

**RAISIO'S RENEWAL STARTS OFF**

Slight drop in operating result, excluding one-off items, over the previous year.

- Turnover for 2005 was nearly the same as the previous year: EUR 434.6 million (EUR 437.9 million in continuing operations in 2004).
- Operating result, excluding one-off items, amounted to EUR 9.1 million (EUR 10.6 million in continuing operations, excluding one-off items in 2004). The recorded operating result in the financial statements was EUR -10.9 million (EUR -18.4 million).
- Earnings per share, excluding one-off items, was EUR 0.05 (EUR 0.07). Reported earnings per share amounted to EUR -0.04 (EUR -0.12). The Board of Directors proposes a dividend of EUR 0.05 per share.
- Raisio's renewal started with increased product development inputs, investments and networking.
- Operating result for 2006 is expected to improve over the previous year.

This financial review has been prepared in accordance with the principles of the IFRS. Raisio adopted the International Financial Reporting Standards as of the beginning of 2005.

In this review, figures for the comparison period have been presented in brackets and they represent the continuing operations unless stated otherwise.

**Key figures, result**

	10-12/ 2005	10-12/ 2004	7-9/ 2005	4-6/ 2005	1-3/ 2005	2005	2004
Turnover, EUR million	112.9	112.1	110.7	112.9	98.1	434.6	437.9
Operating result, EUR million	-1.7*	1.9*	3.8	2.9	4.1	9.1*	10.6*
% of turnover	-	1.7*	3.4	2.6	4.2	2.1*	2.4*
Result before taxes, EUR million	-1.7*	2.6*	3.9	3.9	4.8	10.9*	10.7*
Earnings per share, EUR	0.00*	0.01*	0.02	0.02	0.02	0.05*	0.07*

\* Excluding one-off items

**Key figures, balance sheet**

	31.12.2005	30.9.2005	30.6.2005	31.3.2005	31.12.2004
Return on investment, %	-1.3	5.0	4.6	5.0	46.7
Equity ratio, %	76.8	76.6	78.1	71.8	76.4
Gearing, %	-25.0	-28.2	-26.4	-39.7	-41.9
Equity per share, EUR	2.06	2.15	2.13	2.11	2.29

**Fourth quarter**

Raisio's turnover grew slightly in the last quarter, totalling EUR 112.9 million (EUR 112.1 million). Raisio Nutrition's turnover increased to EUR 99.0 million (EUR 97.5 million), while Raisio Life Sciences' turnover fell slightly short of the comparison period, amounting to EUR 15.1 million (EUR 16.1 million).

Turnover for business operations, EUR million

	10-12/ 2005	10-12/ 2004	7-9/ 2005	4-6/ 2005	1-3/ 2005	2005	2004
<b>RAISIO NUTRITION</b>							
Food	55.8	55.9	52.3	52.1	50.1	210.2	217.1
Margarine products	31.9	32.8	29.1	28.6	28.3	117.9	121.6
Milling products	20.7	16.9	19.7	18.5	18.1	77.0	75.1
Potato products	4.0	4.9	4.2	5.7	4.6	18.5	21.2
Others	-	-	-	-	-	-	0.8
Internal sales	-0.7	1.4	-0.7	-0.8	-0.9	-3.1	-1.7
Feed and malt	47.2	46.1	48.9	50.6	39.5	186.2	190.7
Feeds	40.5	42.2	42.9	43.9	36.2	163.6	165.2
Malt	6.7	3.9	6.1	5.7	3.0	21.4	24.7
Others	0.1	0.2	0.1	1.2	0.6	2.0	1.4
Internal sales	-0.1	-0.2	-0.2	-0.2	-0.2	-0.8	-0.5
Internal sales for business segment	-4.0	-4.5	-3.8	-4.3	-3.8	-15.9	-17.9
Total	99.0	97.5	97.4	98.4	85.9	380.6	389.9
<b>RAISIO LIFE SCIENCES</b>							
Ingredients	12.9	13.8	12.3	13.8	11.3	50.2	44.7
Diagnostics	2.3	2.4	2.1	2.4	2.1	8.8	8.6
Total	15.1	16.1	14.4	16.1	13.4	59.0	53.3

Business profitability decreased and considerable write-downs on fixed assets pushed the result heavily into the red. The operating result reported for the fourth quarter totalled EUR -21.6 million (EUR 5.5 million), including one-off expenses of EUR 21.0 million and one-off income of EUR 1.0 million. The report of the Board of Directors and the press release issued by Raisio on 17 January 2006 describe the write-downs and their background in more detail.

Excluding one-off items, operating result for the fourth quarter amounted to EUR -1.7 million (EUR 2.0 million). Operating result was weakened especially in the Finnish food business by among others the start-up costs for the soy-oat plant. The malt business ran at nearly full capacity but

growth in the share of lower-margin export malt led to a weaker performance. The operating result of Raisio Nutrition, excluding one-off items, decreased to EUR -0.6 million (EUR 2.4 million). Raisio Life Sciences booked an operating result, excluding one-off items, of EUR 1.8 million, which was slightly better than in the comparison period (EUR 1.6 million). The operating result for other business operations, which include Group-level research and development and other corporate operations, amounted to EUR -2.8 million (EUR -2.1 million).

The result after taxes reported for the fourth quarter amounted to EUR -15.6 million (EUR 3.3 million) and, excluding one-off items, to EUR 0.5 million (EUR 1.1 million).

**CEO Rabbe Klemets**

"The first part of the year promised good performance, but the market outlook grew bleaker in many of our business areas toward the end of the year. Profitability took a downturn especially in the malt and potato businesses. The food diagnostics business was expected to show an upswing at the end of last year, but the narrow product portfolio and its competitiveness proved to be more problematic than expected. Owing to the unprofitable results and weaker outlook in the malt, potato and food diagnostics businesses, the value of the balance sheet items for these operations was adjusted in the fourth quarter by write-downs totalling EUR 21 million. Cost-cutting measures to improve profitability were adopted in all of the above-mentioned business operations.

Despite the efficiency-boosting measures, Raisio's result for early 2006 is expected to fall clearly short of that recorded in the corresponding period a year before. Performance is weakened, for example, by the considerable marketing inputs targeting new products. New products and the streamlining of operations will have a positive impact on the outlook for the latter part of the year, and overall profitability in 2006 is expected to improve over the previous year."

**RAISIO PLC**

Taru Narvanmaa  
Executive Vice President, Communications and  
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A press and analyst conference will be organised on 9 February 2006 at 3:30 p.m. Finnish time in the Helsinki WTC, at Aleksanterinkatu 17, Helsinki.

A teleconference in English will be held on 9 February 2006 at 4:30 p.m. Finnish time, tel. +358 (0)9 8248 5090, PIN code 9898.

Raisio plc's annual report will be published week 11, and the Annual General Meeting will be held on Thursday, 30 March 2006. The interim report for January–March will be published on 4 May 2006, for January–June on 2 August 2006 and for January–September on 1 November 2006.

No auditors' report has been issued concerning the financial review.

## REPORT OF THE BOARD OF DIRECTORS 2005

Raisio's strategic goal is to develop itself from a producer of staple products into a provider of healthy plant-based foods that offers added value to consumers. The company is aiming for growth in the food business in the entire Baltic Sea region, while Russia is the primary target for the feed business. The market for functional ingredients and food diagnostics is global.

In 2005, Raisio's geographic expansion and the renewal of its product range picked up speed thanks to increased inputs in research and development, investments in production, networking and moderate acquisitions. In Russia Raisio proceeded in the plans to establish feed business, while Polish operations ensured a rapid expansion of the Benecol product family to include yoghurt drinks. A joint venture was set up in Sweden to handle the sales and marketing of Raisio's new soy and oat-based fresh products in both Sweden and Finland.

A strong balance sheet puts Raisio in a good position to develop as a specialist in plant-based nutrition and a provider of safe food.

### TURNOVER

The Group's turnover in 2005 amounted to EUR 434.6 million (EUR 437.9 million in continuing operations in 2004). The turnover of Raisio Nutrition decreased, while that of Raisio Life Sciences increased.

Turnover from outside Finland represented 37.3% (35.9%) of the total, or EUR 162.0 million (EUR 157.1 million).

### RESULT

The Group's operating result, excluding one-off items, amounted to EUR 9.1 million (EUR 10.6 million). Both Raisio Nutrition and Raisio Life Sciences increased their results from operations compared to the previous year but expenses from other operations increased significantly, especially due to Group-level inputs in research and development, the implementation of the new SAP ERP system and the renewal of the IT environment.

Depreciation, allocated to operations in the income statement, totalled EUR 24.5 million (EUR 24.2 million), excluding the one-off depreciation generated by write-downs.

The Group's result before taxes, excluding one-off items, totalled EUR 10.9 million (EUR 10.7 million), while earnings per share amounted to EUR 0.05 (EUR 0.07).

The comparability of the reported result is weak due to the considerable one-off items in the financial statements for both 2004 and 2005. The recorded operating result for continuing operations in the review period was EUR -10.9 million (EUR -18.4 million) and cash flow from business operations EUR 5.6 million (EUR 45.9 million). The Group's net financial expenses totalled EUR 4.4 million (EUR -1.6 million). The financial result was significantly increased by the smaller amount of average debt and extensive financial assets. In addition, the profit from the sale of shares in Lännen Tehtaat increased financial income by EUR 1.7 million.

Reported result after taxes in the review period amounted to EUR -5.4 million (EUR -19.1 million or EUR 213.0 million, including the profit gained from the divestment of the chemicals business), while earnings per share stood at EUR -0.04 (EUR -0.12). Taxes for the financial period were EUR 1.9 million positive due to tax effect of EUR 4.1 million of the write-downs and the tax receivables for 2004. Return on investment amounted to -1.3% (46.7%).

### ONE-OFF ITEMS IN THE FINANCIAL STATEMENTS

The prolonged weak outlook in the malt and potato businesses led to a re-evaluation of the assets allocated to these operations. As a result of the impairment tests carried out in compliance with IFRS, Raisio wrote down the book value of the malting plant's intangible and tangible assets in their entirety as a one-off depreciation of EUR 8.4 million. A one-off depreciation of EUR 7.5 million was made on the intangible and tangible assets of the potato business.

The market also looks bleaker for certain products in the food diagnostics business, which has led to a lower growth estimate for the current product portfolio. Consequently, the goodwill related to these products was written down by EUR 5.1 million. In addition to these one-off expenses, Raisio booked a one-off profit of EUR 1.7 million from the sale of shares, as well as a one-off non-cash affective income item of EUR 1.0 million resulting from the dissolution of the technical reserves of its captive insurance company.

**ONE-OFF ITEMS (EUR million)**

	2005	2004
<b>CONTINUING OPERATIONS</b>		
Raisio Nutrition		
Sales profit	-	3.3
Write-downs	-15.9	-24.8
Cancellation of IFRS pension liability	-	3.1
Raisio Life Sciences		
Write-downs	-5.1	-9.2
Other operations	1.0	-1.4
Impact on the operating result of continuing operations	-19.9	-29.0
Financial items	1.7	-2.0
<b>DISCONTINUED OPERATIONS:</b>		
Sales profit	-	228.3
Impact of one-off items on the Group's result before taxes	-18.2	197.3

**INVESTMENTS**

The Group's gross investments in 2005 totalled EUR 49.3 million (EUR 22.1 million), or 11.3% (5.0%) of turnover. The gross investments of Raisio Nutrition amounted to EUR 36.2 million (EUR 16.0 million), while those of Raisio Life Sciences were EUR 6.3 million (EUR 2.8 million) and other investments EUR 6.7 million (EUR 3.2 million).

The main investments involved the construction of the soy-oat plant and the R&D centre, the expansion to the capacity of the stanol ester plant and the renewal of the ERP system.

**BALANCE SHEET AND FINANCIAL POSITION**

Raisio's balance sheet total was EUR 452.5 million (EUR 514.3 million), while shareholders' equity amounted to EUR 347.3 million (EUR 392.8 million).

Group's interest-bearing debt at the end of the financial period was EUR 36.1 million (EUR 49.5 million). The net interest-bearing debt was EUR -86.6 million (EUR -164.6 million). The equity ratio at the end of the year was 76.8% (76.4%), and the gearing ratio -25.0% (-41.9%).

Working capital increased to EUR 86.6 million (EUR 57.7 million) due to an increase in inventories.

**BUSINESS AREAS**
**Raisio Nutrition**

The turnover of Raisio Nutrition dropped 2.4% from the previous year, totalling EUR 380.6 million (EUR 389.9 million). Strong margarine sales and a successful product range expansion resulted in significant growth in the Polish operations. Margarine and cereal sales in Russia also grew significantly. In other markets, turnover decreased in food, feed and malt operations. The turnover of the milling business, however, improved thanks to successful product launches. Although the sales volumes for feed increased, lower raw material prices were transferred to sales prices and thus decreased turnover.

The operating result of Raisio Nutrition, excluding one-off items, amounted to EUR 8.6 million (EUR 8.6 million). Oil milling business accounted for the most significant growth, thus contributing to the good overall result of the feed business. In the food business, profitability improved in Sweden and Poland, while growth-oriented inputs kept Russian operations in the red. Finnish food business posted a result close to zero. The result was weakened by higher raw material expenses for potato products, poor demand for frozen potato products and the start-up costs for the soy-oat plant. Changes in the Russian market caused the malt business to be unprofitable.

Raisio Nutrition's reported operating result amounted to EUR -7.3 million (EUR -9.8 million), including a total of EUR 15.9 million in write-downs on the fixed assets of malt and food potato business operations.

## Raisio Nutrition's turnover, EUR million

	2005	2004
Food	210.2	217.1
Margarine products	117.9	121.6
Milling products	77.0	75.1
Potato products	18.5	21.2
Others	-	0.8
Internal Sales	-3.1	-1.7
Feed and malt	186.2	190.7
Feeds	163.6	165.2
Malt	21.4	24.7
Others	2.0	1.4
Internal Sales	-0.8	-0.5
Total	380.6	389.9

### Foods

Raisio's market position in the Finnish, Polish and Russian food markets remained nearly unchanged. The market position in Sweden weakened slightly due to the decrease in private label sales. The Finnish market for yellow fats decreased slightly, while Poland showed some growth. Market growth was strongest in Russia. Raisio's turnover in foods was EUR 210.2 million (EUR 217.1 million).

Raisio acquired a 25% share of Obory, a Polish dairy company, and ensured a rapid growth of Benecol product range in Poland and its neighbouring countries.

Raisio and Finn Cereal agreed on the manufacture of "pure oat" products, developed especially for people with celiac disease. New products will be launched in spring 2006.

Production facilities for fresh soy and oat-based products were constructed in Turku at the end of 2005. For Raisio, the investment is a significant step in the renewal and product range development process defined in the company's strategy.

Raisio and the Swedish Cerealia Foods & Bread established GoGreen AB, a 50/50-owned joint venture, with a product range including, for example, fresh soy and oat-based products. The joint venture provides an excellent channel into the North European markets, where soy products have enjoyed exceedingly fast growth, achieving annual rates of more than 20%.

Raisio initiated contract farming and commercialisation of Camelina oil plant. Camelina offers Raisio significant new opportunities to develop health-promoting, functional foods and their ingredients.

### Feed and malt

In terms of volume, the Finnish farm feed market grew slightly. Raisio strengthened its market share in both farm and fish feeds. Exports of farm feeds increased over the previous year. The volume of fish feeds remained at the previous year's level but exports grew significantly. Raisio's turnover in the feed business was EUR 163.6 million (EUR 165.2 million).

Raisio and Lännen Tehtaat established a 50/50 owned joint venture, which will be in charge of commencing farm feed production in northwestern Russia. In these markets, the joint venture aims for a significant market share in the next five years.

The oversupply of malt in the EU region and increased malting capacity in Russia further intensified price competition in the malt markets. While the Finnish malt market has remained unchanged from the previous year, price competition has grown stiffer. Raisio's turnover in the malt business was EUR 21.4 million (EUR 24.7 million).

### Raisio Life Sciences

Turnover in the Raisio Life Sciences business area increased by 10.7%, amounting to EUR 59.0 million (EUR 53.3 million) thanks to the good development seen in the ingredients business. Turnover from the diagnostics business also grew slightly over the previous year.

Profitability improved and the operating result, excluding one-off items, amounted to EUR 7.5 million (EUR 4.4 million). The result was boosted by the continued growth in ingredients sales during 2005. The development of markets for sterol-based ingredients has enabled Raisio to gain a strong foothold on the markets with its Benecol ingredient and to put its skills to wider



use throughout the production chain for sterol-based ingredients. The diagnostics business focused on enhancing operations and renewing the product portfolio. Significant inputs made in product development pushed the result of the diagnostics business into the red.

Raisio Life Sciences recorded an operating result of EUR 2.4 million (EUR -4.8 million), which included a write-down of EUR 5.1 million on the goodwill of the diagnostics business.

#### Raisio Life Sciences turnover, EUR million

	2005	2004
Ingredients	50.2	44.7
Food diagnostics	8.8	8.6
Total	59.0	53.3

### Ingredients

Market growth has continued especially in Europe where it has been boosted by the increasing consumer awareness of health-related issues and the launch of new user-friendly products. Raisio's ingredients sales growth equalled that of the market average, increasing by 11.0% to EUR 50.2 million.

The company initiated an expansion to the capacity of its stanol ester plant in Raisio, which is expected to be completed in early 2006. Raisio acquired the sales and marketing rights for Benecol in China, Japan and Mexico from its cooperation partner McNeil Nutritionals LLC in autumn 2005.

### Food diagnostics

The market is expected to grow at an annual rate of 7–8%. Faster growth, at an annual rate of 12–15%, will be seen in the market for rapid testing, which Raisio's product development currently focuses on. Raisio's market share in Europe now ranges from 5 to 15%, depending on the product sector. The turnover of the diagnostics business increased by 2.3%, amounting to EUR 8.8 million.

### RESEARCH AND DEVELOPMENT

Research and development is one of Raisio's strategic priorities. In 2005, the company focused on increasing the share of value-added products in its product range for food.

Resources in research centres for foods and food diagnostics were strengthened, for example, by hiring new employees. A new research centre that brings together the R&D resources at the Raisio site was completed in late 2005.

The Group's research and development expenses in 2005 totalled EUR 10.3 million (EUR 8.4 million), or 2.4% (1.9%) of turnover.

Raisio Nutrition's research and development expenses totalled EUR 3.8 million (EUR 4.2 million), or 1.0% (1.1%) of the business area's turnover. Raisio Life Sciences spent a total of EUR 3.3 million (EUR 4.2 million), or 5.6% (7.8%) of the business area's turnover on research and development. The Group's strategic R&D, the expenses of which were recorded for other operations, amounted to EUR 3.2 million.

### CORPORATE RESPONSIBILITY

Raisio is committed to taking responsibility for its operating environment. The goal is for operations to stand on an ecologically, socially and financially solid basis now and in the future. Raisio's corporate responsibility report will be published in conjunction with the Annual Report in March.

Raisio has no financial environmental risks recorded in the financial statements.

### GOVERNANCE, MANAGEMENT AND PERSONNEL

The Annual General Meeting approved in the second proceeding the changes in the Articles of Association that were among others based on the recommendation for the Corporate Governance. The AGM also decided to change the company name to Raisio plc. The changes became in force in April 2005.

Raisio's Board of Directors in 2005 included Chairman Arimo Uusitalo and members Jörgen Grandell, Erkki Haavisto, Jaakko Ihamuotila, Rabbe Klemets, Kaarlo Pettilä, Michael Ramm-Schmidt and Christoffer Taxell.

Jaakko Ihamuotila stepped down from the Board of Directors on 31 December 2005 due to the age restriction defined in the Articles of Association. In addition, Raisio's CEO Rabbe Klemets will not continue as a member of the Board of Directors since the CEO is no longer required to be a Board

No auditors' report has been issued concerning the financial review.

member following the amendment made to the Articles of Association in spring 2005. Seppo Paatelainen has been elected a new member of the Board as of 1 January 2006. All of the Board members are independent of the company and of significant shareholders.

The Chairman of Raisio's Supervisory Board is Juha Saura and the Vice Chairman, until 31 December 2005, was Ola Rosendahl. Holger Falck was elected Vice Chairman as of 1 January 2006.

The president of Raisio Nutrition Olavi Kuusela was appointed Chief Executive Officer's deputy in May 2005.

On 31 December 2005, Raisio employed 1,396 people (1,412). Employees working abroad accounted for 33% (32%) of the personnel at the end of the year. The headcount was reduced by the streamlining programmes carried out. The number of employees increased due to the expansion in Polish business, the start-up of the oat-soy plant in Finland, and new recruits in sales, marketing, research and product development. At the end of the year, Raisio Nutrition had 1,054, Raisio Life Sciences 141, R&D 115 and Group administration 86 employees.

### **IFRS-COMPLIANT FINANCIAL REPORTING**

Raisio's financial statements have been prepared in accordance with the principles of the IFRS. Raisio adopted the International Financial Reporting Standards as of the beginning of 2005. The transition was described in a separate report on 22 April 2005.

### **SHARES AND SHAREHOLDERS**

A total of 109.6 million (110.1 million) of Raisio's free shares were traded in 2005 on the Helsinki Stock Exchange. The value of trading was EUR 250.4 million (EUR 180.1 million), and the average price was EUR 2.28 (EUR 1.64). The closing price for free shares in 2005 was EUR 2.26 (EUR 1.90). The price of series V shares rose by 19% from the beginning of the year.

The 2005 trading volume of restricted shares on the Helsinki Stock Exchange amounted to 1.5 million (1.5 million). The value of share trading was EUR 3.5 million (EUR 2.5 million), and the average price was EUR 2.33 (EUR 1.69). The closing price in 2005 was EUR 2.28 (EUR 1.85). The price of series K shares rose by 23% from the beginning of the year.

On 31 December 2005, Raisio had 42,953 registered shareholders. Of all shares, 16% (12%) were in foreign holding. Approximately 0.6% of the shares remain outside the book-entry system.

Share repurchases made Raisio the second largest owner of the company. Raisio plc acquired 3,768,200 of the company's shares in 2005.

Raisio has no share-based incentive systems and the Board of Directors has no authorization to raise the share capital.

### **REPURCHASE OF COMPANY SHARES**

The repurchase of shares, as authorized by the Board of Directors, started in August and may continue, at the latest, until the Annual General Meeting in spring 2006. Shares may be repurchased to develop the capital structure of the company, to be used for funding or implementing corporate acquisitions or other arrangements, or to be otherwise further assigned or cancelled.

The share buy-back programme allows the purchase of a maximum of 6,529,289 free shares and a maximum of 1,728,162 restricted shares, that is, a maximum of 5% of the company's share capital and votes. If restricted shares are converted into free shares, the maximum numbers for different share types will change. Share repurchasing will be carried out at the price determined in the open market on the Helsinki Stock Exchange and will not follow the shareholders' holding ratios.

Repurchasing started on 10 August 2005, and by 31 December 2005 the company had repurchased a total of 3,738,000 free shares at an average price of EUR 2.31 and 30,200 restricted shares at an average price of EUR 2.35.

The number of repurchased free shares accounts for 2.86% of all free shares and the votes they represent, while the corresponding percentage for restricted shares is 0.09%. The repurchased shares represent 2.28% of all shares and 0.53% of overall votes. The book value of repurchased free shares is EUR 628,683 and of restricted shares EUR 5,079, accounting for a total of EUR 633,762, which represents 2.28% of the share capital. The trade price for free shares was EUR 8,635,798 and for restricted shares EUR 71,068, or a total of EUR 8,706,866. Prior to these purchases, the company and its subsidiaries did not hold Raisio plc's shares.



No auditors' report has been issued concerning the financial review.

The share repurchases are not expected to have a significant impact on the distribution of share holdings or voting rights in the company. Since the shares were repurchased in the open market on the Helsinki Stock Exchange with no information about the vendors, it is impossible to determine the portion of shares purchased from insiders, as defined in Section 1:4.1 of the Companies Act, of the company's share capital and voting rights.

The Annual General Meeting authorised the Board of Directors to dispose the repurchased shares. This authorisation, in force until the Annual General Meeting of spring 2006, has not been used to date.

### DIVIDEND PROPOSAL

It is Raisio's objective to generate added value to all its shareholders by developing its business operations and improving business profitability, and by following a long-range dividend policy. The objective 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.

Raisio's Board of Directors proposes a dividend exceeding the company's dividend policy, based on the distributable profits from the divestment of the chemicals business in 2004. The Board's proposal, presented to the Annual General Meeting on 30 March 2006, is EUR 0.05 per share.

### STRATEGY UPDATE UNDER WAY

Raisio's strategic policies were confirmed in 2004, which is when the company decided to divest its chemicals business. The Group structure was revised to match the new strategy in this conjunction. Owing to the accelerated pace of change in the business environment, Raisio's management and Board of Directors initiated an analysis aiming to further specify the strategy in early 2006.

The 12% target set for return on investment will probably not be achieved in all business operations in 2006. In addition, a low and risk-free yield on cash ensuring a sound financial standing decreases the company's return on investment.

Strategic evaluation now aims to ensure future growth and positive performance development in ingredients, feed and Polish operations, which have already achieved the target level, as well as to identify structural and other solutions for business operations that are performing weaker at the moment. A strong balance sheet enables growth through the company's own product development, as well as through acquisitions.

### OUTLOOK FOR 2006

New product launches are expected to increase Raisio's turnover in the food business in Finland, Sweden, Poland and Russia. The number of new product launches in Finland will more than double from 2005. This will mean a considerable increase in the share of value-added products in the product portfolio.

New products will also be launched by Raisio Life Sciences and its partners. These include, for example, drinks containing the Benecol ingredient, which were launched in Germany and the UK in early 2006. The food diagnostics business will begin to market new rapid testing applications in 2006.

The feed business expects to see growth especially in Russia, while the market outlook for the malt business remains unchanged.

Inputs in growth and marketing burden profitability, and the result for early 2006 is expected to fall clearly short of the comparison period. Growth and enhancement of operations will improve the outlook for the latter part of the year, and the overall operating result for 2006 is expected to improve over the previous year.

Raisio, 9 February 2006

Raisio plc  
Board of Directors

No auditors' report has been issued concerning the financial review.

**INCOME STATEMENT (EUR million)**

	2005	2004
<b>CONTINUING OPERATIONS:</b>		
<b>Turnover</b>	434.6	437.9
Cost of sales	-363.4	-360.1
<b>Gross profit</b>	71.2	77.9
Sales and marketing expenses	-39.3	-37.0
Administration expenses	-30.0	-27.1
R&D expenses	-10.3	-8.4
Other operating income and expenses, net	-2.4	-23.8
Operating result	-10.9	-18.4
Financial income and expenses, net	4.4	-1.6
Share of result of associated companies and joint ventures	-0.8	-0.4
<b>Result before taxes</b>	-7.3	-20.3
Income tax	1.9	1.2
<b>Result for the period from the continuing operations</b>	-5.4	-19.1
<b>DISCONTINUED OPERATIONS:</b>		
<b>Result for the period from discontinued operations</b>	0.0	232.1
<b>RESULT FOR THE PERIOD</b>	-5.4	213.0
Attributable to:		
Equity holders of the parent company	-6.0	211.3
Minority interest	0.6	1.7
<b>Earnings per share from the profit attributable to equity holders of the parent company (EUR)</b>	-0.04	1.28
Earnings per share from continued operations (EUR)	-0.04	-0.12
Earnings per share from discontinued operations (EUR)	0.00	1.40

**ONE-OFF ITEMS (EUR million)**

	2005	2004
<b>CONTINUING OPERATIONS:</b>		
Raisio Nutrition		
Sales profit	-	3.3
Write-downs	-15.9	-24.8
Cancellation of IFRS pension liabilities	-	3.1
Raisio Life Sciences		
Write-downs	-5.1	-9.2
Other operations	1.0	-1.4
Impact on result for the period from the continuing operations	-19.9	-29.0
Financial items	1.7	-2.0
Impact on result from the continuing operations	-18.2	-31.0
<b>DISCONTINUED OPERATIONS:</b>		
Sales profit	-	228.3

No auditors' report has been issued concerning the financial review.

**BALANCE SHEET (EUR million)**

	31.12.2005	31.12.2004
<b>Non-current assets</b>		
Intangible assets	13.4	10.2
Goodwill	11.6	17.0
Tangible assets	130.5	127.0
Shares in associated companies and joint ventures	4.9	1.6
Financial assets available for sale	2.2	8.0
Receivables	6.2	6.7
Deferred tax assets	12.3	9.5
<b>Current assets</b>		
Inventories	73.9	56.5
Accounts receivables and other receivables	74.7	63.8
Financial assets at fair value through profit or loss	117.0	210.4
Cash in hand and at banks	5.8	3.8
<b>Total assets</b>	<b>452.5</b>	<b>514.3</b>
Equity attributable to equity holders of the parent company	332.0	378.1
Minority interest	15.3	14.7
Deferred tax liability	8.7	10.3
Pension liabilities	0.4	0.7
Non-current interest bearing liabilities	12.9	26.0
Accounts payable and other liabilities	60.5	61.8
Current interest bearing liabilities	22.8	22.8
<b>Total equity and liabilities</b>	<b>452.5</b>	<b>514.3</b>

No auditors' report has been issued concerning the financial review.

**CHANGES IN GROUP EQUITY (EUR million)**

	Sha- re- ca- pi- tal	Sha- re- pre- mium acc- ount	Re- ser- ve- fund	Ot- her re- ser- ves	Own sha- res	Trans- lati- on diffe- ren- ces	Re- valu- ati- on re- serve	Re- tai- ned ear- nings	To- tal	Mino- rity in- te- rest	To- tal
Equity at 1.1.2004	27.8	2.9	88.8	0.2	0.0	0.0	0.0	69.9	189.5	23.1	212.6
Dividend paid	-	-	-	-	-	-	-	-21.5	-21.5	-0.2	-21.7
Changes in translation differen- ces	-	-	-	-	-	-0.7	-	0.0	-0.7	0.2	-0.5
Net profit for review period	-	-	-	-	-	-	-	211.3	211.3	1.7	213.0
Translation differences booked in the P&L in connection to the divestment of RC	-	-	-	-	-	-0.7	-	-	-0.7	-	-0.7
Divestment of RC	-	-	-0.2	-0.2	-	-	-	0.4	0.0	-9.7	-9.7
Exchange differences from receivables considered to be net investments from a foreign unit	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Tax of previous	-	-	-	-	-	0.0	-	-	0.0	-	0.0
Other changes	-	-	0.0	-	-	-0.8	-	0.9	0.1	-0.3	-0.2
Equity at 31.12.2004	27.8	2.9	88.6	0.0	0.0	-2.2	0.0	261.0	378.1	14.7	392.8

No auditors' report has been issued concerning the financial review.

	Share-capital	Share-premium account	Reserve-fund	Other-reserves	Own-shares	Translation differences	Re-valuation reserve	Retained earnings	Total	Minority interest	Total
Equity at 1.1.2005	27.8	2.9	88.6	0.0	0.0	-2.2	0.0	261.0	378.1	14.7	392.8
Effects of adopting IAS 32 and IAS 39	-	-	-	-	-	-	0.3	-0.3	0.0	-	0.0
Dividend paid	-	-	-	-	-	-	-	-34.7	-34.7	-	-34.7
Changes in translation differences	-	-	-	-	-	3.8	-	-	3.8	0.0	3.8
Repurchase of own shares	-	-	-	-	-8.7	-	-	-	-8.7	-	-8.7
Exchange differences from receivables considered to be net investments from a foreign unit	-	-	-	-	-	-0.4	-	-	-0.4	-	-0.4
Tax of previous	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Cash flow hedges											
Transferred to the equity with taxes deducted	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Transferred to income statement with taxes deducted	-	-	-	-	-	-	-0.1	-	-0.1	-	-0.1
Investments available for sale											
Transferred to the income statement with taxes deducted	-	-	-	-	-	-	-0.2	-	-0.2	-	-0.2
Net profit for review period	-	-	-	-	-	-	-	-6.0	-6.0	0.6	-5.4
Other changes	-	-	-	-	-	-	-	0.1	0.1	0.0	0.1
Equity at 31.12.2005	27.8	2.9	88.6	0.0	-8.7	1.3	0.0	220.1	332.0	15.3	347.3

No auditors' report has been issued concerning the financial review.

**CASH FLOW STATEMENT (EUR million)**

	2005	2004
Cash flow before change in working capital	34.5	44.6
Change in working capital	-27.0	13.1
Financial items and taxes	-1.9	-11.9
Cash flow from business operations	5.6	45.9
Investments	-48.6	-32.5
Proceeds from sale of fixed assets	8.3	406.3
Cash flow from investments	-40.3	373.8
Change in non-current loans	-14.0	-219.2
Change in current loans	-0.3	0.3
Change in loan receivables	0.0	-1.0
Repurchase of own shares	-8.6	-
Dividends paid	-34.5	-21.7
Cash flow from financial operations	-57.4	-241.6
Unallocated items	-0.3	1.4
Change in liquid funds	-92.4	179.5
Liquid funds at the beginning of the period	214.1	34.6
Impact of change of market value on liquid funds	1.2	-
Liquid funds at the end of the period	122.9	214.1

**GROUP TURNOVER BY SEGMENT (EUR million)**

	2005	2004
Raisio Nutrition	380.6	389.9
Raisio Life Sciences	59.0	53.3
Other operations	1.3	-
Interdivisional turnover	-6.3	-5.3
Total turnover from continuing operations	434.6	437.9
Discontinued operations	-	192.7
Eliminations	-	-3.6
Total turnover	434.6	627.0

**OPERATING RESULT BY BUSINESS SEGMENT (EUR million)**

	2005	2004
Raisio Nutrition	-7.3	-9.8
Raisio Life Sciences	2.4	-4.8
Other operations	-5.8	-3.9
Eliminations	0.0	0.1
Operating result from continuing operations	-10.9	-18.4
Discontinued operations	0.0	241.2
Total operating result	-10.9	222.8



No auditors' report has been issued concerning the financial review.

## NET ASSETS BY BUSINESS SEGMENT (EUR million)

	31.12.2005	31.12.2004
Raisio Nutrition	167.3	147.5
Raisio Life Sciences	57.0	47.0
Other operations and unallocated items	123.0	198.3
<b>Total</b>	<b>347.3</b>	<b>392.8</b>

## GROUP INVESTMENTS BY SEGMENT (EUR million)

	2005	2004
Raisio Nutrition	36.2	16.0
Raisio Life Sciences	6.3	2.8
Other operations	10.3	4.4
Eliminations	-3.6	-1.2
Total investments from continuing operations	49.3	22.1
Discontinued operations	-	12.8
<b>Total investments</b>	<b>49.3</b>	<b>34.8</b>

## TURNOVER BY MARKET AREA OF THE CONTINUING OPERATIONS (EUR million)

	2005	2004
Finland	272.5	280.8
Poland	36.6	33.4
Russia	31.3	32.4
Other Europe	86.4	85.1
ROW	7.6	6.2
<b>Total</b>	<b>434.6</b>	<b>437.9</b>

## QUARTERLY PERFORMANCE (EUR million)

	10-12/ 2005	7-9/ 2005	4-6/ 2005	1-3/ 2005	10-12/ 2004	7-9/ 2004	4-6/ 2004	1-3/ 2004
Turnover of Raisio Nutrition	99.0	97.4	98.4	85.9	97.5	99.0	105.4	88.0
Turnover of Raisio Life Sciences	15.1	14.4	16.1	13.4	16.1	11.7	13.7	11.8
Turnover of other operations	0.6	0.3	0.3	0.2	0.0	0.0	0.0	0.0
Interdivisional turnover	-1.7	-1.4	-1.8	-1.4	-1.5	-1.1	-1.5	-1.1
<b>Total turnover</b>	<b>112.9</b>	<b>110.7</b>	<b>112.9</b>	<b>98.1</b>	<b>112.1</b>	<b>109.6</b>	<b>117.5</b>	<b>98.7</b>
Operating result of Raisio Nutrition	-16.5	3.4	3.2	2.6	4.3	3.4	-17.0	-0.5
Operating result of Raisio Life Sciences	-3.3	1.7	1.7	2.2	1.6	0.8	-8.1	0.9
Operating result of other operations	-1.8	-1.5	-2.0	-0.6	-0.5	-0.5	-2.7	-0.2
Eliminations	-0.1	0.2	0.0	-0.1	0.0	0.1	0.0	0.0
<b>Total operating results</b>	<b>-21.6</b>	<b>3.8</b>	<b>2.9</b>	<b>4.1</b>	<b>5.5</b>	<b>3.8</b>	<b>-27.8</b>	<b>0.2</b>
Share of result of associated companies	-0.5	-0.3	0.0	-0.1	0.0	0.0	-0.3	-0.1
Segment results	-22.1	3.5	2.9	4.0	5.5	3.7	-28.1	0.1
Financial income and expenses, net	0.5	2.1	1.0	0.8	0.7	0.2	-1.3	-1.1
Result before taxes	-21.7	5.6	3.9	4.8	6.1	3.9	-29.4	-0.9
Income tax	6.1	-1.5	-1.4	-1.3	-2.8	7.1	-2.4	-0.7
<b>Result for the period from continuing operations</b>	<b>-15.6</b>	<b>4.1</b>	<b>2.5</b>	<b>3.5</b>	<b>3.3</b>	<b>11.0</b>	<b>-31.8</b>	<b>-1.6</b>

No auditors' report has been issued concerning the financial review.

**KEY INDICATORS**

	31.12.2005	31.12.2004
Return on equity, ROE, %	-1.5	70.4
Return on investment, ROI, %	-1.3	46.7
Interest bearing liabilities at end of period, EURm	36.1	49.5
Gross investments, EURm	49.3	34.8
Gross investments from continuing operations, EURm	49.3	22.1
% of turnover from continuing operations	11.3	5.0
R & D expenses, EURm	10.3	12.9
R & D expenses from continuing operations, EURm	10.3	8.4
% of turnover from continuing operations	2.4	1.9
Average personnel	1,414	2,005
Average personnel in continuing operations	1,414	1,498
Equity ratio, %	76.8	76.4
Gearing, %	-25.0	-41.9
Earnings/share, EUR*	-0.04	1.28
Cash flow from operations/share, EUR*	0.03	0.28
Equity/share, EUR*	2.06	2.29
Average number of shares during the period, in 1,000s*		
Free shares	129,694	130,455
Restricted shares	34,556	34,694
Total	164,250	165,149
Average number of shares at end of period, in 1,000s*		
Free shares	126,848	130,585
Restricted shares	34,533	34,564
Total	161,381	165,149
Market capitalisation of shares at end of period, EURm		
Free shares	295.1	248.1
Restricted shares	78.8	63.9
Total	373.9	312.0

\*Number of shares without own shares

**CONTINGENT LIABILITIES (EUR million)**

	31.12.2005	31.12.2004
Assets given for security		
For the company		
Mortgages on real estate	16.9	52.7
Securities pledged	0.0	0.5
Corporate mortgages	33.8	34.4
Contingent off-balance sheet		
Non-cancellable other leases		
Minimum lease payments	2.8	1.0
Contingent liabilities for the Company	1.5	2.1
Contingent liabilities for others		
Guarantees	0.0	0.1
Other liabilities	1.6	-

**DERIVATIVE CONTRACTS (EUR million)**

	31.12.2005	31.12.2004
Nominal values of derivative contracts		
Raw material futures	2.6	0.8
Forward electricity contracts	0.0	5.6
Currency forward contracts	34.9	35.9