquid funds	44.63	-60.12
Liquid funds at beginning of period	81.31	141.44
Liquid funds at end of period	125.94	81.31

Parent company's accounting principles

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

Valuation of non-current assets

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

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

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

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

Valuation of inventories

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

Pension arrangements

Statutory and voluntary pension security for the company personnel has been arranged through pension insurance companies. 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 regular income not related to actual sales of goods and services, such as rental income, are presented as other operating income.

Extraordinary income and expenses

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

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 have not been entered.

Borrowing costs

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

Foreign currency items

Foreign currency receivables and liabilities have been 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 have been entered in the income statement. Exchange rate gains and losses related to actual business operations are treated as adjustment items on sales and purchases, and those related to financing are presented under financing 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 derivatives are used to hedge foreign currency receivables and liabilities; exchange rate differences arising from them are entered through profit or loss.

Interest rate risk of the portfolio consisting of the Group's interest-bearing loans and receivables is reduced through interest rate swaps. The accrued interest from swaps is entered 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 have been presented in the company's financial statements as deduction from retained earnings. Conveyance of the company shares has been presented as an addition to earnings except for the company shares assigned in the directed share issue. The subscription price of these shares has been entered in the invested unrestricted equity fund and their acquisition cost is presented in the earnings.

Cash flow statement

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

The cash flow statement has been prepared using the indirect method.

Notes to the parent company income statement

(EUR million)	2013	2012
1. MATERIALS AND SERVICES		
Materials, supplies and goods		
Purchases in the period	**0.02**	0.04
Change in inventories	**0.00**	0.00
Total	**0.03**	0.04
External services	**0.02**	0.00
Total	**0.04**	0.04
2. PERSONNEL EXPENSES		
Wages and fees	**1.24**	1.23
Pension expenses	**0.07**	0.24
Other personnel expenses	**0.23**	0.22
Total	**1.54**	1.69
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director	**0.68**	0.79
Members of the Board of Directors	**0.14**	0.18
Members of the Supervisory Board	**0.04**	0.03
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Office workers	**3**	4
PENSION LIABILITY		
Pension liability for members of the Board of Directors and the Managing Director		
The parent company's Managing Director is entitled and obligated to retire upon turning 62.		
3. DEPRECIATION AND WRITE-DOWNS		
Planned depreciation	**0.03**	0.03
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	**0.07**	0.06
Certificates and reports	**0.00**	0.01
Tax consultancy	**0.00**	0.00
Other services	**0.00**	0.01
Total	**0.07**	0.08

(EUR million)	2013	2012
5. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	**0.01**	0.02
Total	**0.01**	0.02
Total interest received from long-term investment		
From Group companies	**1.17**	1.48
Total income from long-term investment	**1.18**	1.49
Other interest and financial income		
From Group companies	**0.06**	0.25
From others	**0.56**	1.35
Total	**0.61**	1.60
Total financial income	**1.79**	3.10
Exchange rate differences		
To Group companies	**-2.20**	2.64
To others	**2.31**	-2.03
Total	**0.10**	0.61
Impairment of investments		
Impairment of long-term investments	**0.00**	-0.04
Total	**0.00**	-0.04
Interest paid and other financial expenses		
To Group companies	**-0.82**	-0.89
To others	**-2.24**	-2.90
Total	**-3.05**	-3.79
Total financial expenses	**-2.95**	-3.18
Total financial income and expenses	**-1.16**	-0.13
6. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	**16.08**	12.78
Total	**16.08**	12.78
Extraordinary expenses		
Group subsidies paid	**-1.85**	-3.49
Total	**-1.85**	-3.49
Total extraordinary income and expenses	**14.23**	9.29
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	**0.02**	-0.02
8. INCOME TAXES		
Income tax on extraordinary items	**-3.49**	-2.27
Income tax on ordinary operations	**1.70**	1.06
Taxes on previous financial years	**0.00**	0.00
Total	**-1.79**	-1.21

Notes to the parent company balance sheet

9. INTANGIBLE ASSETS 2013

(EUR million)	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1.1.	0.28	0.37	0.65
Increase 1.1.–31.12.	0.00		0.00
Decrease 1.1.-31.12.	0.02		0.02
Acquisition cost 31.12.	0.26	0.37	0.63
Accumulated depreciation and write-downs 1.1.	0.23	0.37	0.61
Accumulated depreciation of decrease and transfers	0.00		0.00
Depreciation for the financial period	0.01		0.01
Accumulated depreciation 31.12.	0.24	0.37	0.61
Book value 31.12.2013	0.02	0.00	0.02
Book value 31.12.2012	0.05	0.00	0.05

9. TANGIBLE ASSETS 2013

(EUR million)	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost 1.1.	0.70	0.35	0.26	1.31
Increase 1.1.–31.12.				0.00
Decrease 1.1.-31.12.		0.06		0.06
Acquisition cost 31.12.	0.70	0.29	0.26	1.25
Accumulated depreciation and write-downs 1.1.	0.65	0.23		0.88
Accumulated depreciation of decrease and transfers		0.03		0.03
Depreciation for the financial period	0.01	0.01		0.02
Accumulated depreciation 31.12.	0.65	0.22	0.00	0.87
Book value 31.12.2013	0.05	0.07	0.26	0.38
Book value 31.12.2012	0.06	0.12	0.26	0.44
Book value of the production machinery and equipment				
31.12.2013		0.00		
31.12.2012		0.00		

10. INVESTMENT 2013

(EUR million)	Group company shares	Participating interest company shares	Other shares	Receivables, Group companies	Other receivables	Total investment
Acquisition cost. 1.1.	304.47	0.03	0.03	66.74	0.00	371.27
Increase 1.1.-31.12.	0.00			33.97		33.97
Repayment of capital	21.00					21.00
Decrease 1.1.-31.12.				27.83	0.00	27.83
Acquisition cost 31.12.	**283.48**	**0.03**	**0.03**	**72.88**	**0.00**	**356.41**
Book value 31.12.2013	**283.48**	**0.03**	**0.03**	**72.88**	**0.00**	**356.41**
Book value 31.12.2012	**304.47**	**0.03**	**0.03**	**66.74**	**0.00**	**371.27**

SHARES AND HOLDINGS 2013

	Group holding, %	Parent company holding, %
GROUP COMPANIES		
Proteinoil Oy, Raisio	**100.00**	100.00
Raisio Finance NV, Belgia	**100.00**	99.99
Raision Konsernipalvelut Oy, Raisio	**100.00**	100.00
Raisionkaari Industrial Park Ltd, Raisio	**100.00**	50.00
Raisio UK Limited, UK	**100.00**	100.00
Glisten Limited, UK	**100.00**	0.00
Raisio Nutrition Ltd, Raisio	**100.00**	100.00
Raisioagro Ltd., Raisio	**100.00**	100.00
Reso Management Oy, Raisio	**22.22**	22.22
Nordic Feed Innovations Oy, Turku	**76.00**	76.00
ASSOCIATES		
Vihervakka Oy, Pöytyä	**38.50**	38.50

11. INVENTORIES

(EUR million)	2013	2012
Materials and supplies	**0.01**	0.01
Finished products and goods	**0.01**	0.01
	0.02	0.02

12. RECEIVABLES

(EUR million)	2013	2012
Current receivables		
Accounts receivables	**0.00**	0.00
Receivables from Group companies		
Accounts receivables	**0.03**	0.10
Loan receivables	**0.28**	8.80
Other receivables	**16.12**	12.81
Prepaid expenses and accrued income	**1.68**	1.94
	18.10	23.65
Other receivables	**0.07**	0.00
Prepaid expenses and accrued income	**0.20**	1.45
Total current receivables	**18.37**	25.11

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)	2013	2012
Repurchase price	**75.63**	55.08
Book value	**75.32**	54.84
Difference	**0.31**	0.24

14. SHAREHOLDERS' EQUITY

(EUR million)	2013	2012
Restricted shareholders' equity		
Share capital 1.1.	**27.78**	27.78
Share capital 31.12.	**27.78**	27.78
Premium fund 1.1.	**2.91**	2.91
Premium fund 31.12.	**2.91**	2.91
Reserve fund 1.1.	**88.59**	88.59
Reserve fund 31.12.	**88.59**	88.59
Total restricted shareholders' equity	**119.27**	119.27
Unrestricted shareholders' equity		
Invested unrestricted shareholders' equity fund 1.1.	**10.62**	10.62
Invested unrestricted shareholders' equity fund 31.12.	**10.62**	10.62
Retained earnings 1.1.	**164.20**	179.02
Dividend distributed	**-19.19**	-17.62
Unclaimed dividends	**0.07**	0.10
Disposal of company shares	**0.03**	0.04
Repurchase of company shares	**0.00**	-1.02
Retained earnings 31.12.	**145.11**	160.52
Result for the year	**5.67**	3.68
Total unrestricted shareholders' equity	**161.40**	174.83
Total shareholders' equity	**280.67**	294.10
Distributable equity	**161.40**	174.83

Company share capital dividend by share series as follows:

	2013		2012	
	shares	EUR 1,000	shares	EUR 1,000
Restricted shares (20 votes/share)	**33,732,671**	**5,673**	34,047,166	5,726
Free shares (1 vote/share)	**131,416,359**	**22,103**	131,101,864	22,050
Total	**165,149,030**	**27,776**	165,149,030	27,776

Company shares held by Raisio:

	2013		2012	
	shares	Acquisition cost EUR 1,000	shares	Acquisition cost EUR 1,000
Restricted shares (20 votes/share)	**212,696**	**416**	212,696	416
Free shares (1 vote/share)	**5,051,720**	**19,037**	5,059,233	19,052
Total	**5,264,416**	**19,453**	5,271,929	19,468

The probable assignment price of company shares held by the Group on the date of the financial statements was EUR 23.0 million (EUR 16.2 million in 2012).

15. ACCUMULATED APPROPRIATIONS

Accumulated appropriations consist of the accumulated depreciation difference.

16. NON-CURRENT LIABILITIES

(EUR million)	2013	2012
Loans from credit institutions	**34.24**	55.46
Total non-current liabilities	**34.24**	55.46

17. CURRENT LIABILITIES

(EUR million)	2013	2012
Loans from credit institutions	**68.95**	47.01
Accounts payable	**0.23**	0.13
Liabilities to Group companies		
Accounts payable	**0.02**	0.00
Other liabilities	**114.20**	78.94
Accrued liabilities and deferred income	**0.24**	0.21
	114.47	79.15
Other liabilities	**0.42**	0.42
Accrued liabilities and deferred income	**2.15**	1.89
Total current liabilities	**186.22**	128.61
Accrued liabilities and deferred income include accrued business expenses, financial items and taxes.		
Interest-free debts		
Current	**4.91**	6.15

Other notes to the parent company accounts

18. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS

(EUR million)	2013	2012
CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due in 2013	**0.00**	0.01
Payables at a later date	**0.00**	0.01
Total	**0.00**	0.02
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	**35.88**	37.77

19. DERIVATIVE CONTRACTS:

(EUR million)	2013	2012
The company uses derivative contract for hedging. The values of underlying instruments for derivative contracts, stated below, indicate the scope of hedging measures. The fair values of derivative contracts show the result had the derivative position been closed at market price on the closing day.		
Currency forward contracts:		
Fair value	**0.91**	0.89
Value of underlying instrument	**73.58**	65.06
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	**-0.90**	-1.71
Value of underlying instrument	**33.74**	48.25
The value of interest rate swaps is the nominal amount of open contracts.		

Board’s proposal for the disposal of profit

Shareholders’ equity according to the balance sheet at 31 December 2013 is EUR 161,401,885.58. The Board of Directors proposes that a dividend of EUR 0.13 per share be paid from the parent company’s earnings

totalling	EUR 21,469,373.90
carried over on the retained earnings account	EUR 139,932,511.68
Total	EUR 161,401,885.58

However, dividend will not be paid on the shares which are held by the company at the record date 1 April 2014.

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, 13 February 2014

Matti Perkonoja	Pirkko Rantanen-Kervinen
Erkki Haavisto	Matti Rihko
Michael Ramm-Schmidt	*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 2013. 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, 13 February 2014

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 2013.

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 25 February 2014

For the Supervisory Board
Paavo Myllymäki
Chairman

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