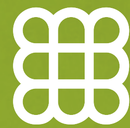

2011

Financial Statements

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Financial reporting

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

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

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

Report of the Board of Directors 2011

Continuing operations

Net sales

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

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

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

Result

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

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

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

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

Balance sheet and cash flow

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

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

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

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

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

Divestment of malt business

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

Investments and acquisitions

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

Key figures, result, continuing operations

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

* Excluding one-off items

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

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

Research and development

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

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

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

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

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

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

Administration and management

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

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

Key figures, balance sheet

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

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

Personnel

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

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

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

Changes in group structure

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

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

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

Corporate responsibility

Raisio's vision is to be a forerunner in ecological and healthy snacks with leading brands as well as an active developer of sustainable food chain. Population growth and climate change are estimated to have a major impact on the future food chain. As a food producer and significant plant-based raw materials user, Raisio has the desire and opportunity to further strengthen the sustainability of the food chain. Raisio's sustainable food chain is based on good nutrition, safe products, well-being at work, animal welfare and locality as well as good management of environmental and financial responsibility in the company's own operations.

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

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

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

Segment information

Brands Division

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

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

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

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

Local brands

Western Europe

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

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

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

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

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

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

Northern Europe

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

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

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

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

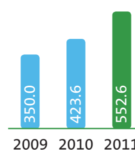
Gluten-free has been identified as a growing global trend. Pure oat products in the renewed Provena brand provide consumers with healthy and delicious treats. Besides Finland and Sweden, Provena products are sold in Denmark, Poland and the Baltic Countries.

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

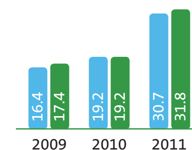
In industrial bakery products, the total volume of Finnish market fell, which in turn clearly affected the demand for industrial flours. Markets for HoReCa products (Hotels, Restaurant, Catering) were stable, even though the prices of finished products increased sharply due to volatile raw material prices.

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

Net sales (M€)

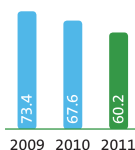


EBIT (M€)

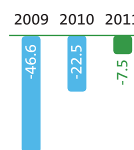


EBIT
Excluding one-off items

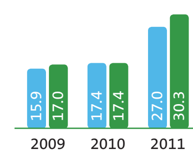
Equity ratio (%)



Net gearing (%)

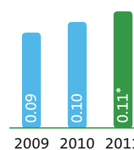


Pre-tax result (M€)



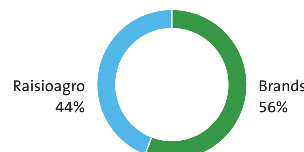
Pre-tax result
Excluding one-off items

Dividend/share (€)

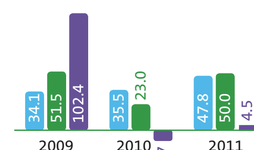


*Board of Directors' proposal

Net sales by division (%)



Cash flow (M€)



Cash flow before change in working capital
Cash flow from business operations
Cash flow after investments

Eastern Europe

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

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

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

International brands – Benecol and Simpli

Simpli

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

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

Benecol

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

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

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

A new meta-analysis on plant stanol ester in Benecol products was published in early 2011. The analysis showed that added cholesterol-lowering benefit can be achieved from higher than currently recommended daily intake of plant stanol ester. This feature reinforces the image of Benecol brand as an effective cholesterol-lowering food.

Targets

Raisio aims to grow through successful acquisitions.

International brands - Benecol

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

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

Local brands

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

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

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

Key figures for the Brands Division

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

* Including acquisitions

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

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

Raisioagro Division

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

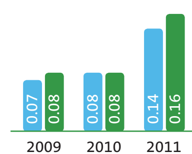
The Division's profitability was better than in the comparison year, EBIT amounted to EUR 2.9 million (EUR 1.9 million) accounting for 1.2% (1.0%) of net sales. Thanks to the product range expansion, new structure, operating model and online store, we expect to achieve our profitability target of EUR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

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

Raisioagro Ltd.

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

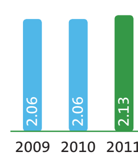
Earnings/share, EPS (€)



2009 2010 2011

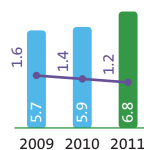
Earnings/share, EPS
Excluding one-off items

Equity per share (€)



2009 2010 2011

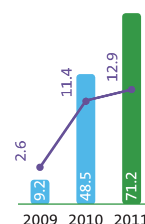
R&D expenses (M€)



2009 2010 2011

% of net sales

Investments (M€)

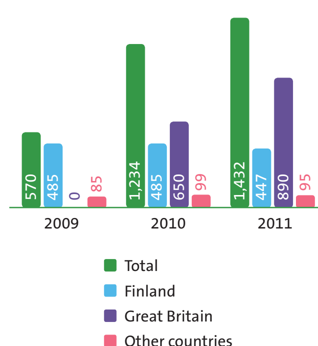


2009 2010 2011

% of net sales

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

Personnel, 31 December (persons)



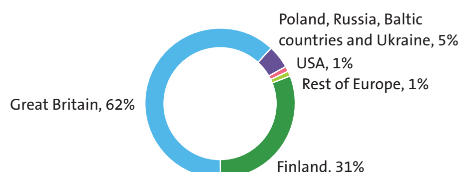
2009 2010 2011

Total
Finland
Great Britain
Other countries

Return on investment, ROI (%)

2009 2010 2011

Personnel by region



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

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

Operating environment

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

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

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

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

Targets

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

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

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

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

Grain market

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

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

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

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

Key figures for the Raisioagro Division

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

Events after the review period

Patent applied for a new feed

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

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

Deepening cooperation between Raisio and Neste Oil

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

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

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

Risks and sources of uncertainty in the near future

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

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

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

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

Outlook 2012

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

Board of Directors' proposal for the distribution of profits

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

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

In Raisio, 14 February 2012

Raisio plc
Board of Directors

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

Consolidated income statement

(EUR million)	Note	1.1.–31.12.2011	1.1.–31.12.2010
CONTINUING OPERATIONS:			
NET SALES	1	**552.6**	423.6
Cost of sales		**-461.6**	-351.2
Gross profit		**91.0**	72.4
Sales and marketing expenses		**-34.4**	-30.2
Administration expenses		**-19.9**	-17.6
Research and development expenses		**-6.8**	-5.9
Other income and expenses from business operations	4	**0.8**	0.4
EBIT	5, 6, 20	**30.7**	19.2
Financial income	7	**3.0**	1.0
Financial expenses	7	**-6.7**	-2.9
Share of the result of associates and joint ventures		**0.0**	0.0
RESULT BEFORE TAXES		**27.0**	17.4
Income taxes	8	**-5.7**	-5.1
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS		21.3	12.3
DISCONTINUED OPERATIONS:	3		
Result for the financial period for discontinued operations		**4.2**	-0.1
RESULT FOR THE FINANCIAL PERIOD		**25.5**	12.2
ATTRIBUTABLE TO:			
Equity holders of the parent company		**25.8**	12.3
Non-controlling interests		**-0.3**	-0.1
		25.5	12.2
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF EQUITY HOLDERS OF THE PARENT COMPANY	9		
Earnings per share from continuing operations (EUR)			
Undiluted earnings per share		**0.14**	0.08
Diluted earnings per share		**0.14**	0.08
Earnings per share from discontinued operations (EUR)			
Undiluted earnings per share		**0.03**	0.00
Diluted earnings per share		**0.03**	0.00

Comprehensive income statement

(EUR million)	Note	1.1.–31.12.2011	1.1.–31.12.2010
RESULT FOR THE PERIOD		**25.5**	12.2
OTHER COMPREHENSIVE INCOME ITEMS			
Hedging of net investments		**-0.3**	-0.2
Available-for-sale financial assets		**-0.1**	1.4
Cash flow hedging		**-1.1**	0.0
Translation differences recognised in profit and loss on disposal of foreign operations		**0.0**	0.0
Gains and losses arising from translating the financial statements of foreign operations		**2.0**	1.6
COMPREHENSIVE INCOME FOR THE PERIOD		**25.9**	14.9
COMPONENTS OF COMPREHENSIVE INCOME:			
Equity holders of the parent company		**26.2**	15.1
Non-controlling interests		**-0.3**	-0.1
		25.9	14.9

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

Consolidated balance sheet

(EUR million)	Note	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**38.4**	10.7
Goodwill	10, 11	**103.3**	51.9
Tangible assets	10	**117.1**	106.4
Shares in associates and joint ventures	12	**0.8**	0.8
Available-for-sale financial assets	13	**2.4**	2.5
Long-term receivables	14	**3.0**	1.7
Deferred tax assets	21	**4.0**	5.3
		268.9	179.3
CURRENT ASSETS			
Inventories	15	**80.2**	88.2
Accounts receivables and other receivables	16	**71.7**	69.0
Financial assets through profit or loss at fair value	17	**121.6**	131.8
Cash in hand and at banks	18	**19.4**	18.9
		292.9	307.9
TOTAL ASSETS		**561.8**	487.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	19, 20		
Equity attributable to equity holders of the parent company			
Share capital		**27.8**	27.8
Premium fund		**2.9**	2.9
Reserve fund		**88.6**	88.6
Company shares		**-19.5**	-17.8
Translation differences		**-0.7**	-2.4
Other funds		**0.2**	1.4
Retained earnings		**232.5**	222.5
		331.7	323.0
Non-controlling interests		**1.1**	1.0
TOTAL SHAREHOLDERS' EQUITY		**332.9**	324.0
LIABILITIES			
Non-current liabilities			
Deferred tax liability	21	**16.4**	7.6
Pension contributions	22	**0.2**	0.2
Provisions	23	**0.5**	1.1
Non-current financial liabilities	24	**76.3**	53.1
Derivative contracts	25	**1.8**	0.0
Other non-current liabilities		**0.1**	0.1
		95.2	62.1
Current liabilities			
Accounts payable and other liabilities	26	**89.5**	85.1
Tax liability based on the taxable income for the period		**1.2**	0.0
Provisions	23	**0.9**	1.7
Derivative contracts	25	**2.7**	0.1
Current financial liabilities	24	**39.5**	14.1
		133.8	101.1
TOTAL LIABILITIES		**228.9**	163.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**561.8**	487.2

Notes are an essential part of the financial statements.

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

(EUR million)	Share capital	Share premium reserve	Reserve fund	Company shares	Translation differences	Other reserves	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY ON 31 DECEMBER 2009	27.8	2.9	88.6	-18.5	-3.7	0.0	225.0	322.0	0.0	322.0
Comprehensive income for the period										
Result for the period							12.3	12.3	-0.1	12.2
Other comprehensive income items										
Hedging of net investment					-0.2			-0.2		-0.2
Available-for-sale financial assets						1.4		1.4		1.4
Translation differences arising from disposals of foreign operations					0.0			0.0		0.0
Gains and losses arising from translating the financial statements of foreign operations					1.6			1.6		1.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.4	1.4	12.3	15.1	-0.1	14.9
Business activities involving shareholders										
Dividends							-14.1	-14.1		-14.1
Unclaimed dividends							0.2	0.2		0.2
Management's holding company				-1.0				-1.0	1.2	0.2
Share-based payment				1.7			-1.0	0.7		0.7
Total business activities involving shareholders	0.0	0.0	0.0	0.7	0.0	0.0	-14.8	-14.1	1.2	-12.9
SHAREHOLDERS' EQUITY ON 31 DECEMBER 2010	27.8	2.9	88.6	-17.8	-2.4	1.4	222.5	323.0	1.0	324.0
Comprehensive income for the period										
Result for the period							25.8	25.8	-0.3	25.5
Other comprehensive income items (adjusted for tax effects)										
Hedging of net investments					-0.3			-0.3		-0.3
Available-for-sale financial assets						-0.1		-0.1		-0.1
Cash flow hedge						-1.1		-1.1		-1.1
Gains and losses arising from translating the financial statements of foreign operations					2.0			2.0		2.0
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.6	-1.2	25.8	26.3	-0.3	25.9
Business activities involving shareholders										
Dividends							-16.1	-16.1	0.4	-15.7
Unclaimed dividends							0.0	0.0		0.0
Repurchase of company shares				-1.7				-1.7		-1.7
Share-based payment				0.0			0.2	0.3		0.3
Total business activities involving shareholders	0.0	0.0	0.0	-1.7	0.0	0.0	-15.8	-17.5	0.4	-17.1
SHAREHOLDERS' EQUITY ON 31 DECEMBER 2011	27.8	2.9	88.6	-19.5	-0.7	0.2	232.5	331.7	1.1	332.9

Consolidated cash flow statement

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

[1] Adjustments resulting from divestment of fixed assets.

Accounting policies for the consolidated financial statements

Basic information

The Group is an international specialist in plant-based nutrition, which develops, manufactures and markets foods, functional food ingredients and animal feeds. The Group operates in 10 countries. Raisio's organisation consists of two profit centres, Brands and Raisioagro, and service functions supporting the Group's business areas.

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

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

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

These consolidated financial statements were authorised for issue by Raisio plc's Board of Directors on 14 February 2012. Under the Finnish Companies Act, shareholders are entitled to adopt or reject the financial statements at the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting may also decide to amend the financial statements.

Basis of presentation

Raisio's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and following the IAS and IFRS standards as well as SIC and IFRIC interpretations in effect on 31 December 2011. The International Accounting Standards refer to the standards and their interpretations approved for application within the EU according to the procedure governed by EU Regulation (EC) No. 1606/2002. Notes to the consolidated financial statements also comply with the Finnish Accounting and Community Legislation that supplements the IFRS provisions. The currency used in the financial statements is the euro, and the statements are shown in EUR millions.

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

The Group has adopted the following revised or amended standards and interpretations as of 1 January 2011:

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

When preparing the financial statements in accordance with the IFRSs, Group management must make certain estimates and judgements concerning the application of accounting principles. Information about the estimates and judgements that the management has used when applying the Group's accounting principles and that have the biggest impact on figures presented in the financial statements are presented in conjunction with the accounting principles under 'Accounting policies calling for management's judgement and main uncertainties related to the assessments'.

Scope and accounting policies of consolidated financial statements

Subsidiaries

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

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

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

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

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

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

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

Company founded for a special purpose

Executives' holding company Reso Management Oy has been combined to the consolidated financial statements in a manner similar to use with subsidiaries. The company's entire share capital is owned by the Group management. Management Team's incentive scheme has been carried out through this company. The purpose of the scheme is to commit the members of the Management Team to the company by encouraging them to acquire and hold company shares, and this way to increase the company's shareholder value in the long run, as well as to support the achievement of the company's strategic objectives. The company is combined with Raisio's consolidated financial statements because Raisio has control of the company on the basis of shareholder and loan agreements. Control results from the terms stated in the agreements, such as the prohibition of transfer or pledge of Raisio plc's shares held by Reso Management Oy. Moreover, several operations of Reso Management Oy require an approval from Raisio plc's Board of Directors. Raisio plc or the companies under its control have no ownership in the company in question.

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

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

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

Associates and joint ventures

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

hensive income. The Group's associates and joint ventures had no such items in this or previous period.

Segment reporting

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

Foreign currency transactions and translations

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

Business transactions in foreign currency

Business transactions in foreign currency are entered in the functional currency by using the transaction date exchange rate. It is customary to use exchange rate, which roughly corresponds to that of the transaction date. Monetary items in foreign currency are converted into the functional currency using the closing date exchange rate. Non-monetary items are valued at the transaction date exchange rate. Profits and losses from transactions in foreign currency and the conversion of monetary items have been recognised through profit or loss. Exchange rate profits and losses related to the main business are included in the corresponding items above EBIT. Foreign currency exchange differences are entered under financial income and expenses except for the exchange differences of the liabilities that have been denominated to hedge the net investments in foreign operations and that are effective in it. These exchange differences are entered in other comprehensive income and accumulated foreign exchange differences are presented as a separate line item in equity until the foreign entity is partially or completely disposed of.

Conversion of financial statements in foreign currency

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

Government grants and assistance

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

Intangible assets

Goodwill

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

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

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

Research and development costs

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

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

Other intangible assets

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

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

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

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

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

Inventories

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

Assets held for sale and discontinued operations

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

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

- It represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

- It is a subsidiary acquired exclusively with a view to resale;

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

Rental agreements

Group as a lessee

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

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

Group as lesser

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

Impairment of tangible and intangible assets

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

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

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

Employee benefits

Pension obligations

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

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

Share-based payments

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

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

Provisions

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

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

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

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

Dividends payable

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

Income taxes

Tax expense consists of current tax and the change in deferred tax. Taxes are recorded through profit or loss except when they relate to the statement of comprehensive income or items directly recorded in shareholders' equity. In this case, tax effects are also recorded in the corresponding items. Current tax is calculated from the taxable income according to the valid tax rate of each country. The tax is adjusted by possible taxes related to previous accounting periods.

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

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

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

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

Revenue recognition principles

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

Activity based income statement

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

Other operating income and expenses

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

EBIT

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

Financial assets and liabilities

Financial assets

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

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

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

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

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

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

Liquid funds

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

Financial liablilities

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

Impairment of financial assets

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

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

Derivative financial instruments and hedge accounting

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

According to its financial risk management policy, the Group may use various derivatives to hedge against interest rate, currency and commodity price risks. Interest rate swaps are used to hedge agaist changes in market interest rates. Currency forward contracts are used to hedge receivables

and debts in foreign currencies as well as future commercial cash flows. Quoted commodity futures can be used to hedge against the price risks caused by temporal differences of the fixed-price raw material purchases and product sales.

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

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

Cash flow hedging

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

Hedges of a net investment in a foreign operation

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

Other hedge instruments to which hedge accounting is not applied

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

The fair values of derivatives are presented in notes 28.

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

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

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

No significant judgement-based decisions have been needed.

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

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

Impairment testing

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

Determination of fair value of acquired assets and purchase price debt in the business combination

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

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

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

Deferred tax assets

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

Application of new and amended IFRS standards

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

- Amendment to IFRS 7 *Disclosures: derecognition* (effective in periods beginning on or after 1 July 2011). The amendment increases transparency in the reporting of transfers of financial instruments and improves users' understanding of the risk exposures relating to transfers of financial instruments and the effect of these risks on an entity's financial position, particularly those involving securitisation of financial assets. The Group estimates that the amendment will not affect the future consolidated financial statements.
- Amendment to IAS 12: *Income taxes: Deferred tax* (effective in periods beginning on or after 1 January 2012). The standard currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. When the asset is measured using the fair value model in IAS 40, Investment property, it may be difficult to assess whether recovery will be through use or through sale. This amendment introduces an exception in IAS 40 for the deferred tax on investment property measured at fair value defined based on the estimated consideration for the sale of investment property.
- The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not affect the future consolidated financial statements.
- IFRS 10 – *Consolidated financial statements* (effective in periods beginning on or after 1 January 2013). The standard includes the principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principles related to control. Control is established as the basis for consolidation. The standard provides guidelines on how to apply the concept of control. The standard also includes the requirements for the preparation of consolidated financial statements. The standard has not yet been endorsed in the EU. The Group management estimates that the standard will not have a material impact on the consolidated financial statements.
- IFRS 11 *Joint arrangements* (effective in periods beginning on or after 1 January 2013). The standard provides guidance on how joint arrangements are treated. The treatment is based on the rights and obligations of the arrangement rather than its legal form There are two types of joint arrangement: joint operations and joint ventures. The parties in joint operations have rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. The parties in joint ventures have rights to the net assets of the arrangement, and they are treated using the equity method. Proportional consolidation of joint ventures is no longer allowed. The standard has not yet been endorsed in the EU. The Group management estimates that the standard will not affect the consolidated financial statements, since the joint venture has already been consolidated using the equity method.
- IFRS 12 *Disclosures of interests in other entities* (effective in periods beginning on or after 1 January 2013). The standard includes the disclosure requirements for all forms of interests in other entities. It concerns joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard has not yet been endorsed in the EU. The Group management estimates that the standard will not have any material impacts on the consolidated financial statements.

- Revised IAS 27 *Separate financial statements* (effective in periods beginning on or after 1 January 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions have been included in the new IFRS 10. The revised standard has not yet been endorsed in the EU.
- Revised IAS 28 *Associates and joint ventures* (effective in periods beginning on or after 1 January 2013). The revised standard includes the requirements for both joint ventures and associates to be equity accounted following the issue of IFRS 11. The revised standard has not yet been endorsed in the EU. The Group management estimates that the standard will not affect consolidated financial statements.
- Amendment to IAS 1: *Presentation of financial statement – other comprehensive income* (effective in periods beginning on or after 1 July 2012). The main change is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendment does not address which items are presented in other comprehensive income. The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to IAS 32 F*inancial Instruments: Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2014). The amendment concerns inconsistencies in current practice when applying the guidance on when the financial assets and liabilities can be presented in the balance sheet in net terms. The amendment also clarifies that the right of set-off of financial assets and liabilities must be available 'every day', which means it cannot be contingent on a future event. Additionally, it must be possible for both counterparties to conduct netting of items in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also clarifies guidance as to when certain gross payment settlement arrangements are equivalent to the terms of net implimentation accordant with IAS 32. The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective in periods beginning on or after 1 January 2013). The amendment requires more extensive disclosures than are currently required so that entities must provide numerical data on the financial instruments that are offset in the balance sheet, as well as on those financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the balance sheet. The amendment has not yet been endorsed in the EU. The Group estimates that the amendment will not have a material impact on the consolidated financial statements.
- IFRS 9 *Financial instruments* (effective in periods beginning on or after 1 January 2015). This is the first part of a larger project that aims to replace IAS 39 with a new standard. It retains but simplifies the mixed measurement model and establishes two measurement categories for financial assets amortised cost and fair value. The classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard has not yet been endorsed in the EU. The Group management estimates that the standard will have some impacts on the consolidated financial statements.
- IFRS 13 *Fair value measurement* (effective in periods beginning on or after 1 January 2013). The purpose of the standard is to increase consistency and reduce complexity. The standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The use of fair value is not extended but the standard provides guidance on how it should be applied where its use is permitted or required by other standards. The standard has not yet been endorsed in the EU. The Group management is assessing the impact of the standard on the consolidated financial statements.
- Amendment to IAS 19: *Employee benefits* (effective in the periods beginning on or after 1 January 2013). The main effects of the amended standard are: the application of the corridor approach is eliminated, a change in the definition of estimated return on funded defined benefit assets and the calculation of finance costs on a net funding basis. The amendment has not yet been endorsed in the EU. The amendment is not estimated to affect the future consolidated financial statements.
- IFRIC 20 *Stripping costs in the production phase of a surface mine* (effective in periods beginning on or after 1 January 2013). The interpretation provides guidance on accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation has not yet been endorsed in the EU. The interpretation will not affect the future consolidated financial statements.

Consolidated notes

1. SEGMENT INFORMATION

The Group consists of two reportable segments, Brands and Raisioagro (former Business to Business Division), and service functions. Brands and Raisioagro segments are the Group's strategic business units that are lead as separate units. Their products are different and require different distribution channels and market strategies. The Brands segment is composed of international brands - Benecol, and local brands. Under the segment, the Group reports Benecol Division, Northern and Eastern European operations of foods as well as Western European operations as of 1 April 2010. Western European operations include the operations of Glisten companies acquired in spring 2010 and the operations of Big Bear Group acquired on 4 February 2011. Raisioagro segment includes feeds, grain trade, protein meals and vegetable oils, production inputs and bioenergy. The figures of the malt business sold in the end of June 2011 are reported under discontinued operations. The figures for previous periods presented in the financial statements report have been adjusted accordingly.

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

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

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

	Brands		Raisioagro		Other operations		Eliminations		Total	
(EUR million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External sales										
Services	**0.1**	0.1	**0.1**	0.0	**1.3**	0.8			**1.5**	0.9
Goods	**308.9**	232.8	**241.1**	188.8	**0.1**	0.1			**550.0**	421.7
Royalties	**1.0**	1.0	**0.0**	0.0					**1.0**	1.0
Total external sales	**310.0**	233.9	**241.1**	188.8	**1.4**	0.9			**552.6**	423.6
Internal sales	**4.6**	2.5	**0.0**	0.0			**-4.6**	-2.5	**0.0**	0.0
Net sales	**314.6**	236.4	**241.1**	188.8	**1.4**	0.9	**-4.6**	-2.5	**552.6**	423.6
Depreciation	**9.6**	7.8	**4.6**	4.4	**2.4**	2.8			**16.7**	15.0
Value impairments	**0.3**	0.1				0.0			**0.3**	0.1
Segment EBIT	**30.1**	20.0	**2.9**	1.9	**-2.4**	-2.8	**0.0**	0.0	**30.7**	19.2
Share of the results of associates and joint ventures	**0.0**	0.0	**0.0**	0.1					**0.0**	0.0
Segment assets	**294.2**	179.1	**104.2**	118.2	**18.9**	16.5	**-3.5**	-1.0	**413.8**	312.9
Including:										
Shares in associates and joint ventures	**0.1**	0.1	**0.7**	0.7					**0.8**	0.8
Increase in non-current assets	**67.8**	43.4	**2.5**	3.8	**0.8**	1.3	**0.0**	0.0	**71.2**	48.5
Segment liabilities	**48.4**	35.5	**41.1**	47.2	**4.6**	5.0	**-3.5**	-1.0	**90.6**	86.6

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

Information about major customers:
In 2011 and 2010, the Group had no major customers, as defined in IFRS 8, whose revenue to the Group would have exceeded 10% of the Group's net sales.

2. ACQUIRED BUSINESS OPERATIONS

IN 2011

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

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

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

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

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

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

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

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

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

IN 2010

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

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

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

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

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

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

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

Goodwill resulting from the acquisition was EUR 50.9 million (44.6 M£). Goodwill is resulted from the income expectations of the local operations, based on the business

entity's historical earning power and view of maintaining and improving the level of earnings. The goodwill recognised is not deductible for tax purposes in any respect.

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

Raisio Group's net sales for January-December 2010 would have been EUR 462.8 million and pre-tax result excluding one-off items EUR 17.7 million if the acquisition of business operations completed during the financial year had been combined with the consolidated financial statement from the beginning of the financial year 2010. The post-acquisition net sales of subgroup Glisten was EUR 65.5 million and pre-tax result EUR 4.3 million.

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

	Fair values entered in the business combination
Property, plant and equipment	14.0
Trade marks	4.6
Deferred tax assets	0.2
Inventories	8.4
Accounts receivables and other receivables	14.7
Cash in hand and at banks	0.0
Total assets	42.0
Deferred tax liabilities	2.1
Provisions	0.9
Financial liabilities	32.3
Financial liabilities at fair value through profit or loss	5.1
Other liabilities	14.3
Total liabilities	54.7
Net assets	-12.7
Cash assets paid	22.2
Contingent purchase price debt	16.0
Acquisition price	38.2
Goodwill	50.9
Purchase price paid in cash	22.2
Financial assets of the acquired subsidiary	0.0
Cash flow generation	22.2

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

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

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

(EUR million)	2011	2010
Result for discontinued operations:		
Income from ordinary operations	**11.8**	19.6
Expenses	**-12.1**	-19.4
Result before taxes	**-0.3**	0.2
Taxes	**0.0**	-0.1
Result after taxes	**-0.3**	0.1
Earnings due to discontinuation	**4.5**	-0.4
Taxes	**0.0**	0.2
Result after taxes	**4.5**	-0.2
Result for the financial period from discontinued operations	**4.2**	-0.1
Cash flow for discontinued operations:		
Cash flow from business operations	**-2.2**	-2.5
Cash flow from investments	**16.0**	2.8
Cash flow from financial operations	**3.0**	0.0
Total cash flow	**16.8**	0.4
Impact of divested operations on the Group's financial position:		
Non-current assets	**2.3**	
Inventories	**7.5**	
Current receivables	**4.5**	
Liquid funds	**3.6**	
	17.9	
Non-current liabilities	**0.0**	
Short-term creditors	**5.6**	
	5.6	
Net assets sold	**12.3**	
Business sales proceeds	**4.7**	
Costs allocated to sales	**-0.2**	
Net income from sales	**4.5**	
Sales price	**17.0**	
Cash flow from sales	**13.2**	
In the cash flow statement:		
Cash flow from business operations	**-0.2**	
Divestment of subsidiaries less liquid assets at the time of divestment	**11.1**	
Disposal income from tangible and intangible assets	**2.3**	
	13.2	

4. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR million)	2011	2010
Other income and expenses from business operations	**0.8**	0.4
Total	**0.8**	0.4
Auditors' remuneration		
PwC		
Audit	**0.2**	0.1
Certificates and reports	**0.0**	0.0
Tax guidance	**0.0**	0.0
Other services	**0.1**	0.8
Total	**0.3**	1.0
PKF (UK) LL		
Audit	**0.1**	0.0
Tax guidance	**0.0**	0.0
Other services	**0.0**	0.1
Total	**0.2**	0.2

5. DEPRECIATION AND IMPAIRMENT

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

6. EXPENSES FROM EMPLOYMENT BENEFITS

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

Details about the management's employee benefits are provided in Notes 31 Related party transactions. Details about assigned company shares are provided in Notes 20 Share-based payments.

AVERAGE NUMBER OF PEOPLE EMPLOYED BY THE GROUP IN THE FINANCIAL PERIOD		
Brands	**1,179**	797
Raisioagro	**216**	229
Joint operations	**59**	60
Total	**1,454**	1,086

7.FINANCIAL INCOME AND EXPENSES

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

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

8. INCOME TAXES

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

(EUR million)	Before taxes	Tax impact	After taxes
Taxes related to the items of other comprehensive income:			
Year 2011			
Available-for-sale financial assets	**-0,2**	**0,1**	**-0,1**
Cash flow hedging	**-1,5**	**0,4**	**-1,1**
Hedging of net investments	**-0,3**	**0,0**	**-0,3**
Translation differences	**2,0**	**0,0**	**2,0**
	0,0	**0,4**	**0,4**
Year 2010			
Available-for-sale financial assets	1,9	-0,5	1,4
Hedging of net investments	-0,2	0,0	-0,2
Translation differences	1,6	0,0	1,6
	3,3	-0,5	2,8

9. EARNINGS PER SHARE

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

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

10. INTANGIBLE ASSETS 2011

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

10. TANGIBLE ASSETS 2011

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

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

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

10. INTANGIBLE ASSETS 2010

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

10. TANGIBLE ASSETS 2010

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

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

Intangible rights include trademarks whose useful life is considered to be indefinite. Their carrying value was EUR 4.6 million.

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

In the Group, goodwill is allocated to the cash-generating units defined by business segments. A total of EUR 49.0 million was generated in the acquisition of Big Bear implemented in the financial year 2011. A total of EUR 50.9 million was generated in the acquisition of Glisten implemented in the financial year 2010. These goodwill amounts are allocated in its entirety to Western European operations of the Brands Division. The total amount of goodwill was EUR 103.3 million at the closing date.

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

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

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

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

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

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

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

Sensitivity analysis of impairment testing:

Goodwill on the Glisten acquisition
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the carrying value of assets when the discount rate increases to 12.0% or when the EBIT level drops permanently by 45% from the management's estimations.

Goodwill on the Big Bear acquisition
The entity's recoverable amount is well above the carrying value of assets. The recoverable amount is less than the carrying value of assets when the discount rate increases above 10.9% or when the EBIT level drops permanently by more than 37% from the management's estimations.

12. SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

(EUR million)	2011	2010
JOINT VENTURES		
Book value 1.1.	0.1	0.1
Share of result for the financial period	0.0	0.0
Book value 31.12.	0.1	0.1
The book value of joint ventures does not include goodwill.		
ASSOCIATES		
Book value 1.1.	0.7	0.7
Share of result for the financial period	0.0	0.0
Book value 31.12.	0.7	0.7
The book value of associates does not include goodwill.		
The amounts of the assets and liabilities, net sales and result of joint ventures, corresponding to the Group's holdings:		
Assets and liabilities related to investments in joint ventures:		
Non-current assets	0.1	0.2
Current assets	1.0	1.0
Non-current liabilities	0.0	0.1
Current liabilities	1.0	1.1
Assets, net	0.1	0.1
Income and expenses related to investments in joint ventures:		
Net sales	10.6	10.3
Expenses	10.6	10.3
Profit/loss	0.0	0.0
Total assets, liabilities, net sales and profit/loss of associates:		
Assets	2.2	2.2
Liabilities	0.3	0.3
Net sales	1.1	1.1
Profit/loss	0.1	0.1

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

14. LONG-TERM RECEIVABLES

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

The long-term loans receivable from the third parties presented above mainly consists of USD-denominated, variable rate receivable and EUR-denominated subordinated loan. Loan receivable from related parties are composed of the GBP-denominated loan granted to the member of Glisten management and of the EUR-denominated loan granted to the joint venture. The fair values of long-term receivables are presented in Note 28.

The balance sheet values correspond best to the amount equal to the maximum credit risk, excluding the fair value of collateral, in case other contracting parties cannot meet their obligations related to financial instruments. Loans receivable from the third parties constitute a credit risk concentration since the number of liabilities of debtors is significant and part of receivables is equity instrument.

15. INVENTORIES

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

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

16. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

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

At the reporting date, about 60 per cent of the Group's accounts receivables were denominated in euro, about 30 per cent in pound and the rest in other currencies.

At the reporting date, the Group had accounts receivables that had matured over 60 days earlier and whose value had not decreased: EUR 0.2 million (EUR 0.1 million in 2010) The overdue receivables have the following age distribution:

	2011	2010
Overdue 61–180 days	0.2	0.1
Overdue more than 180 days	0.0	0.0
	0.2	0.1
The following items have been deducted from accounts receivables:		
Value on 1.1.	0.9	0.9
Acquired companies	0.1	0.2
Other increase	0.7	0.2
Decrease	-0.8	-0.4
Value on 31.12.	0.9	0.9

The Group recognised a total of EUR 0.3 million (EUR 0.1 million in reporting period 2010) in credit losses from accounts receivables in the reporting period.

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

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

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR million)	2011	2010
Securities under financial assets	121.1	131.4
Derivative contracts	0.4	0.5
Total financial assets at fair value through profit or loss	121.6	131.8

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

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

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

18. LIQUID FUNDS

(EUR million)	2011	2010
Cash in hand and at bank accounts	**19.4**	18.9

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

19. SHAREHOLDERS' EQUITY

(EUR million)	1,000 shares	Share capital	Company shares
The parent company's share capital is divided by share types as follows:			
31 December 2009			
Restricted shares (20 votes/share)	34,452	5.8	
Restricted shares, company shares	-201		-0.4
Free shares (1 vote/share)	130,697	22.0	
Free shares, company shares	-8,803		-18.1
Total	156,145	27.8	-18.5
Restricted shares converted into free shares	197		
Disposal of company shares, free shares	4,853		10.9
Raisio plc's free shares acquired by Reso Management Oy	-4,483		-10.1
31 December 2010			
Restricted shares (20 votes/share)	34,255	5.8	
Restricted shares, company shares	-201		-0.4
Free shares (1 vote/share)	130,894	22.0	
Free shares, company shares	-8,433		-17.4
Total	156,515	27.8	-17.8
Disposal of company shares, free shares	-10		0.0
Repurchase of company shares, free shares	725		-1.7
Repurchase of company shares, restricted shares	7		0.0
31 December 2011			
Restricted shares (20 votes/share)	34,255	5.8	
Restricted shares, company shares	-209		-0.4
Free shares (1 vote/share)	130,894	22.0	
Free shares, company shares	-9,148		-19.1
Total	155,793	27.8	-19.5

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

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

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

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

During the financial year 2010, a total of 553,056 free shares were assigned to the management and key personnel in the share-based scheme of 2009 and 168,000 free shares as a separate share reward, thus a total of 721,056 free shares of which 10,000 were returned at the termination of employment of one person. A total of 17,165 shares were assigned to the members of the Board of Directors as part of their rewards. Furthermore, in the directed share issue against payment a total of 4,120,000 free shares held by the company were assigned to Reso Management Oy.

A total of 15,060 free shares were assigned to the members of the Board of Directors as part of their rewards.

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

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

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

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

20. SHARE-BASED PAYMENTS

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

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

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

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

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

In June 2010, the Board of Directors cancelled the disposal restriction and return obligation in respect of certain shares held by the Group's Management Team. The cancellation concerned a total of 526,999 shares assigned to 8 persons within the incentive schemes of both 2008 and 2009. The cancellation was related to the Board of Directors' decision on a new incentive scheme for the Group's Management Team. Through the scheme, the management invested in Raisio's free shares. For this purpose, the management acquired a company called Reso Management Oy the share capital of which they own completely. They funded their investment partly by themselves and partly through a loan provided by Raisio. Reso Management Oy holds a total of 4,482,740 Raisio's free shares. Fair value of the share has been determined using the market prices of the directed share issue and valuation date, and it has been EUR 2.59 per share. Expected dividends or other features related to issue of equity linked instruments have not been considered in the determination of fair value. The share-based scheme includes an obligation to work at Raisio plc or at its subsidiaries until 31 March 2014 at least, and this obligation will continue until March 2018, at the latest, if the terms postponing the dissolution are realised. Reso Management Oy will be dissolved in March 2019, at the latest, when the shareholders of the company will receive Raisio plc's shares as consideration for dissolution or merger. The incentives are forfeited when the person leaves the Group before the vesting date.

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

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

According to the decision made at the General Meetings of 2009-2011, the members of the Board of Directors have been paid some 20% of their reward by assigning them own shares held by the company. A total of 20,891 shares were assigned in 2009, a total of 17,165 shares in 2010 and a total of 15,060 shares in 2011.

(EUR million)	Incentive scheme 2010	Incentive scheme 2009	Incentive scheme 2008
Share-based incentive schemes:			
Grant date	18.3.2010	7.1.2009	13.6.2008
Nature of plan	Shares and cash	Shares and cash	Shares and cash
Maximum number of share-based rewards	430,334	600,000	400,000
Number of people	61	55	15
Share price at the granting date	2.74	1.52	1.71
Earnings period ends	31.12.2010	31.12.2009	31.12.2008
Assignment of shares	December 2012	August 2010	August 2009
Release of shares	1.1.2014	31.12.2011	1.9.2011
Vesting conditions	EBIT % Employment condition	Roce, EBT and divestment of margarine business, employment condition	Net sales and EBT, employment condition
Shares assigned:			
Time and date		May 2010	August 2009
Number of shares		553,056	334,500
Number of people		51	13
Exempt from disposal and return obligations:			
Time and date		June 2010	June 2010
Number of shares		274,999	252,000
Number of people		8	8
Cancelled			
Time and date	Year 2010	Year 2010	
Number of shares	8,500	5,000	
Number of people	2	1	
Within the scheme on 31 December 2010:			
Number of shares	421,834	273,057	82,500
Number of people	59	42	5
Expired:			
Time and date	**Year 2011**		
Number of shares	**421,834**		
Number of people	**59**		
Cancelled:			
Time and date		Year 2011	
Number of shares		5,000	
Number of people		1	
Exempt from disposal and return obligations:			
Time and date		December 2011	September 2011
Number of shares		268,057	82,500
Number of people		41	5
Within the scheme on 31.12.2011			
Number of shares	**0**	0	0
Number of people	**0**	0	0

(EUR million)	2011	2010
Costs from employee benefits include cash- and equity-settled share-based payments:		
Equity-settled	**0.3**	0.7
Cash-settled	**1.3**	1.4
	1.6	2.1
Recognised in net income from continuing operations	**1.5**	1.6
Debt from cash-settled share-based plans	**2.2**	0.9

21. DEFERRED TAXES

Changes in deferred taxes in 2011:

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

Changes in deferred taxes in 2010:

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

Deferred tax assets corresponding to fiscal losses to be used at a later time have been recognised to the extent that it is probable that a tax benefit will be realised in the future. The Group's accumulated losses totalled EUR 51.8 million (31 December 2010: EUR 48.7 million). Most of the losses will be discounted over a period in excess of five years.

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

(EUR million)	2011	2010
Deferred tax assets	**4.0**	5.3
Deferred tax liability	**16.4**	7.6
Deferred net liability	**-12.4**	-2.4

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

22. PENSION CONTRIBUTIONS

Changes in the liabilities recorded in the balance sheet:

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

23. RESERVES

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

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

24. FINANCIAL LIABILITIES

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

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

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

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

25. DERIVATIVE CONTRACTS

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

26. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

Accrued liabilities and deferred income include accrued business expenses, financial items and taxes. The most significant of these are accrued salaries and fees and other personnel expenses, which totalled EUR 8.4 million in 2011 (EUR 6.3 million in 2010).

27 FINANCIAL RISK MANAGEMENT OVERVIEW

INTRODUCTION

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

FINANCIAL RISKS AND THEIR MANAGEMENT

Credit risks

Counterparty risk

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

Investment activities

The financial risk management policy regulates the sum, maturity and counterparties of invested assets. In addition to direct long- or short-term interest-bearing investments, assets can be invested in fixed-income funds, alternative investment funds, as well as shares and equity funds. The CFO has the right to decide on the counterparties for the Group's investments as defined in the policy. In principle, counterparties may be member states of the European Monetary Union, large Finnish municipalities and alliances formed by them, financial institutions engaged in corporate banking in Finland and companies with a good credit rating, registered in a member state of the European Monetary Union. At the date of the financial statements, EUR 121.1 million (EUR 100.8 million in the comparison year) of the Group's financial assets were invested in Finnish commercial papers and certificates of deposit.

Credit risk in sales

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

Liquidity risk

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

Market risk

Interest rate risk

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

value of EUR 3.3 million (EUR 30.8 million in the comparison year). Hedge accounting is not applied to these interest rate swaps. The Group's interest rate risk is monitored by calculating the impact that a one-percentage-point change in market rates has on the interest income and expenses of interest-bearing investments and debt over the following 12 months. The maximum interest rate risk is determined in the financial risk management policy.

(EUR million) Interest rate risk	31.12.2011	31.12.2010
Impact of 1-ppt increase in market rates:		
On interest income	1.6	1.0
On interest expenses	-0.8	-0.5
Change in market values	1.2	0.2
Net impact on interest income and expenses	2.0	0.8

Raisio's sensitivity to interest rate fluctuations is determined by calculating how much a change of one percentage point, constant over the entire interest rate curve, affects net interest rate expenses and income. The examination takes into account Raisio's interest-bearing investments and liabilities. In the financial period, Raisio's interest-bearing investments have focused on investments with a short term to maturity. The interest rates of financial liabilities are tied to the variable Euribor rate (3-6 months) or to the variable Libor rate of British pound (6 months). TyEL loans were prematurely paid off in full. At the date of the financial statements, 31 December 2011, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR 2.0 million (EUR 0.8 million) and to an interest rate decrease approximately EUR 0.4 million (EUR -0.8 million) Had the interest rate been 1 percentage point higher on the closing date, 31 December 2011, Raisio's result after taxes would have been EUR 1.5 million (EUR 0.6 million) higher. Had the interest rate been 1 percentage point lower on the closing date, 31 December 2011, Raisio's result after taxes would have been EUR 0.3 million (EUR -0.6 million) higher.

Currency risk

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

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

The Group's currency risk on 31 December 2011 is EUR 0.0 million (EUR 0.1 million) if other currencies weaken by 5% against the euro. The impact on Raisio's result after taxes would be EUR 0.0 million (EUR 0.0 million). On the closing date, the Group's 1–12-month currency forward contracts in GBP, RUB, SEK and USD had a nominal value of EUR 65.8 million. The Group companies' currency positions against functional currencies other than the euro are not significant.

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

DERIVATIVES

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

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

CAPITAL MANAGEMENT

The Group's capital management aims to use a strong equity structure to safeguard the Group's ability to do business and to increase owner value by aiming at the highest possible return. The development of the equity structure is monitored using the equity ratio. At the end of 2011, the Group's equity was EUR 332.9 million (EUR 324.0 million) and its equity ratio was 60.2% (67.6%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received.

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

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

(EUR million)	Financial assets recognisable through the items of other comprehensive income Available-for-sale financial assets		Financial liabilities at fair value through profit or loss Purchase price debt	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
At beginning of period	**2.5**	0.6	**17.5**	
Generated in business combination				17.0
Profits and losses				
In the income statement under financial income and expenses			**2.7**	0.3
In the items of other comprehensive income	**-0.2**	1.9	**0.3**	0.2
Purchases	**0.0**	0.1		
Sales	**0.0**	0.0		
At end of period	**2.4**	2.5	**20.5**	17.5

29. OTHER LEASES

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

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

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

30. CONTINGENT AND OTHER LIABILITIES

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

31. RELATED PARTY TRANSACTIONS

Consolidated subsidiaries, joint ventures and associates

	Group holding, %	Parent company holding, %
SUBSIDIARY COMPANIES		
Brands		
Anytime Food and Drink Limited, UK	100.00	
Big Bear Group Limited, UK	100.00	
Bright Foods Limited, UK	100.00	
Cabin Confectionery Limited, UK	100.00	
Carlshamn Mejeri Produktion AB, Sweden	100.00	
Chartnatural Limited, UK	100.00	
Dormen Foods Limited, UK	100.00	
OOO Ecomilk, Russia	100.00	
FDS Informal Foods Limited t/a Snacks Unlimited, UK	100.00	
F. Fravigar Limited, UK	100.00	
Food and Drink Solutions Limited, UK	100.00	
Fox's Confectionery Limited, UK	100.00	
Glisten Limited, UK	100.00	92.47
The Glisten Confectionery Company Limited, UK	100.00	
Glisten Finance Limited, UK	100.00	
Glisten Snacks Limited, UK	100.00	
Halo Foods Limited, UK	100.00	
Health Bars Limited, UK	100.00	
Holgates Nutritional Foods Limited, UK	100.00	
Honey Monster Foods Limited, UK	100.00	
Jester Food Products Limited, UK	100.00	
The Lindum Snack Company Limited, UK	100.00	
Lyme Regis Fine Foods Limited, UK	100.00	
Nimbus Foods Limited, UK	100.00	
Nutti-Bite Limited, UK	100.00	
The Original Welsh Pantry Company Limited, UK	100.00	
Raisio Eesti AS, Estonia	100.00	
SIA Raisio Latvija, Latvia	100.00	
UAB Raisio Lietuva, Lithuania	100.00	
OOO Raisio Nutrition, Russia	100.00	
Raisio Sp. z o.o., Poland	100.00	
Raisio Staest US Inc., USA	100.00	
Raisio Sverige AB, Sweden	100.00	
Raisio UK Limited, UK	78.73	78.73
TOV Raisio Ukraina, Ukraine	100.00	
Raisio Nutrition Ltd, Raisio	100.00	100.00
Shepherd Boy Limited, UK	100.00	
Skinny Candy Limited, UK	50.00	
ZAO Zolotaya Melnitsa, Russia	74.90	
Raisioagro		
Proteinoil Oy, Raisio	100.00	100.00
Raisioagro Ltd., Raisio	100.00	100.00
Others		
Raisio Finance NV, Belgium	100.00	99.99
Raision Konsernipalvelut Oy, Raisio	100.00	100.00
Raisionkaari Industrial Park Ltd., Raisio	100.00	50.00
Reso Management Oy, Raisio	0.00	0.00
JOINT VENTURES		
Brands		
Ateriamestarit Oy, Turku	50.00	
ASSOCIATES		
Raisioagro		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2011	2010
Business activities involving insiders:		
Sales to associates and joint ventures	10.7	10.8
Purchases from associates and joint ventures	0.1	0.2
Sales to key employees in management	0.2	0.0
Purchases from key employees in management	0.8	0.8
Long-term receivables from associates and joint ventures	0.0	0.1
Short-term receivables from associates and joint ventures	1.0	1.2
Liabilities to associates and joint ventures	0.1	0.1
Sales to associates and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	2.5	2.9
Compensation paid in conjunction with termination of employment	0.0	0.0
Share-based payments	0.0	1.8
Total	2.5	4.7
Members of the Supervisory Board:	0.0	0.0
Members of the Board of Directors:	0.2	0.2
Managing Director and members of Management Team:		
Matti Rihko	0.7	1.2
Other members of Management Team	1.6	3.2
Total	2.3	4.4

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

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

(EUR million)	2011	2010
Loans to related party:		
Loans to key persons of the management:		
At beginning of period	0.9	0.0
Loans granted during the financial period	0.0	0.9
Accumulated interests	0.0	0.0
At end of period	0.9	0.9
Loan granted to the member of the Group's Management Team Paul Simmonds. The interest rate is 3.25%. The loan is due on 30 August 2012. The loan is unsecured.		
Loans to Reso Management Oy:		
At beginning of period	10.6	0.0
Loan granted during the financial period	0.0	10.4
Interests received	0.2	0.0
Accumulated interests	0.2	0.2
At end of period	10.6	10.6
The interest rate is 3.25%. The loan will be repaid on 31 March 2014 at the latest. Raisio plc is entitled to demand and accept as pledge the Raisio plc's shares acquired with the loan.		
Loans to associates		
At beginning of period	0.1	0.1
Repayments of loans	0.0	0.0
Accumulated interests	0.0	0.0
Interests received	0.0	0.0
At end of period	0.1	0.1
The interest rate is 2.94%. The loan will be repaid on 1 October 2014 at the latest. The loan is unsecured.		
Loans to the related party in total	11.6	11.6

Financial indicators

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

[1] Key figures presented for continuing operations.

Share indicators

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

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

[2] According to the Board of Directors’ proposal EUR 0.11 per share.

Calculation of key financial development indicators

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

Calculation of key share indicators

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

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

Shares and shareholders

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

Share capital and share classes

Raisio plc's fully paid-up share capital is EUR 27,776,072.91, which on 31 December 2011 was divided into 34,255,057 restricted shares (series K) and 130,893,973 free shares (series V). No nominal value is quoted for the shares. Restricted shares accounted for 20.7% of the share capital and 84.0% of the votes, while the corresponding figures for free shares were 79.3% and 16.0% (31 December 2011). The company's minimum share capital is EUR 25,000,000 and maximum share capital EUR 100,000,000. The share capital can be raised or lowered within these limits without amending the Articles of Association. There were no changes in the share capital during 2011. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd (hereafter referred to as Stock Exchange) under the sector Consumer Staples and sub-industry of Packaged Foods & Meats (as from 1 February 2012 under the sector Consumer Goods and the sub-industry of Food products). The company's free shares are quoted in the Mid Cap segment and its restricted shares on the Prelist. The trading code for free shares is RAIVV and the ISIN code FI 0009002943, and for restricted shares RAIKV and FI 0009800395, respectively. The company's shares have been entered into the book-entry system.

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

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

The Board may also convert restricted shares into free shares on request and likewise give advance information on whether the applicant will be granted permission to acquire restricted shares. During 2011, no restricted shares were converted into free shares.

In the book-entry system, restricted shares for which the approval procedure is in progress or the approval has not been sought, will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. There were 6.3 million restricted shares on the waiting list on 31 December 2011.

Ownership structure

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

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

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

Shares held by the company

At the end of the financial period 2011, Raisio plc held 4,665,029 free shares and 208,511 restricted shares acquired in 2005-2009 and 2011 under the authorisations given by Annual General Meetings. The management-owned Reso Management Oy of which, on the basis of the agreements, Raisio plc is seen to have the control, and which is thus regarded as a subsidiary, owns 4,482,740 free shares. The number of free shares held by Raisio plc and Reso Management Oy accounts for 7.0% of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6%. In all, the company shares held by these companies represent 5.7% of the entire share capital and 1.6% of overall votes.

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

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

Market capitalisation (M€)

Excluding the company shares held by the Group.

Structure of share capital on 31 December 2011

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

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

Shares held by management

The members of the Board of Directors and Supervisory Board and Managing Director as well as the companies and foundations of which they have control held a total of 1,391,090 restricted shares and 4,837,121 free shares on 31 December 2011. This equals 3.8% of all shares and 4.0% of overall votes.

Shareholder agreements

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

Flagging notifications

During 2011, no notifications on changes in the ownership referred to in chapter 2, section 9, of the Securities Market Act were made.

Raisio shares traded on Stock Exchange in 2011

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

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

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

Dividend policy and dividend

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

The AGM held in spring 2011 decided on a dividend of EUR 0.10 per share. The dividend was paid on 5 April 2011; no dividend, however, was paid on the shares held by the company. The Board of Directors will propose a per-share dividend of EUR 0.11 at the AGM in spring 2012. The record date is 3 April 2012 and the payable date 12 April 2012.

Acquisition and conveyance of own shares

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

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

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

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

During the financial period, a total of 730,201 free shares and 7,216 restricted shares were acquired. This equals 0.56% of all free shares and the votes they represent, and 0.02% of all restricted shares and the votes they represent. Furthermore, these shares are 0.45% of all shares and equal 0.11% of the votes they represent. A cash consideration of EUR 1,717,000 has been paid for the free shares acquired during the period and that of EUR 16,926 for the restricted shares.

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

In the review period, a total of 15,060 free shares were assigned to the Chairman and members of the Board as part of the compensation for managing their duties, in line with the decision taken by the AGM in 2011. The value of free shares assigned as fees to the Board of Directors was EUR 35,432 at the time of the assignment.

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

Share issue authorisation

The AGM of 2011 authorised the Board of Directors to decide on the share issues by disposing of all the shares held by the Company and any potentially repurchased own shares, a maximum total of 11,651,183 shares, 1,701,295 of which can be restricted shares at the maximum, and by issuing a maximum of 20,000,000 new free shares against payment.

Based on the authorisation, the number of the shares to be assigned and held by the Company on 31 December 2011 equals 2.95% of the share capital and 1.08% of the votes it represents. Furthermore, based on the authorisation, the number of issued new shares equals 12.1% of the share capital and 2.45% of the votes it represents.

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

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

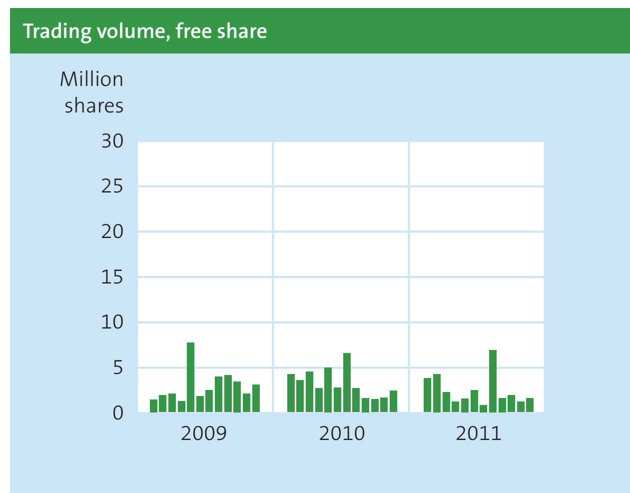
The Board of Directors can also decide on the assignment of own shares in public trading on the NASDAQ OMX Helsinki Ltd for raising funds for the financing of investments and possible company acquisitions.

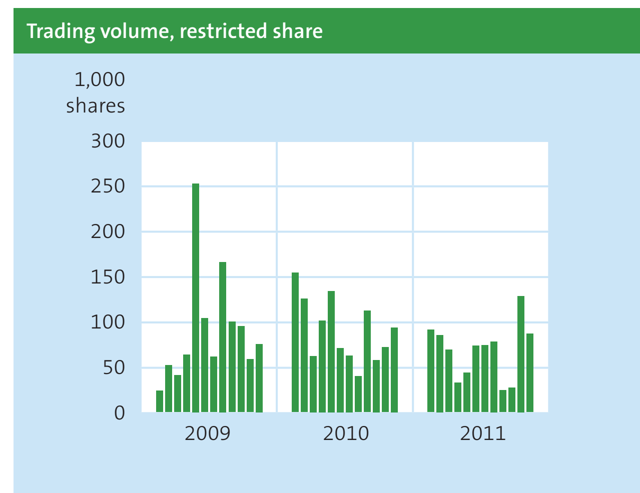
The shares can also be assigned against compensation other than money, against receipt or otherwise on certain terms and conditions.

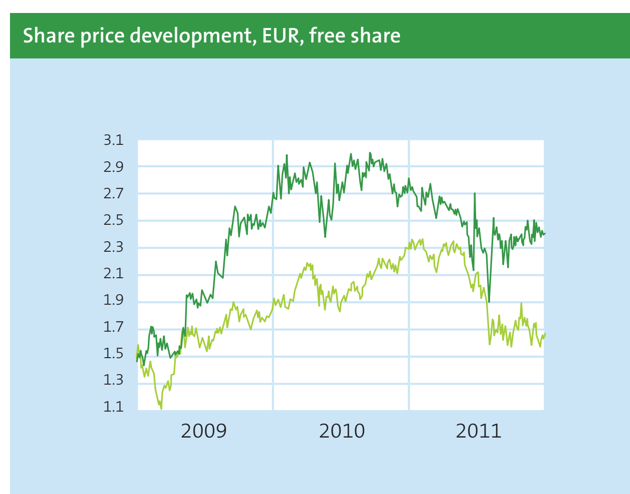
The share issue authorisations will expire on 24 March 2016 at the latest.

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

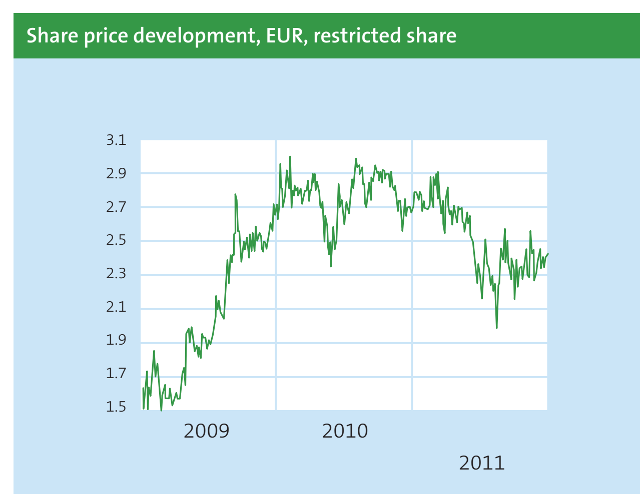
Under the Companies Act, the Board of Directors is also entitled to cancel all the own shares held by the Company. No shares were annulled in the review period.







Raisio's free share   OMX Helsinki GI



Average quotation

Corporate Governance

Annual General Meeting and Company Management

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

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

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

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

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

Shareholders on 31 December 2011	%
Households	54.6
Foreign owners [2]	9.8
Private enterprises [3]	12.2
Financial and insurance institutions [1]	6.7
Non-profit organizations	5.9
Public corporations	6.4
Waiting list and joint account	4.4

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

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

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

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

Amendments to the Articles of Association

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

Amendments to the Articles of Association in 2011

In the second handling in accordance with the Articles of Association, the spring 2011 AGM approved the Board of Directors' proposal for amending the section 9.3 of the Articles of Association to read as follows: "In the General Meeting, no shareholder's shares are entitled to vote with more votes than one tenth of the total number of votes of the shares represented at the Meeting."

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

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

Shareholders						
25 major shareholders on 31 December 2011, according to shareholders register						
	Series K, no.	Series V, no.	Total, no.	%	Votes, no.	%
Reso Management Oy		4,482,740	4,482,740	2.71	4,482,740	0.55
Niemistö Kari		4,120,000	4,120,000	2.49	4,120,000	0.50
The Central Union of Agricultural Producers and Forest Owners (MTK)	3,733,980	199,000	3,932,980	2.38	74,878,600	9.18
Varma Mutual Pension Insurance Company		2,799,500	2,799,500	1.70	2,799,500	0.34
OP-Finland Value Fund		2,425,000	2,425,000	1.47	2,425,000	0.30
Skagen Global Verdipapirfond		2,300,000	2,300,000	1.39	2,300,000	0.28
Ilmarinen Mutual Pension Insurance Company		2,235,245	2,235,245	1.35	2,235,245	0.27
Veritas Pension Insurance Company Ltd.		1,988,444	1,988,444	1.20	1,988,444	0.24
OP-Delta Fund		1,550,000	1,550,000	0.94	1,550,000	0.19
The State Pension Fund		1,300,000	1,300,000	0.79	1,300,000	0.16
Relander Harald		1,283,500	1,283,500	0.78	1,283,500	0.16
Mutual Fund Evli Finnish Equity		1,276,227	1,276,227	0.77	1,276,227	0.16
Sijoitusrahasto Aktia Capital		1,265,475	1,265,475	0.77	1,265,475	0.16
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		1,258,850	1,258,850	0.76	1,258,850	0.15
Mutual Insurance Company Pension-Fennia		1,015,000	1,015,000	0.61	1,015,000	0.12
Savings Bank Finland Fund		1,011,863	1,011,863	0.61	1,011,863	0.12
Maa- ja Vesitekniikan Tuki r.y.		1,000,000	1,000,000	0.61	1,000,000	0.12
Oy Etra Invest Ab		1,000,000	1,000,000	0.61	1,000,000	0.12
Brotherus Ilkka	42,540	784,500	827,040	0.50	1,635,300	0.20
Etera Mutual Pension Insurance Company		818,400	818,400	0.50	818,400	0.10
Skagen Global II Verdipapirfond		783,100	783,100	0.47	783,100	0.10
The central union of Swedish-speaking agricultural producers in Finland (SLC)	772,500		772,500	0.47	15,450,000	1.89
OP-Finland Small Firms Fund		750,000	750,000	0.45	750,000	0.09
Langh Hans	654,480		654,480	0.40	13,089,600	1.60
Laakkonen Mikko		626,823	626,823	0.38	626,823	0.08

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

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

Split of shareholdings on 31 December 2011								
	Free shares				Restricted shares			
Shares	Shareholders		Shares		Shareholders		Shares	
no.	no.	%	no.	%	no.	%	no.	%
1–1,000	22,184	65.1	10,471,833	8.0	3,496	57.8	1,243,516	3.6
1,001–5,000	9,344	27.4	22,482,183	17.2	1,633	27.0	3,916,803	11.4
5,001–10,000	1,585	4.7	11,839,350	9.0	463	7.6	3,316,244	9.7
10,001–25,000	668	2.0	10,574,038	8.1	321	5.3	5,005,640	14.6
25,001–50,000	152	0.4	5,459,398	4.2	88	1.5	2,848,007	8.3
50,001–	144	0.4	69,717,651	53.3	46	0.8	10,974,076	32.1
waiting list			0	0.0			6,336,291	18.5
joint account			181,070	0.1			614,480	1.8
special accounts			168,450	0.1			0	0.0
total	34,077	100.0	130,893,973	100.0	6,047	100.0	34,255,057	100.0

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

Parent company income statement

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

Parent company balance sheet

(EUR million)	Note	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**0.02**	0.03
Tangible assets	9	**0.37**	0.41
Holdings in Group companies	10	**249.51**	169.72
Other investments	10	**48.97**	40.48
		298.87	210.63
CURRENT ASSETS			
Inventories	11	**0.03**	0.01
Long-term receivables	12	**0.00**	0.15
Current receivables	12	**24.43**	22.32
Securities under financial assets	13	**120.52**	130.78
Cash in hand and at banks		**20.91**	17.26
		165.89	170.52
TOTAL ASSETS		**464.76**	381.15
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	14		
Share capital		**27.78**	27.78
Premium fund		**2.91**	2.91
Reserve fund		**88.59**	88.59
Invested unrestricted shareholders' equity fund		**10.62**	10.62
Retained earnings		**175.27**	187.69
Result for the year		**3.74**	5.35
		308.91	322.93
LIABILITIES			
Non-current liabilities	15	**76.25**	19.75
Current liabilities	16	**79.60**	38.47
		155.85	58.22
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**464.76**	381.15

Parent company cash flow statement

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

Parent company accounting principles

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

Valuation of non-current assets

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

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

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

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

Valuation of inventories

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

Valuation of receivables and liabilities

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

Valuation of marketable securities

Marketable securities have been valued at their acquisition cost.

Pension arrangements

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

Provisions

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

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

Net sales

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

Other income from business operations

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

Extraordinary income and expenses

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

Income taxes

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

Borrowing costs

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

Foreign currency items

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

Derivative contracts

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

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

Company shares

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

Incentive scheme for management

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

Cash flow statement

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

Notes to the parent company income statement

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

(EUR million)	2011	2010
PENSION LIABILITY		
Pension liability for members of the Board of Directors and the Managing Director		
The parent company's Managing Director is entitled and obligated to retire upon turning 62.		
3. DEPRECIATION AND WRITE-DOWNS		
Planned depreciation	**0.04**	0.04
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	**0.07**	0.06
Certificates and reports	**0.02**	0.01
Other services	**0.00**	0.08
Yhteensä	**0.10**	0.16
5. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	**0.02**	0.02
Total	**0.02**	0.02
Total interest received from long-term investment		
From Group companies	**1.28**	1.61
Total income from long-term investment	**1.29**	1.62
Other interest and financial income		
From Group companies	**0.55**	0.24
From others	**2.38**	2.08
Total	**2.94**	2.32
Total financial income	**4.23**	3.95
Exchange rate differences		
To Group companies	**2.25**	0.42
To others	**-1.45**	-0.35
Total	**0.81**	0.08
Interest paid and other financial expenses		
To Group companies	**-0.69**	-0.24
To others	**-3.40**	-4.08
Total	**-4.10**	-4.31
Total financial expenses	**-3.29**	-4.23
Total financial income and expenses	**0.94**	-0.29

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

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

Notes to the parent company balance sheet

9. INTANGIBLE ASSETS 2011

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

9. TANGIBLE ASSETS 2011

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

10. INVESTMENT 2011

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

SHARES AND HOLDINGS 2011

	Group holding, %	Parent company holding. %
GROUP COMPANIES		
Proteinoil Oy, Raisio	**100.00**	100.00
Raisio Finance NV, Belgium	**100.00**	99.99
Raision Konsernipalvelut Oy, Raisio	**100.00**	100.00
Raisionkaari Industrial Park Ltd., Raisio	**100.00**	50.00
Raisio UK Limited, UK	**78.73**	78.73
Glisten Limited, UK	**100.00**	92.47
Raisio Nutrition Ltd, Raisio	**100.00**	100.00
Raisioagro Ltd., Raisio	**100.00**	100.00
Reso Management Oy, Raisio		
ASSOCIATED COMPANIES		
Vihervakka Oy, Pöytyä	**38.50**	38.50

11. INVENTORIES

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

12. RECEIVABLES

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

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

13. MARKETABLE SECURITIES

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

14. SHAREHOLDERS' EQUITY

(EUR million)	2011	2010
Restricted shareholders' equity		
Share capital 1.1.	**27.78**	27.78
Share capital 31.12.	**27.78**	27.78
Premium fund 1.1.	**2.91**	2.91
Premium fund 31.12.	**2.91**	2.91
Reserve fund 1.1.	**88.59**	88.59
Reserve fund 31.12.	**88.59**	88.59
Total restricted shareholders' equity	**119.27**	119.27
Unrestricted shareholders' equity		
Invested unrestricted shareholders' equity fund 1.1.	**10.62**	0.00
Addition, directed share issue against payment	**0.00**	10.62
Invested unrestricted shareholders' equity fund 31.12.	**10.62**	10.62
Retained earnings 1.1.	**193.04**	199.52
Dividend distributed	**-16.10**	-14.05
Unclaimed dividends	**0.04**	0.24
Disposal of company shares	**0.04**	1.99
Repurchase of company shares	**-1.74**	0.00
Retained earnings 31.12.	**175.27**	187.69
Result for the year	**3.74**	5.35
Total unrestricted shareholders' equity	**189.64**	203.66
Total shareholders' equity	**308.91**	322.93
Distributable equity	**189.64**	203.66

Company share capital dividend by share series as follows:

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

Company shares held by Raisio:

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

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

15. APPROPRIATIONS

Appropriations consist of the accumulated depreciation difference.

16. NON-CURRENT LIABILITIES

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

17. CURRENT LIABILITIES

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

Other notes to the parent company accounts

18. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS

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

19. DERIVATIVE CONTRACTS:

(EUR million)	2011	2010
The company uses derivative contract for hedging. The values of underlying instruments for derivative contracts, stated below, indicate the scope of hedging measures. The fair values of derivative contracts show the result had the derivative position been closed at market price on the closing day.		
Currency forward contracts:		
Fair value	**2,25**	0,26
Value of underlying instrument	**65,80**	58,19
The value of the underlying instrument in currency forward contracts is the sum of open forward contracts, converted into euros at the exchange rate of the closing day.		
Interest rate swaps:		
Fair value	**-1,82**	0,09
Value of underlying instrument	**56,16**	26,67
The value of interest rate swaps is the nominal amount of open contracts.		

Board's proposal for the disposal of profit

Shareholders' equity according to the balance sheet at 31 December 2011 is EUR 189,640,006.90. The Board of Directors proposes that a dividend of EUR 0.11 per share be paid from the parent company's earnings

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

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

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

Raisio, 14 February 2012

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

Auditors' report

To the Annual General Meeting of Raisio plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raisio Oyj for the year ended 31 December 2011. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Raisio, 14 February 2012

Johan Kronberg	Kalle Laaksonen
Authorised Public Accountant	*Authorised Public Accountant*

Statement of the Supervisory Board

At its meeting today, the Supervisory Board studied the financial statement, the consolidated financial statement and auditors' report for the financial period 1 January – 31 December 2011.

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

Raisio, 5 March 2012

For the Supervisory Board
Michael Hornborg
Chairman

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