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INFORMATION FOR SHAREHOLDER

The Annual General Meeting of Raisio Group plc will be held on Thursday, April 6, 2000 at 14.00 at the company offices in Raisio. The invitation to the meeting is being published in the newspapers Helsingin Sanomat, Hufvudstadsbladet, Landsbygdens Folk, Maaseudun Tulevaisuus and Turun Sanomat.

Shareholders should inform the company of their intention to attend the AGM not later than 10.00 on April 3, 2000. The enrolment should be addressed to Raisio Group plc, Shareholders Contact, P.O. Box 101, FIN-21201 Raisio, or made by telephone +358 2 443 2293 or telefax +358 2 443 2315.

FINANCIAL INFORMATION

Annual accounts information for 1999	February 21, 2000
Annual report for 1999	March 29, 2000
Interim report January-March 2000	May 10, 2000
Interim report January-June 2000	August 16, 2000
Interim report January-September 2000	November 6, 2000

The annual report and interim reports are published in Finnish, English and Swedish. They will be sent automatically to all shareholders owning more than 200 shares who are on the Finnish Central Securities Depository Ltd. list of owners.

CONTACT INFORMATION

Annual and interim reports are available on the Raisio Group's home page at www.raisiogroup.com

Printed versions of annual and interim reports can be ordered from the following address: Raisio Group, Information Department, P.O. Box 101, FIN-21201 Raisio, by e-mail from marjo.ahvenainen@raisiogroup.com, by telephone +358 2 443 2292 or by telefax +358 2 443 2147.

Shareholders are asked to update their personal contact and ownership information in the book-entry security register containing their personal book-entry security account.

The original annual report was written in Finnish, and the English and Swedish-language versions are translations.

The annual accounts have been drawn up in Finnish markkas. Key figures in this report have been converted into euros using the official coefficient (EUR 1 = FIM 5.94573).

RAISIO GROUP

The Raisio Group, whose headquarters are located in Raisio, southwest Finland, is a diversified industrial concern with international operations which develops, manufactures and markets foodstuffs, animal feeds and chemical products. The parent company, Raisio Group plc, is listed on Helsinki Exchanges

SCOPE OF OPERATIONS

Raisio Group turnover in 1999 was FIM 4,536 million, with international turnover accounting for 49 per cent. The balance sheet total came to FIM 4,424 million. At year end, the Group employed 2,731 persons, 40 per cent of them abroad. The Group has production plants in 17 countries.

OPERATING POLICY

Raisio Group's operations are founded on a number of core values: enhanced corporate value for shareholders; safe and pure products; a motivating work environment for the whole staff; pioneering product development; and added value for customers.

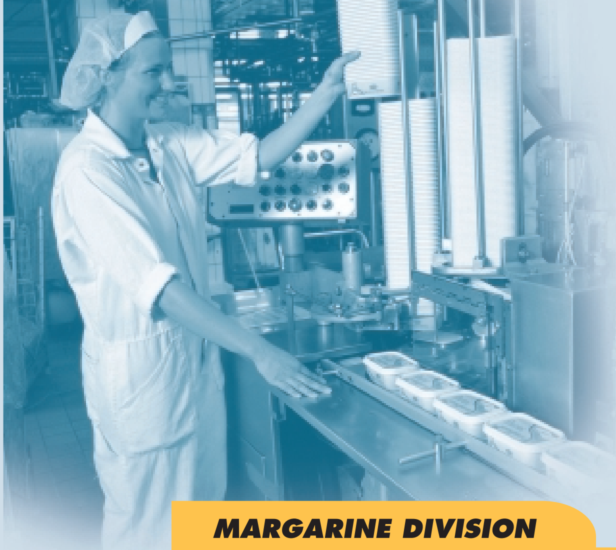
Goals set for the next few years by the Board of the Raisio Group:

Raisio foods will seek a stronger position in northern Europe.

Raisio will invest in the fast-growing global market for foods that promote health.

The Chemicals Division will continue with its well-proven strategy, with its sights set on becoming one of the world's leading paper chemicals producers.

These goals will be pursued through organic growth and restructuring. Profit generation capacity will be ensured through internal development and structural reorganization.



DIVISIONS

MARGARINE DIVISION

Margarine Division makes a wide selection of margarines in Finland, Sweden and Poland. Its product range includes edible oils and vegetable fat cheeses and spreads. Ice-cream and marzipan are made in Sweden.

The Division attaches particular attention to the development of low-fat products suited to today's consumer habits.

The Division makes **the Benecol spreads** marketed in Europe. These are the first applications of cholesterol-reducing stanol ester as an ingredient. Other brands produced by the Division include **Keiju, Belette, Sunnuntai, Carlshamn Mejeri and Masmix.**

The Group's Potato Processing Subdivision has been part of the Division since the beginning of 2000.

BENECOL DIVISION

The Benecol Division is in charge of procurement of plant sterol, development of separation techniques and the processing of sterols into stanol ester for use in foods to effectively reduce blood cholesterol levels.

There are stanol ester plants **in Raisio, Finland, and South Carolina, USA.** Stanol ester is supplied both to the Group's own Margarine Division and to its cooperation partner McNeil Consumer Healthcare.

The Division is the Group's most important development sector, and has great growth expectations.

GRAIN DIVISION

Raisio's Grain Division comprises mills, feed factories, a malting plant and the Agricultural Group, which is in charge of grain and rape seed purchases.

The Division's product range comprises flour, flakes, pastas, rice and malts. The Animal Feeds Subdivision makes feed mixes for farm animals and special feeds for fish and fur animals.

The Milling Subdivision's development work concentrates on functional grain products, while the Animal Feeds Subdivision focuses on the impact of feed mixes on the quality of livestock products and animal health, the productivity of feeding and the environmental effects of production.

The best-known brands are **Elovena and Sunnuntai, and various Herkku feeds.**

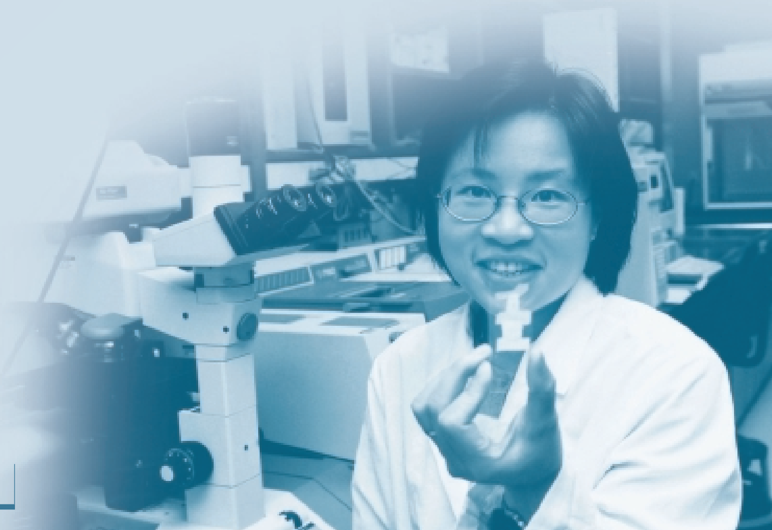
CHEMICALS DIVISION

Raisio's Chemicals Division specializes in serving the paper industry all over the world. Its products range from chemicals used in making paper and board to chemicals and solutions for coating, processing and recycling.

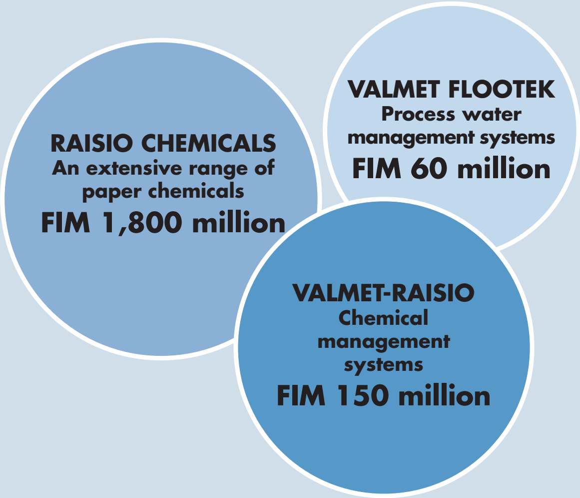
The Division focuses on supplying comprehensive chemical concepts and systems rather than on individual chemicals, and on serving key customers globally.

The Division's range includes **starch binders, latexes, hydrophobic sizing and recycling chemicals.**

The Chemicals Division is an important growth sector for the Raisio Group. It operates internationally and has production units in 15 different countries.



RAISIO PAPER TECHNOLOGY



Total sales to the paper and pulp industry over FIM 2,000 million.

CHEMICAL CONCEPTS FOR THE PAPER INDUSTRY

The objective of the Raisio Group Chemicals Division is to develop into a globally significant and prominent supplier of chemicals and chemical concepts to the world-wide paper and board industry. The focus of operations is on efficient R&D and solid partnerships with customers.

The Chemicals Division is a growing and important branch of Raisio Group business operations. Turnover has risen over four-fold in a mere ten years, accompanied by a rise in the Division's contribution to Group turnover from 14 to 39 per cent.

MODE OF OPERATION

The Raisio Chemicals Division is a producer of paper chemical concepts and systems, not just a chemicals supplier. Raisio Chemicals Ltd and its associated companies Valmet Flootek and Valmet-Raisio already form an important element in the forest industry cluster.

Raisio Chemicals concentrates specifically on functional paper chemicals which are used to enhance the quality and properties of paper. This orientation automatically takes the company close to its customers and underlines the importance of solid cooperation.

Success is founded on close collaboration with universities and research institutes on one hand, and demanding major paper-industry customers on the other hand. Also important are the three state-of-the-art technology centres in Raisio and the skill centres in Canada, the UK and Korea.

The 'key customer' concept is the Chemicals Division's guiding principle. In practically every product group, its competitors are mainly to be found in large global enterprises, a fact that faces Raisio Chemicals know-how and development capacity with a great challenge.

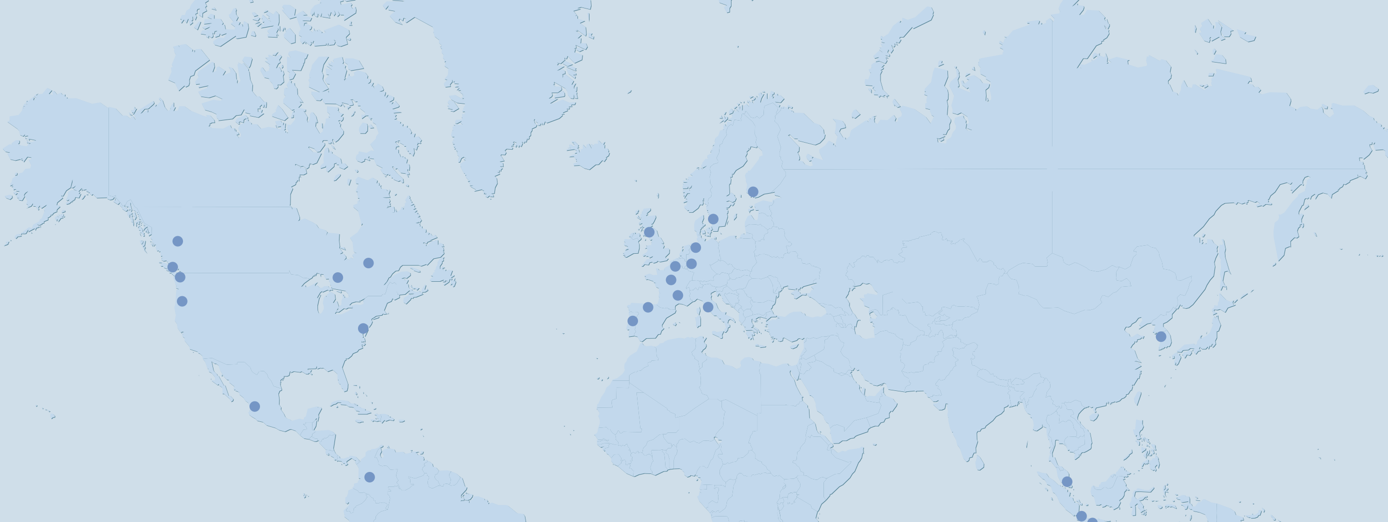
The Raisio Chemicals plant in Mietoinen produces cationic chemicals used for starch conversion. Such modification improves the binding of starch and fillers to pulp fibres in papermaking.

CATIONIC PRODUCTS

Raisio Chemicals is a leading world supplier of cationic starches. Using cationic surface sizing and wet end starches, the paper industry can improve the strength and printability of its paper and substantially reduce the environmental load from circulating and waste waters.

Raifix technology is a good example of Raisio Chemicals' development work. Raifix products are cationic polymers for controlling the wet end of paper machines. They are used to neutralize impurities and reduce their harmful impact on the papermaking process. This increases paper machine runnability and thus generates major savings.

Raibond, which affects paper quality and strength, and Raifloc, which is a retention and dewatering agent, fall into the same product category. Raibond is ideally suited for manufacture of paper containing recycled fibre. As use of such fibres is growing all the time, Raisio has great hopes of future growth here.



COATING

The purpose of coating is to improve the visual properties and printability of paper and board. With rising levels of value added, the importance of coating is growing all the time.

The Raisio Chemicals range includes all the components in coating colour with the exception of mineral pigments. Some of the most important products in this application area are synthetic binders - styrene butadiene latices, polyvinyl acetate and acrylate latices, as well as coating starches.

One of Raisio Chemicals' skill centres is in Burlington, Canada. The picture shows (left to right) lab assistant Ruth Chan, laboratory supervisor Pik Sai (Eva) Laou and regulatory affairs specialist Gian Hofer, with lab assistant Debbie Redding in the background.

HYDROPHOBIC SIZING

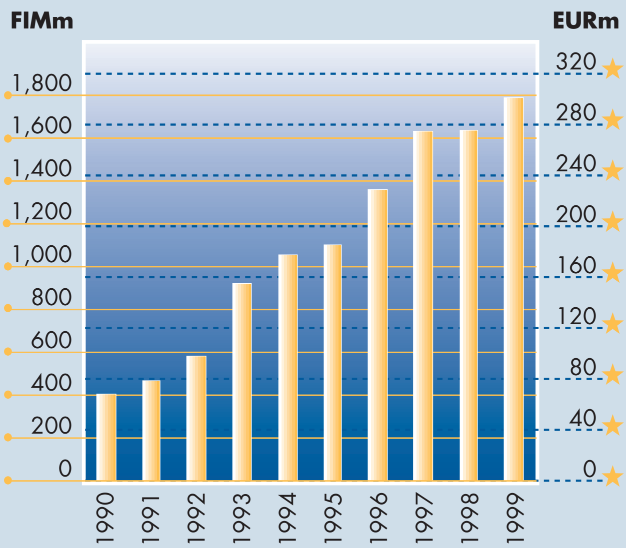
Hydrophobic sizes are used to give special properties to the paper and board, like resistance to penetration of different liquids as well as paper printability properties. Raisio Chemicals has greatly expanded this product group in recent years through acquisitions and business purchases. The product range now includes both natural rosin sizing chemicals, synthetic AKD and ASA sizes and polymeric hydrophobic surface sizing chemicals.

A good example of chemical concepts is product family, in which the Division's broad paper chemicals knowledge is utilized. This multifunctional product family, sold under the Raisafob 30 brand, makes it possible for the paper makers to improve quality of their products offering greater value added.

RECYCLING

Use of recycled fibre has been expanding in recent years, along with growing environmental awareness. With its associated companies, Raisio Chemicals can offer systems and chemicals for recycling both fibre and process water. Examples of products are Raisapon deinking chemicals, bleaching aids and cationic polymers for neutralizing of anionic trash in process waters.

CHEMICALS DIVISION TURNOVER



INTERNATIONALIZATION

The Chemicals Division is the Raisio Group's most advanced sector in terms of internationalization. It has production plants in 15 countries and commercial operations in about 20. The aim is to continue this geographical expansion, and to improve the supply ability to key customers as they are globalizing their own operations.

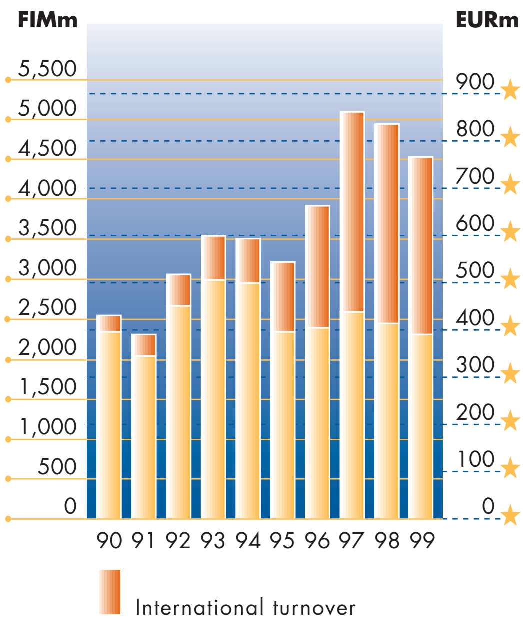
1999 IN BRIEF

- **Turnover fell 8 per cent to FIM 4,536 million.**
- **Consolidated operating profit fell 69 per cent. The Chemicals Division generated most of it.**
- **Profit before extraordinary items was FIM 35 million.**
- **The sharp decline in exports to Russia and the consequent overcapacity, together with credit losses and a drop in domestic consumption took the Margarine Division operating result well into the red.**

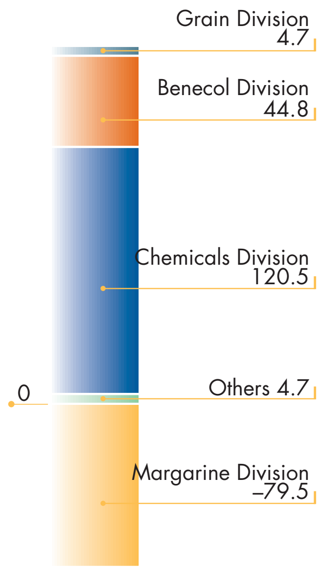
KEY FIGURES

	FIMm		EURm	
	1999	1998	1999	1998
Turnover	4,536	4,950	763	833
Operating profit	95	310	16	52
Profit before extraordinary items	35	252	6	42
Investments	355	444	60	75
Equity ratio, %	41.0	46.0		
Return on investment, %	4.0	11.1		
Average personnel	2,897	2,904		

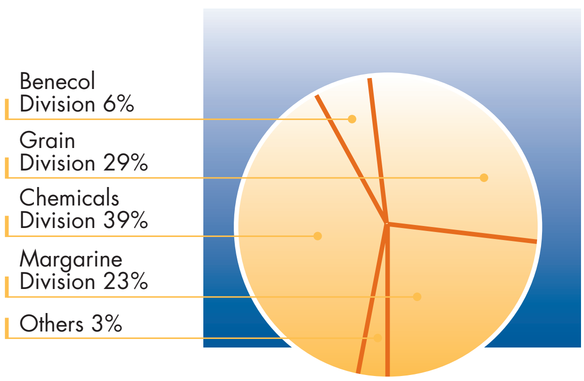
TURNOVER



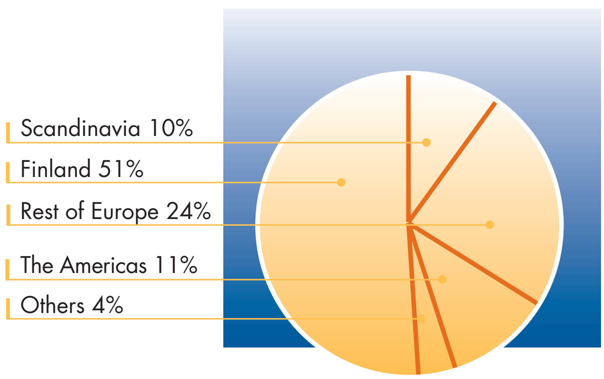
OPERATING PROFIT BY DIVISION



TURNOVER BY DIVISION



TURNOVER BY MARKET AREA



FIM

	1995	1996	1997	1998	1999
TURNOVER					
Turnover, FIMm	3,224	3,928	5,101	4,950	4,536
change, %	-8	+22	+30	-3	-8
Exports from Finland, FIMm	519	735	802	1 061	863
Total international turnover, FIMm	886	1,541	2,514	2,506	2,222
PROFITABILITY					
Operating profit, FIMm	183	196	246	310	95
% of turnover	5.7	5.0	4.8	6.3	2.1
Profit before extraordinary items, FIMm	141	166	209	252	35
% of turnover	4.4	4.2	4.1	5.1	0.8
Profit before taxes and minority interest, FIMm	140	162	118	232	-13
% of turnover	4.3	4.1	2.3	4.7	-0.3
Return on equity, ROE, %	7.5	4.5	7.8	9.2	0.4
Return on investment, ROI, %	9.2	9.2	10.1	11.1	4.0
FINANCING					
Equity ratio, %	46.5	47.3	46.6	46.0	41.0
Quick ratio	0.9	1.1	0.8	0.7	0.6
Current ratio	1.6	1.8	1.5	1.2	1.2
BALANCE SHEET					
Shareholders' equity + minority interest, FIMm	1,471	1,727	1,772	1,886	1,810
Balance sheet total, FIMm	3,175	3,678	3,826	4,105	4,424
OTHER INFORMATION					
Gross investments, FIMm	380	387	434	444	355
% of turnover	11.8	9.9	8.5	9.0	7.8
R & D expenditure, FIMm	54	87	99	106	95
% of turnover	1.7	2.2	1.9	2.1	2.1
Average personnel	2,054	2,365	2,817	2,904	2,897

EUR

	1995	1996	1997	1998	1999
TURNOVER					
Turnover, EURm	542	661	858	833	763
change, %	-8	+22	+30	-3	-8
Exports from Finland, EURm	87	124	135	178	145
Total international turnover, EURm	149	259	423	421	374
PROFITABILITY					
Operating profit, EURm	31	33	41	52	16
% of turnover	5.7	5.0	4.8	6.3	2.1
Profit before extraordinary items, EURm	24	28	35	42	6
% of turnover	4.4	4.2	4.1	5.1	0.8
Profit before taxes and minority interest, EURm	24	27	20	39	-2
% of turnover	4.3	4.1	2.3	4.7	-0.3
Return on equity, ROE, %	7.5	4.5	7.8	9.2	0.4
Return on investment, ROI, %	9.2	9.2	10.1	11.1	4.0
FINANCING					
Equity ratio, %	46.5	47.3	46.6	46.0	41.0
Quick ratio	0.9	1.1	0.8	0.7	0.6
Current ratio	1.6	1.8	1.5	1.2	1.2
BALANCE SHEET					
Shareholders' equity + minority interest, EURm	247	291	298	317	304
Balance sheet total, EURm	534	619	643	690	744
OTHER INFORMATION					
Gross investments, EURm	64	65	73	75	60
% of turnover	11.8	9.9	8.5	9.0	7.8
R & D expenditure, EURm	9	15	17	18	16
% of turnover	1.7	2.2	1.9	2.1	2.1
Average personnel	2,054	2,365	2,817	2,904	2,897

There are several forces for change at work in the food industry's operating environment, and these will have a major impact on the sector's future. They include EU enlargement, deregulation of trade, changes in the food legislation and agricultural policy, shifts in the population structure, social and economic diversification and a general rise in value consciousness.

All these changes will mean tighter competition, speed up the globalization process and require the industry either to specialize or to appreciably broaden its product palette. The companies that succeed amid such competition will be those that can adjust their products to consumer wishes and expectations. They will also need to master the whole logistics process and be able to optimize their processes and thus boost efficiency.

Over the last 15 years, the consumer prices of foodstuffs in Finland have risen far less than consumer prices in general. The gap has grown particularly fast since 1995, when Finland joined the EU and food prices plummeted. Since that year, producer prices have been increasingly out of step, continuing to fall even though consumer prices have started to rise slightly. This has subjected Finnish food industry profitability to enormous pressure.

IMPORTANCE OF DIET QUALITY GROWING

If we look into the future, it is clear that a company like the Raisio Group which produces basic items for the family table must keep a very close eye on consumer preferences and ponder its specializations accordingly. Lines opted for by the consumer might, for instance, be organically grown items, pure Finnish food, delicatessen offering new eating experiences, or a product range that focuses on the health impact of food.

One element in a product range emphasizing health comprises functional foods such as Raisio's Benecol products and new Elovena Plus. Both of these help with reducing cholesterol. Second-generation functional foods could even include products combining the good properties of fibre and fat. These would be a natural choice for the Raisio Group, which already bases itself on pure raw materials and high quality. Good prospects can also be found among functional feeds. The nutritional value of animal fat and milk can be improved by means of feeding.

The Raisio Group has plenty of know-how which should be utilized across its divisional boundaries. Naturally, there will continue to be exclusively divisional projects, but the large-scale programmes subject to risk out of which true innovations can grow must draw on the whole Group's resources. To this end, a special technology development board was set up at the end of the year to activate and coordinate skills in the various food divisions and the Chemicals Division.

Expanding the Benecol business on a scale that would rapidly make it a 'fourth pillar' for the Group, side by side with the Margarine, Grain and Chemicals Divisions, was defined as an important goal in 1999. The Group ensured it would have plenty of the basic raw material, plant sterol, set up a stanol ester factory in South Carolina, USA, and enlarged a similar factory in Raisio.

Though Raisio's partner McNeil of the Johnson & Johnson Group was already marketing Benecol products in six countries in the second half of the year and Raisio itself was doing so in Finland, sales did not live up to either the Group's or its shareholders' expectations. Under-utilization of capacity and raw material contracts generated costs that initial deliveries were unable to cover.

Functional foods, including Benecol, are ahead of their time, witness the undeveloped legislation on such products. This has hampered fast advances and prevented the use of clear marketing messages that explain their good properties. More consumer debate is needed to correct this situation. However, the Raisio Group's position is clear: in the longer term, the product segment underlining the importance of diet will expand and offer existing producers global opportunities.

MARGARINE FACING PROBLEMS, CHEMICALS A SOURCE OF SUCCESS

In the last few years, the Finnish food industry has trusted too much in the fast-growing Russian market, to the detriment of other areas. The drastic decline in exports in late summer 1998 thus had a major impact on the Raisio Group and its Margarine and Grain Divisions. It was already clear at the beginning of 1999 that it would be difficult in the short term to improve performance, especially in the Margarine Division. The profit slump was aggravated by the financial problems of our Russian customers and consequent credit losses, and by one-off costs from planning the Russian margarine factory which has not been built.

A very close eye is being kept on economic trends in Russia and its market, because as soon as things begin to improve the St Petersburg area, particularly, will be a large and natural market for Finland. The Raisio Group will also benefit from certain brands which are already well known in Russia.

The success story of 1999 was the Chemicals Division, where R&D, investment in technology centres, concentration on the main paper chemicals groups and customer-oriented partnership approaches going back several years bore fruit. The Division's main customer, the Finnish paper industry, operates on the global market. This means that raw material suppliers and thus the Division must be able to offer a good service worldwide. Raisio Chemicals intends to remain a major player in this arena.

STRUCTURAL ADJUSTMENT AND WORK FOR CHANGE

Corporate structures worldwide have been subject to change, not least in international trade. Against this background, the Raisio Group's structures, too, must be scrutinized with a completely open mind. Control of large entities and success over wider market areas also calls for new systems and forms of cooperation.

Such changes face the Raisio Group with an enormous challenge and cannot take place overnight. However, the company shows positive will, the desire to change itself and its structures, and commitment to work for this process. I underline the importance of willingness to discuss, transparency and integrity. We will continue to take good case of our skilled personnel, and to this end have already launched a personnel administration development programme.

Even though 1999 did not prove a very good year for us, the Raisio Group is still a financially stable, diversified industrial group with excellent development potential over the slightly longer term.

The disappointment of investors hoping to make a quick profit is reflected in the price of our free share, which fell to a low of FIM 21.11 (EUR 3.55) in December after peaking at FIM 74.02 (EUR 12.45) in July. However, though long-term strategies and plans must focus on generating added value for shareholders, share price fluctuations must not be allowed to influence the short-term decisions made about our business operations.

I have only been the Raisio Group's Chief Executive since the beginning of November 1999, and I should like to take this opportunity to thank my predecessor, Matti Salminen, for his many years of successful work for the Group. At the same time, I wish to thank the administration and staff for their active and constructive work in 1999.

Tor Bergman

At the end of 1999, a special Technology Development Board was set up to activate and integrate the skills and know-how of the various food sectors and the chemicals sector. President and CEO Tor Bergman (second from the right) is talking to Rabbe Klemets (left), the Board coordinator, Jukka Kaitaranta (standing), head of the food sector development unit and Kari Nurmi, head of the chemicals sector development unit.

Raisio Group plc Board of Directors. Front row, left to right: Matti Linnainmaa (Vice Chairman), Vesa Lammela (Chairman of theSupervisory Board), Heikki Haavisto (Chairman) and Kaj Lönnroth. Back row, left to right: Pertti Vuola, Kaarlo Pettilä, Tor Bergman, Arimo Uusitalo and Jaakko Ihamuotila.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The turnover of the Raisio Group fell 8 per cent to FIM 4,536 million. At FIM 34.5 million, consolidated profit before extraordinary items showed a sharp fall on 1998.

Consolidated turnover was affected most by the decline in exports to Russia, from FIM 577 million to FIM 317 million, i.e. a fall of FIM 260 million. Margarine Division turnover fell overall by nearly FIM 350 million, as the slump in exports was accompanied by a fall in edible fat consumption on the home market in all three countries where the Group has margarine factories.

The Chemicals Division managed to boost turnover by FIM 145 million. Turnover also rose in the Malting Subdivision, though volumes fell in other Grain Division sectors.

The Chemicals Division also recorded a good result and contributed most of the Group's operating profit. All its component sectors showed a profit. Operations were also profitable in all geographical areas, i.e. Europe, Asia and the Americas. The coating latex business was expanded and in 2000 a letter of intent was signed with Rhodia S.A. of France on the establishment of a joint latex company that will operate globally. The rosin sizing business was also expanded.

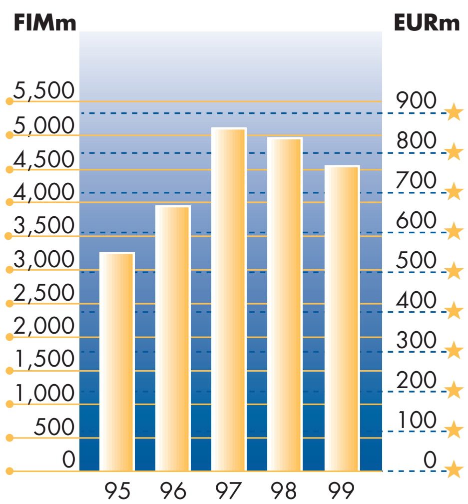
The biggest disappointment was the Margarine Division, which recorded a large operating loss. Business was affected adversely not only by declining sales and the resulting excess capacity but also by credit losses from Russian trade.

Declining exports also left the milling business with overcapacity, reflected as price competition which reduced profitability. The Oil Milling Subdivision's result was also adversely affected by falling volumes.

Benecol products were introduced onto the UK market in spring and the USA in early summer, and somewhat later in Ireland and the Benelux countries, by Raisio's partner, McNeil Consumer Healthcare of the Johnson & Johnson Group. However, market success proved slower to achieve than expected, largely because of shortcomings in the law on functional foods, which for instance delayed the market launch in the USA by six months.

As soon as 2000 began, action was taken to speed up the Benecol business. This includes an increasingly active Raisio role in marketing

TURNOVER



TURNOVER BY DIVISION

	FIMm		EURm	
	1999	1998	1999	1998
Margarine Division	1,042	1,388	175	233
Grain Division	1,394	1,635	234	275
Benecol Division	307	283	52	48
Chemicals Division	1,779	1,634	299	275
Others	152	214	26	36
Inter-divisional turnover	-138	-203	-23	-34
Consolidated turnover	4,536	4,950	763	833

TURNOVER BY MARKET AREA, %

	1999	1998
Finland	51	48
Scandinavia	10	10
Rest of Europe	24	27
The Americas	11	11
Others	4	4

approach, expansion of Raisio's home market area, seeking the involvement of third parties, speeding up projects in Germany and Japan and extending our sterol marketing efforts beyond the present contracting partners.

The Group invested FIM 95 million in research and development, or over 2 per cent of turnover.

TURNOVER

Consolidated turnover totalled FIM 4,536 million in 1999, a fall of FIM 415 million.

International turnover

International turnover came to FIM 2,222 million, accounting for 49 per cent of the consolidated total. Exports from Finland totalled FIM 863 million, 19 per cent down on 1998. The milestone payment received early in the year under the Benecol cooperation agreement is included in the figure.

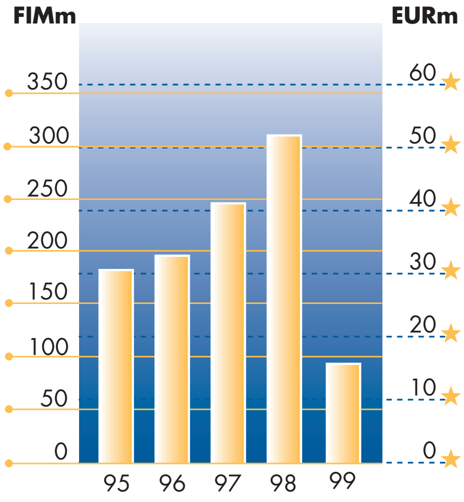
The Chemicals Division exported starch products, latices, recycling chemicals, sizes and WIC equipment; the Benecol Division exported stanol ester and received a milestone payment. The Margarine Division's FIM 163 million from exports included Benecol spreads and cream cheese style spreads made for McNeil for the European market, as well as margarines and edible oils. Malts accounted for FIM 120 million (1998: FIM 110m) of the Grain Division's exports. Feed mixes, porridge flakes, pastas and flours were also exported.

Russia's share of exports from Finland fell to 35 per cent, compared with 42 the previous year. Other major buyers were the United States, Sweden, the UK, Estonia, the Netherlands, Portugal, Germany and Brazil.

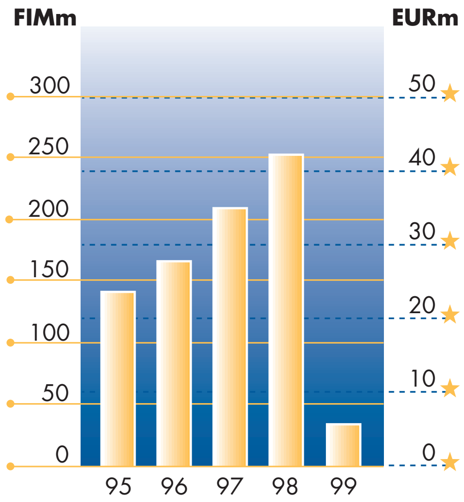
INTERNATIONAL TURNOVER

	FIMm		EURm	
	1999	1998	1999	1998
Exports from Finland				
Margarine Division	163	272	27.5	45.8
Grain Division	208	289	35.0	48.5
Benecol Division	222	248	37.3	41.6
Chemicals Division	262	232	44.0	39.0
Others	8	20	1.3	3.4
	863	1,061	145.1	178.4
Turnover for companies abroad	1,870	1,887	314.5	317.4
Trading abroad	3	8	0.4	1.3
- intra-Group sales	-514	-450	-86.3	-75.7
International turnover	2,222	2,506	373.7	421.4

OPERATING PROFIT



PROFIT BEFORE EXTRAORDINARY ITEMS



OPERATING PROFIT

Consolidated operating profit totalled FIM 95 million, which is roughly one third of the 1998 figure and represents 2.1 per cent of turnover, against 6.3 a year earlier. The result was burdened by altogether FIM 77 million in expenses entered as one-off costs. The most important item was FIM 53 million in credit losses. In addition, altogether FIM 24 million in planning expenses on certain capitalized projects and various extraordinary expense items were entered as one-off expenditure.

Margarine Division profitability declined further during the year and the Division recorded a nearly FIM 80 million operating loss. This was caused mainly by the factories in Sweden and Poland, both of which suffered from the collapse of exports to Russia and losses on their home markets, and had to carry the costs of excess capacity. There was also fierce price competition on the Polish market.

The result also declined sharply in the Benecol Division, where performance in 1998 had been greatly boosted by milestone payments under the cooperation agreement. Substantially less accrued in such payments in 1999, and at the same time profitability was reduced by the low capacity utilization rates at the stanol ester factories and the uneconomic short-term delivery contracts for stanol made to ensure an adequate supply of Benecol products.

Fierce price competition continued in all the Grain Division's operating sectors. Raw material availability declined because of the poor Finnish harvest and led to additional costs. Exports of consumer foodstuffs to Russia fell to only a fraction of the 1998 level, leading to lower profitability, especially in the Milling and Oil Milling Subdivisions. These factors combined to yield a FIM 54 million drop in the Division's operating profit compared with the previous year.

The Chemicals Division figure, on the other hand, rose encouragingly to FIM 121 million, up FIM 44 million on the previous year. The business sectors dealing with coating and recycling chemicals and hydrophobic sizes did particularly well and were also successful on new markets.

OPERATING PROFIT BY DIVISION

	FIMm		EURm	
	1999	1998	1999	1998
Margarine Division	-79.5	0.4	-13.4	0.1
Grain Division	4.7	58.5	0.8	9.8
Benecol Division	44.8	185.8	7.5	31.2
Chemicals Division	120.5	76.5	20.3	12.9
Others	4.7	-11.5	0.8	-1.9
	95.1	309.8	16.0	52.1

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated profit before extraordinary items was FIM 35 million, FIM 218 million down on 1998. Profit accounted for 0.8 per cent of turnover, against 5.1 per cent the previous year. Profits corresponding to ownership shares recorded for associated companies came to FIM 9 million, down from FIM 12 million.

Altogether FIM 47 million in one-off costs arising from the sale of Foodie Oy and closure of the pet food business were deducted in extraordinary expenses. The figure includes operative losses from these businesses. No extraordinary income was recorded.

Consolidated direct taxes in the income statement totalled FIM 0.4 million. In 1998, taxes had totalled nearly FIM 85 million.

Consolidated earnings per share (EPS) fell to FIM 0.05, against FIM 0.93 the previous year.

DIVIDEND POLICY AND DIVIDEND

It is the Board's objective to ensure that the Raisio share is a profitable investment for shareholders and that dividend reflects profit trends. However, the Board does not consider it justified to approve an advance proposal for annual dividend which is a given fixed proportion of consolidated profits.

For 1999, the Board proposes payment of a dividend of FIM 0.20 per share, which is four times the earnings per share figure. FIM 0.35 per share was paid out the previous year, or 37.5 per cent of EPS.

FINANCING

Cash generated from business operations totalled FIM 76 million, a decline of around FIM 205 million as a result of poorer performance of the business operations and the increase in operating capital, which was primarily tied up in Benecol Division inventories.

Net interest-bearing debt increased correspondingly, totalling FIM 1,385 million at year-end, against FIM 1,032 the previous year, a rise of FIM 353 million.

The Group's liquidity management was eased by a USD 190 million syndicated loan agreement with an international banking group signed by the parent company in 1998. As the Group wishes to save some of this facility for use as a liquidity reserve, long-term loans to a total of FIM 350 million were drawn at the end of 1999 from the Group's main financiers. This arrangement at the same time helped to balance the financing structure.

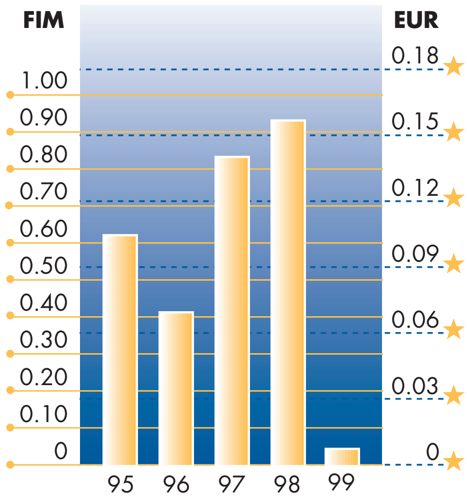
Net financial expenses came to FIM 66 million, i.e. 1.4 per cent of turnover. This was only a FIM 1 million mark increase despite the fact that interest-bearing liabilities rose appreciably. Exchange rate gains were recorded in 1999, rather than the losses entered in 1998.

The consolidated equity ratio fell to 41.0 per cent (1998: 46.0%). Return on equity also declined. Return on investment was 4.0 per cent (1998: 11.1%) and return on equity 0.4 per cent (1998: 9.2%). The ratios of current liabilities, the current ratio and quick ratio, remained much the same.

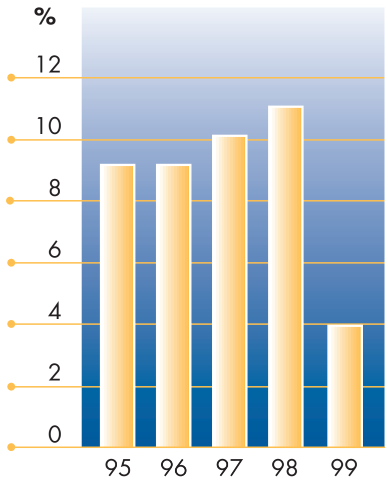
Financial risk management is regulated by a policy approved and regularly reviewed by the Board.

The Group maintains a liquidity reserve to maintain its strategic freedom of operation. In addition to investments, the reserve's main elements comprise negotiated but unutilized credit and overdraft facilities.

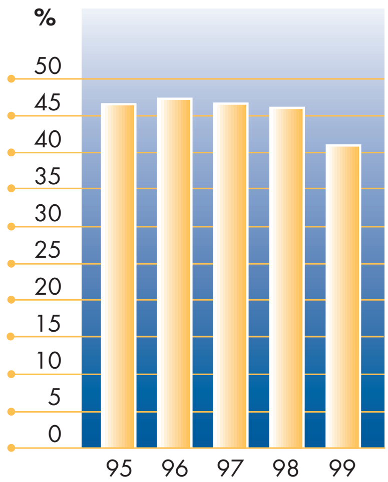
EARNINGS PER SHARE



RETURN ON INVESTMENT



EQUITY RATIO



The main methods used in managing counterparty risk are careful choice of counterparties, counterparty-specific limits and sufficient decentralization. Divisions are independently responsible for counterparty risk from accounts receivable and price risk connected with commodities.

Interest-rate risk is managed by regulating the structure of the credit portfolio and money market investments so as to generate the lowest possible net financial expenses. Instruments used here include interest-rate swaps, forward rate contracts and interest rate options.

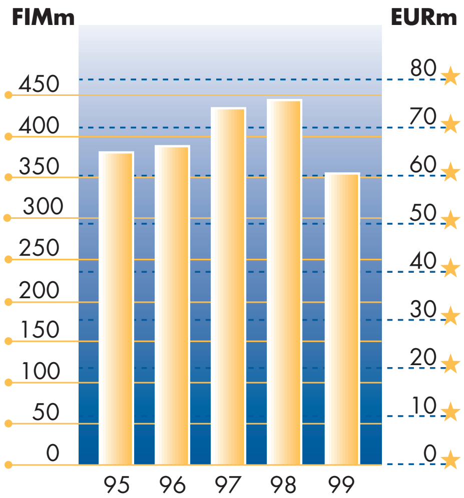
The Group hedges against exchange rate risks associated with currency-denominated receivables and debts, off-balance-sheet purchase and sales agreements and, to some extent, budgeted cash flows. The currency risk is hedged through forward agreements based on the net foreign exchange position. Hedging does not extend farther forward than 12 months. The share capital of foreign subsidiaries is not hedged. On the date of closing, 68 per cent of the open currency position was hedged, and the average for the whole year was 78 per cent.

SINGLE CURRENCY

Group accounting in companies in the euro zone and their reporting to the Group changed over to the euro at the beginning of 2000. Result reporting and the annual report in 1999 were still in both Finnish markkas and euros. From the interim report for January-March 2000 onwards, reporting will be exclusively in euros.

Because most central wholesalers in Finland will not be changing over to the euro until the end of the transition period, the Group's Margarine and Grain Divisions will do likewise. Purchasing changed over gradually to the euro from the beginning of 1999 onwards. From the beginning of 2000, it is hoped that suppliers will use the euro as their invoicing currency. The Agricultural Group, which is responsible for grain and oil seed procurement, will do its purchases in markkas up to the end of the transition period.

INVESTMENT



INVESTMENT

Gross investment by the Group totalled FIM 355 million, or 8 per cent of turnover. Investment totalled FIM 207 million in Finland and FIM 148 million abroad.

The Chemicals Division bought a further 49 per cent of Raision Lateksi Oy's stock, bringing its total holding to 100 per cent. Production capacity at the Anjalankoski latex factory was increased. In Colombia, the rosin sizing business of Escan Quimica LTDA was acquired, and in Korea the rosin sizing equipment of OPL-Raisio Inc was modernized.

The Benecol Division's main investments were in the stanol ester plant in the United States, which was completed in March. Alterations that increased capacity were carried out at the stanol ester plant in Raisio, Finland.

The Margarine Division increased the vegetable oil-based cheese and Benecol margarine production capacity of its factory in Raisio, and also made replacement investments. The Grain Division's investments included alterations at the rye mill in Nokia and better logistics for the Animal Feeds Subdivision's raw material silos. The most important other investments were capacity expansion at the Potato Processing Subdivision's factory and acquisition of Järviseudun Peruna Oy's food potato business.

GROSS INVESTMENT BY DIVISION

	FIMm		EURm	
	1999	1998	1999	1998
Margarine Division	37	80	6	14
Grain Division	32	33	5	5
Benecol Division	115	124	19	21
Chemicals Division	131	179	22	30
Others	40	28	7	5
Total	355	444	60	75

CHANGES IN THE GROUP ORGANIZATION

The Business Development group was disbanded at the end of the financial year, following the sale of its member company Foodie Oy during the summer. From the beginning of 2000 onwards, its other unit, the Potato Processing Subdivision, has been operating as a sector of the Margarine Division.

RESEARCH AND DEVELOPMENT

A Technology Development Board was set up at the end of the financial year to unite the Raisio Group's entire R&D resources. It is divided into development units covering the foods and chemicals sectors.

The Group's R&D expenses in 1999 totalled FIM 95 million, or 2.1 per cent of turnover. The figures were FIM 13 million for the Margarine Division, FIM 9 million for the Grain Division, FIM 18 million for the Benecol Division and FIM 54 million for the Chemicals Division. Other development costs came to FIM 1 million.

ENVIRONMENTAL ISSUES

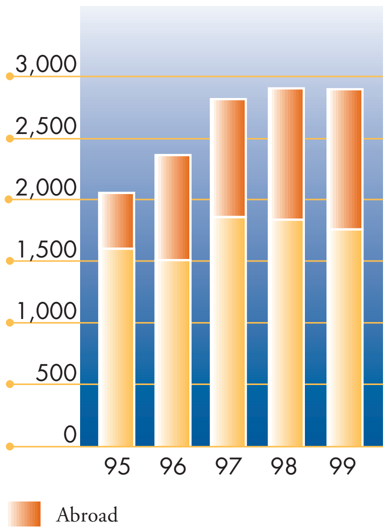
The Board of Directors approved an environmental policy for the Group in 1997. Its principles apply to Group operations everywhere in the world. An environmental system to ISO 14001 standard has already been certified for Raisio Chemicals' seven plants in Finland, three elsewhere in Europe and two units in America, and for all four Raisio Feed plants. In 1999 the Malting Subdivision became the first commercial malting plant in the world to gain an environmental certificate. An environmental report on the whole Group was published for the first time in 1998. Raisio Chemicals also publishes a separate report every year.

PERSONNEL AND GROUP MANAGEMENT

The Raisio Group employed an average of 2,897 people in 1999, seven less than in 1998. Staff in Finland totalled 1,761 on average (61%) and abroad 1,136 (39%).

Raisio Group plc employed an average of 622, and 623 at year end.

AVERAGE NUMBER OF PERSONNEL DURING THE YEAR



Matti Salminen resigned as President and CEO on October 31, 1999 and was replaced from the beginning of November by Tor Bergman. Kai Hannus was appointed head of the Chemicals Division, as of November 1, 1999 and Rabbe Klemets head of the Benecol Division, as of December 1.

In February 2000, Chief Executive Tor Bergman announced he had been appointed President and CEO of Metso Corporation as of January 1, 2001. The process to elect a new Chief Executive was begun without delay.

OUTLOOK FOR THE FUTURE

The principal goal for 2000 is to raise the company's value in a way that benefits shareholders. This can be done both through restructuring the company and developing business activities. Good results can be expected in the second half of the year, but in some respects a year is too short a time for projects to have an effect. The Group will still be showing a loss in early 2000.

The Raisio Group will focus on research and product development across divisional boundaries. The markets for traditional grain and potato products and for edible fats are unlikely to grow any further. However, there is distinct growth potential in functional foods, which fall between normal diets and pharmaceuticals on the product palette. Success in this sector will demand well-focused development work.

The Raisio Group will play a more prominent role in the international marketing of Benecol products, especially in Europe. The Benecol Division is expected to start to show a profit in the last quarter of 2000, though overall it will probably still write up a loss.

The Margarine Division is expected to show a profit for 2000. Special attention is being paid to more highly processed low-fat products.

The paper chemicals market is expanding 5-6 per cent a year, so the prospects for the Chemicals Division look good. The trend towards concentration in customer industries also means that capacity to serve key customers globally is demanded from chemical suppliers. Raisio Chemicals can supply starch binders, hydrophobic sizes, polymers and other paper chemicals all over the world. In the case of paper latexes, a joint venture is being planned which is likely to start operating by the middle of the year.

The Grain Division's position will be reinforced through international cooperation, product development and efficient cost structuring.

Consolidated turnover for 2000 is not expected to rise very much on the 1999 level. However, profits should be very much better. As far as operating profit is concerned, the aim is to achieve a level of FIM 200 million.

SHARE CAPITAL AND TYPES OF SHARE

The fully paid up share capital of Raisio Group plc is FIM 165,149,030. On December 31, 1999 the stock was divided into 36,442,760 restricted shares (Series K) and 128,706,270 free shares (Series V) with a nominal value of FIM 1. The company's minimum share capital is FIM 100,000,000 and maximum share capital FIM 400,000,000. Share capital can be raised or lowered within these margins without amending the Articles of Association (Article 4).

The company shares were entered into the book-entry system on November 26, 1994. The marketplace for Raisio shares is Helsinki Exchanges: free shares are quoted on the Main List and restricted shares on the I list. The stock exchange code for a free share is RAIVV and the ISIN code FI 0009002943 and for a restricted share RAIKV and FI 0009800395.

Stock is divided into free shares (Series V) and restricted shares (Series K), with equal entitlement to equity and profits. At annual general meetings, each restricted share entitles the holder to 20 votes and each free share to one vote, though no shareholder may hold votes equal to more than 15o/oo of the total shares making up the company's current share capital. Similarly, no shareholder is entitled to exercise more than 1/10 of the total number of votes represented at a shareholders' meeting (Article 10 of the Articles of Association). Based on the number of shares making up current share capital, the highest number of votes per shareholder, without the above 1/10 restriction, is 2,477,235, representing the same number of free shares or 123,862 restricted shares, or a combination of the two.

Acquisition of restricted shares via assignment requires the approval of the Board of Directors. Approval is required even if the party acquiring the shares already owns restricted shares in the company. Approval must be given if the share recipient is a natural person whose primary occupation is farming. If approval is not given, the Board of Directors must convert the transferred restricted share into a free share (Articles 7 and 8 of the Articles of Association). The Board may also convert restricted shares into free shares on request, and likewise give advance information on whether the applicant is being granted permission to acquire restricted shares or not. In 1999, 634,640 restricted shares were converted into free shares.

Restricted shares concerning which the approval procedure is in progress or for which approval has not been sought will be retained on the 'waiting list' in the book-entry system until such time as they are entered in the share register as restricted shares following approval, assigned to another shareholder or converted into free shares.

SHAREHOLDING BY THE COMPANY MANAGEMENT AND WARRANT BOND

The members of the company Supervisory Board and the members and deputy members of the Board of Directors and the Chief Executive owned 2,075,930 restricted shares and 463,180 free shares on December 31, 1999. This accounts for 1.54% of the total number of shares and 2.10% of the maximum voting power. They also own 113,000 option rights under the 1998-2003 option programme, i.e. 32.3% of the total.

If the holders of option rights subscribe all the shares they are entitled to, i.e. 1,130,000 new free shares, the members of the Supervisory Board and the members and deputy members of the Board of Directors and the Chief Executive will own 2,075,930 restricted shares and 1,527,940 free shares, or 2.13% of the post-subscription stock and 2.12% of the corresponding votes.

SHAREHOLDER AGREEMENTS

Raisio Group plc has no information on any shareholder agreements concerning the ownership of company shares and the use of voting power.

AUTHORITY TO RAISE SHARE CAPITAL

The Annual General Meeting held on April 15, 1999 authorized the Board of Directors to decide on a maximum increase of FIM 10,000,000 in share capital in one or more new issues and/or to issue convertible and/or warrant bonds and/or option rights equivalent to the same increase in share capital.

The previous shareholders' first option may be departed from only on financial grounds crucial to the company and if the authorization is used to finance a corporate acquisition or purchase of business operations, to provide for intercorporate cooperation arrangements or to consolidate the company's financial structure.

The authorization was entered in the trade register on May 6, 1999 and will remain in force up to April 15, 2000. The authorization has not been exercised so far.

AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ACQUIRE COMPANY SHARES

The Board of Directors is not authorized to buy or sell company shares, nor has any such authorization been sought from the Annual General Meeting. Neither Raisio Group plc nor any company in the group formed by it owns shares in Raisio Group plc.

OPTION PROGRAMME 1998-2003

The Annual General Meeting held on April 7, 1998, approved the Board of Directors proposal for a new option programme designed to form part of the Group's incentive scheme and to increase the commitment and work motivation of those entitled to it. A total of 350,000 new option rights will be issued, entitling their holders to subscribe a total of 3,500,000 new free shares.

By AGM decision, a total of 350,000 option rights have been issued to members and deputy members of Raisio Group plc's Board of Directors, and under a Board decision based on AGM authorization to members of Group and Group company management and key personnel and to a fully owned Group company. Option rights may later be assigned by this Group company to key personnel within the Raisio incentive scheme.

The option rights were issued without consideration, and the total number is divided into four lots of 87,500 each. Subscription periods for these lots begin on May 4, 2000, May 4, 2001, May 4, 2002 and May 4, 2003. The subscription periods of all lots end on January 30, 2004. These subscriptions may not raise share capital by more than FIM 3,500,000, and the number of shares may not increase by more than 3,500,000 free shares, or 2.12% of the current number. The votes carried by the new shares account for 0.4% of the total votes carried by the current stock.

The basis for the subscription price of a new share is the price of a free share on Helsinki Exchanges between April 8 and 30, 1998, weighted by trading volumes, i.e. FIM 972, or FIM 97.20 per current share. The price thus obtained will be raised in such a way that the subscription price is FIM 101.20 (EUR 17.02)in the subscription beginning on May 4, 2000, and for the later lots FIM 103.20 (EUR 17.36), FIM 105.20 (EUR 17.69) and FIM 107.20 (18.03) respectively. The subscription price will be lowered by the amount of dividend distributed before January 30, 2004 after the option rights have been issued and during the period in which the option rights are valid. The subscription price must not be lower than the nominal share value, however. The new shares entitle their holder to dividend for the financial period during which they are subscribed.

INCREASE IN SHARE CAPITAL

Subscription period	Method	Terms of subscription	Nominal value FIM	Subscription price FIM	Number of new shares	Increase in share capital FIMm	New share capital FIMm	Right to dividend
13.12.1993–28.1.1994	New issue	5 V or K: 1 V	50	250.00	405,206	20.26	121.6	Half dividend 1993
12.4.1995	Directed issue for Raision Margariini share holders	11 RM: 5 V	10	Exchange	1,454,630	14.55	136.1	Full dividend 1995
10.6.–10.7.1996	New issue	5 V: 1 V 5 K: 1 K	10	80.00	2,722,163	27.22	163.3	Full dividend 1996
1.4.–30.4.1998	Directed issue for holders of 1993 bond warrants	–	10	96.75	181,920	1.82	165.1	Full dividend 1998

BREAKDOWN OF SHARE CAPITAL, DECEMBER 31, 1999

	Number of shares	% of total shares	% of total votes
Free shares	128,706,270	77.9	15.0
Restricted shares	36,442,760	22.1	85.0
Total	165,149,030	100.0	100.0

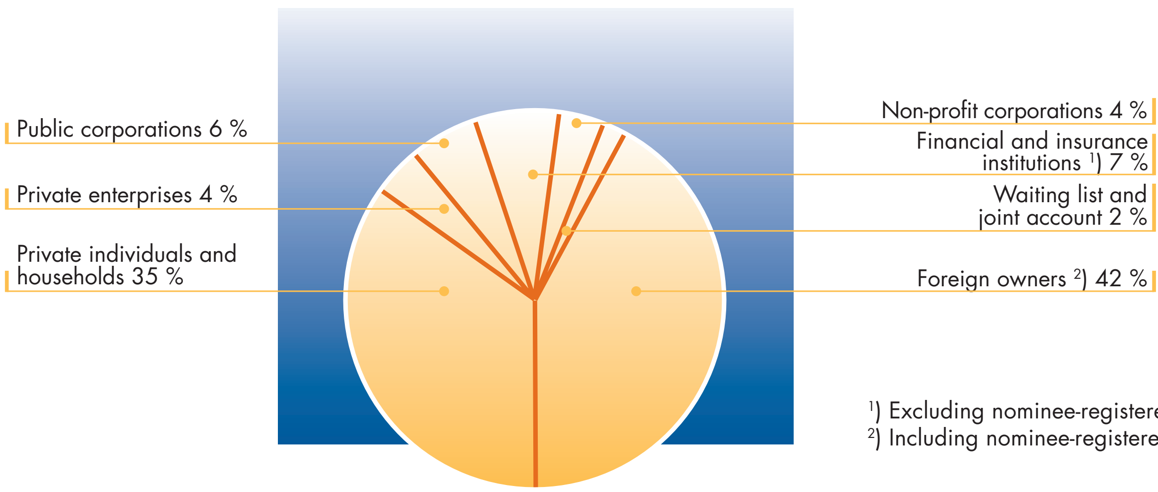
SHAREHOLDERS

25 biggest shareholders on December 31, 1999, according to the shareholders' register.

Shares registered under foreign ownership, including nominee registrations, totalled 68,537,090 on December 31, 1999, or 41.5% of the total.

	Series K No.	Series V No.	Total No.	%	Votes No.	%
Central Union of Agricultural Producers and Forest Owners	3,660,380	175,000	3,835,380	2.3	2,477,235	0.29
Ilmarinen Mutual Pension Insurance Company		3,108,500	3,108,500	1.9	2,477,235	0.29
Tapiola Mutual Insurance Company	2,000,000	450,000	2,450,000	1.5	2,477,235	0.29
Brotherus Ilkka	42,540	1,447,420	1,489,960	0.9	2,298,220	0.27
Local Government Pensions Institution		1,344,000	1,344,000	0.8	1,344,000	0.16
Varma-Sampo		730,000	730,000	0.4	730,000	0.09
Langh Hans	654,480		654,480	0.4	2,477,235	0.29
Haavisto Maija	394,020	258,180	652,200	0,4	2 477 235	0.29
Leonia Equity Fund		651,400	651,400	0.4	651,400	0.08
Haavisto Heikki	520,200	120,000	640,200	0.4	2,477,235	0.29
Enterprise Fennia Mutual Insurance Company		600,00	600,00	0.4	600,00	0.07
Pohjola Life Insurance Company Ltd		600,00	600,00	0.4	600,00	0.07
Mutual Insurance Company Pensions-Fennia		565,000	565,000	0.3	565,000	0.07
LEL Employment Pension Fund		556,000	556,000	0.3	556,000	0.06
Haavisto Antti	382,140	172,140	554,280	0.3	2,477,235	0.29
Haavisto Erkki	379,940	172,260	552,200	0.3	2,477, 235	0.29
Haavisto Ilkka	380,760	160,080	540,840	0.3	2,477,235	0.29
Sitra, the Finnish National Fund for Research and Development		509,000	509,000	0.3	509,000	0.06
Myllymäki Erkki	392,820	116,080	508,900	0.3	2,477,235	0.29
Merita Fennia		463,000	463,000	0.3	463,000	0.05
Merita Delta Oy		449,400	449,400	0.3	449,400	0.05
Varsinais-Suomi Union of Agricultural Producers Support Fund	424,980	16,940	441,920	0.3	2,477,235	0.29
Evli-Select Finnish Equity Fund		440,000	440,000	0.3	440,000	0.05
Nesteen Eläkesäätiö		390,000	390,000	0.2	390,000	0.05
Evli-Optios Ltd		378,600	378,600	0.2	378,600	0.04

BREAKDOWN OF SHARES



[1]) Excluding nominee-registered
[2]) Including nominee-registered

DISTRIBUTION OF SHAREHOLDERS, DECEMBER 31, 1999

	Free shares				Restricted shares			
No. of shares	Shareholders No.	Shareholders %	Shares No.	Shares %	Shareholders No.	Shareholders %	Shares No.	Shares %
1 – 1,000	18,715	73.4	7,605,945	5.9	4,528	58.6	1,596,761	4.4
1,001 – 5,000	5,471	21.4	12,517,142	9.7	2,080	26.9	4,929,156	13.5
5,001 – 10,000	771	3.0	5,602,217	4.4	582	7.5	4,147,270	11.4
10,001 – 25,000	352	1.4	5,584,765	4.3	366	4.8	5,685,341	15.6
25,001 – 50,000	83	0.3	2,951,190	2.3	117	1.5	3,854,585	10.6
50,001 –	123	0.5	93,746,041	72.9	54	0.7	12,948,620	35.5
waiting list			304,000	0.2			2,553,747	7.0
joint account			394,970	0.3			727,280	2.0
Total	25,515	100.0	128,706,270	100.0	7,727	100.0	36,442,760	100.0

On December 31, 1999, Raisio Group plc had a total of 28,603 registered shareholders.

INVESTMENT ANALYSES AND COMMENTS

The following companies are among those which have published analyses and comments on the Raisio Group during 1999. The analyses and comments represent the views of the companies.

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Fax +32 2 547 37 70

Conventum Pankkiiriliike Oy
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Fax +358 9 5499 3333

Crédit Agricole Indosuez Cheuvreux Nordic AB
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Fax +358 9 6969 2968

Credit Suisse First Boston Ltd
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D. Carnegie Ltd, Finland Branch
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Danske Securities
Tel +45 3344 0730
Fax +45 3393 2662

Enskilda Securities AB
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The Europe Company LTD
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Evli Securities Ltd
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Handelsbanken Markets
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Opstock Securities Ltd
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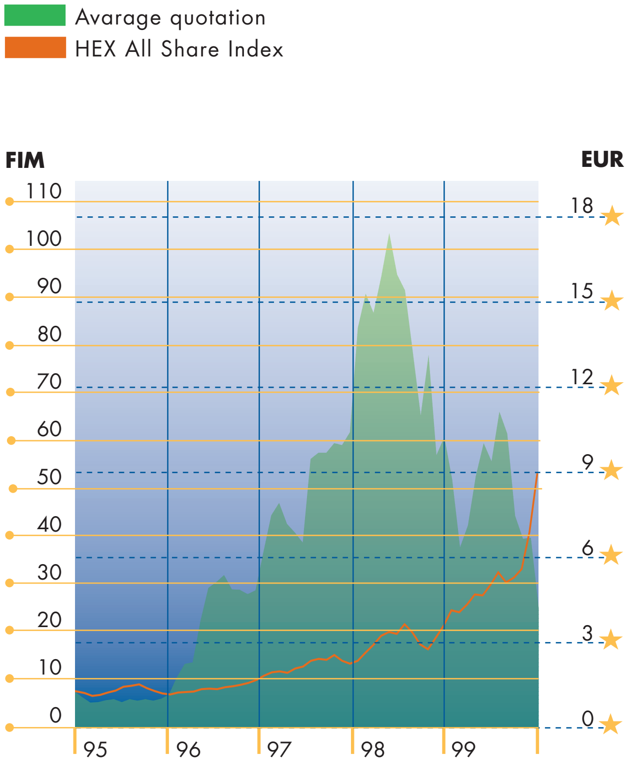
Fax +358 9 404 2703

Paribas
Tel +44 171 595 2528
Fax +44 171 595 5035

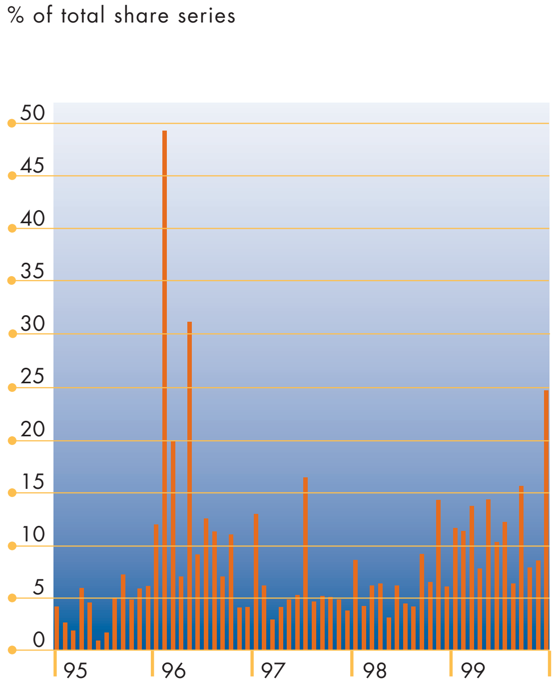
SBC Warburg Dillon Read
Tel +44 171 568 4395
Fax +44 171 568 5853

PRICES OF RAISIO GROUP PLC FREE SHARES (SERIES V)
ON HELSINKI EXCHANGES MAIN LIST

Change in nominal value and share issues taken into account as an adjustment.

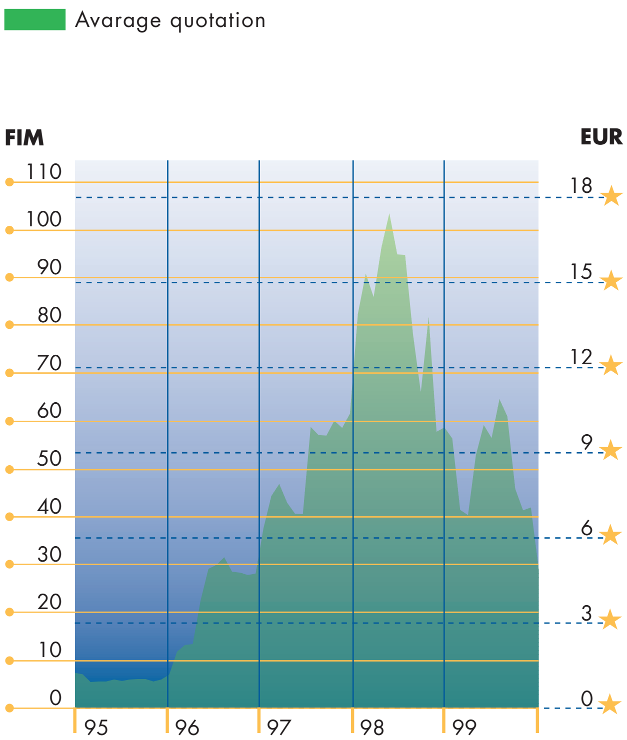


RAISIO GROUP PLC FREE SHARES (SERIES V)
PERCENTAGE TRADING ON HELSINKI EXCHANGES
MAIN LIST

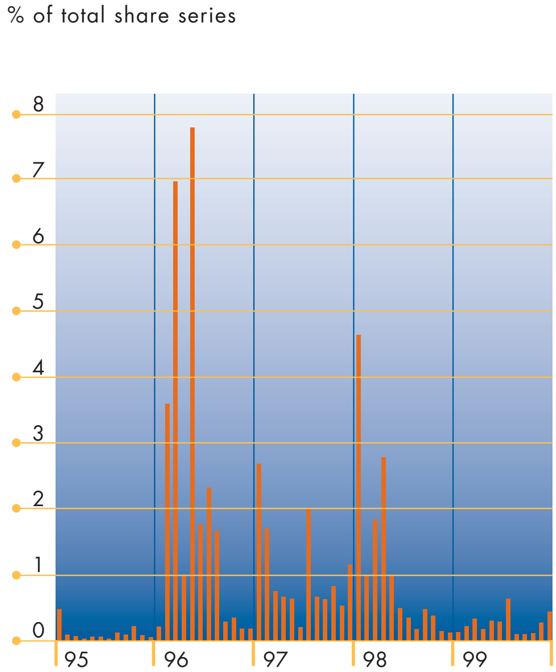


PRICES OF RAISIO GROUP PLC RESTRICTED SHARES (SERIES K)
ON HELSINKI EXCHANGES I LIST

Change in nominal value and share issues taken into account as an adjustment.



RAISIO GROUP PLC RESTRICTED SHARES (SERIES K)
PERCENTAGE TRADING ON HELSINKI
EXCHANGES I LIST



COMPUTATION OF INDICATORS

Return on equity % (ROE)

$$\frac{\text{Profit before extraordinary items – taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

Return on investment % (ROI)

$$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total – interest-free debts (average)}} \times 100$$

Equity ratio %

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$$

Quick ratio

$$\frac{\text{Financial assets}}{\text{Current liabilities per balance sheet}}$$

Current ratio

$$\frac{\text{Financial assets + inventories}}{\text{Current liabilities per balance sheet}}$$

Earnings per share (EPS)

$$\frac{\text{Profit before extraordinary items – taxes –/+ minority interest}}{\text{Average number of shares for the year, adjusted for share issues}}$$

Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at December 31, adjusted for share issues}}$$

Dividend per share, adjusted for share issues

$$\frac{\text{Dividend distributed for the year}}{\text{Adjustment coefficient for share issues launched after the financial period}}$$

Dividend per profit %

$$\frac{\text{Dividend per share}}{\text{Profit per share}} \times 100$$

Effective dividend yield %

$$\frac{\text{Dividend per share, adjusted for share issues}}{\text{Average quotation adjusted for share issues and weighted with trading volumes at December 31}} \times 100$$

P/E ratio

$$\frac{\text{Average quotation adjusted for share issues and weighted with trading volumes at December 31}}{\text{Profit per share}}$$

Market capitalization

Average quotation adjusted for share issues and weighted with trading volumes at December 31 x number of shares at December 31

	1995	1996	1997	1998	1999
SHARE-SPECIFIC INDICATORS					
Earnings per share (EPS), FIM	0.62	0.41	0.83	0.93	0.05
Equity per share, FIM	8.54	9.58	9.86	10.37	10.03
Dividend per share, FIM	0.18	0.20	0.30	0.35	0.20[1)]
Dividend per earnings, %	28.56	48.99	36.26	37.47	398.38
Effective dividend yield, %					
Free shares	2.86	0.69	0.46	0.63	0.85
Restricted shares	3.00	0.71	0.47	0.65	0.72
P/E ratio					
Free shares	10.0	71.2	78.2	59.6	466.9
Restricted shares	9.5	68.6	76.9	57.8	556.5
SHARE VALUE					
Adjusted average quotation, FIM					
Free shares	5.93	22.80	49.77	77.70	45.79
Restricted shares	6.30	22.39	48.92	87.26	49.24
Adjusted lowest quotation, FIM					
Free shares	4.74	6.19	28.90	46.50	21.11
Restricted shares	4.58	5.99	28.10	46.00	23.78
Adjusted highest quotation, FIM					
Free shares	8.08	33.99	65.20	108.00	74.02
Restricted shares	7.84	33.00	64.50	107.00	71.94
Adjusted quotation 31.12., FIM					
Free shares	6.15	29.08	64.68	55.68	23.44
Restricted shares	5.86	28.00	63.59	53.96	27.94
Market capitalization 31.12., FIMm					
Free shares	593.0	3,311.9	7,780.9	7,131.0	3,007.4
Restricted shares	342.1	1,384.4	2,736.6	2,000.7	1,018.4
Total	935.1	4,696.3	10,517.5	9,131.7	4,025.8
TRADING IN SHARES					
Trading, FIMm					
Free shares	277.8	3,390.5	4,373.5	7,648.1	8,438.7
Restricted shares	5.1	271.9	288.0	479.4	56.3
Total	282.9	3,662.4	4,661.5	8,127.5	8,495.0
Number of shares traded					
Free shares, 1000 shares	41,157	160,970	87,884	98,429	184,293
%	51.1	150.6	75.1	78.4	143.6
Restricted shares, 1000 shares	717	12,873	5,887	5,493	1,144
%	1.4	24.8	12.7	14.1	3.1
NUMBER OF SHARES					
Average adjusted number of shares, 1,000 shares					
Free shares	91,749	106,902	117,090	125,514	128,335
Restricted shares	58,480	51,999	46,240	39,052	36,814
Average adjusted number of shares 31.12., 1,000 shares					
Free shares	96,456	113,886	120,294	128,072	128,706
Restricted shares	58,404	49,444	43,035	37,077	36,443

1) According to the Board proposal.

GROUP INDICATORS, EUR

	1995	1996	1997	1998	1999
SHARE-SPECIFIC INDICATORS					
Earnings per share (EPS), EUR	0.10	0.07	0.14	0.16	0.01
Equity per share, EUR	1.44	1.61	1.66	1.74	1.69
Dividend per share, EUR	0.03	0.03	0.05	0.06	0.03[1)]
Dividend per earnings, %	28.56	48.99	36.26	37.47	398.38
Effective dividend yield, %					
Free shares	2.86	0.69	0.46	0.63	0.85
Restricted shares	3.00	0.71	0.47	0.65	0.72
P/E ratio					
Free shares	10.0	71.2	78.2	59.6	466.9
Restricted shares	9.5	68.6	76.9	57.8	556.5
SHARE VALUE					
Adjusted average quotation, EUR					
Free shares	1.00	3.83	8.37	13.07	7.70
Restricted shares	1.06	3.77	8.23	14.68	8.28
Adjusted lowest quotation, EUR					
Free shares	0.80	1.04	4.86	7.82	3.55
Restricted shares	0.77	1.01	4,73	7.74	4.00
Adjusted highest quotation, EUR					
Free shares	1.36	5.72	10.97	18.16	12.45
Restricted shares	1.32	5.55	10.85	18.00	12.10
Adjusted quotation 31.12., EUR					
Free shares	1.03	4.89	10.88	9.36	3.94
Restricted shares	0.99	4.71	10.70	9.08	4.70
Market capitalization 31.12., EURm					
Free shares	99.7	557.0	1,308.7	1,199.3	505.8
Restricted shares	57.5	232.8	460.3	336.5	171.3
Total	157.2	789.8	1,769.0	1,535.8	677.1
TRADING IN SHARES					
Trading, EURm					
Free shares	46.7	570.2	735.6	1,286.3	1,419.3
Restricted shares	0.9	45.7	48.4	80.6	9.5
Total	47.6	615.9	784.0	1,366.9	1,428.8
Number of shares traded					
Free shares, 1000 shares	41,157	160,970	87,884	98,429	184,293
%	51.1	150.6	75.1	78.4	143.6
Restricted shares, 1000 shares	717	12,873	5,887	5,493	1,144
%	1.4	24.8	12.7	14.1	3.1
NUMBER OF SHARES					
Average adjusted number of shares, 1,000 shares					
Free shares	91,749	106,902	117,090	125,514	128,335
Restricted shares	58,480	51,999	46,240	39,052	36,814
Average adjusted number of shares 31.12., 1,000 shares					
Free shares	96,456	113,886	120,294	128,072	128,706
Restricted shares	58,404	49,444	43,035	37,077	36,443

1) According to the Board proposal.

	1 000 FIM 1.1.–31.12.1999	1.1.–31.12.1998	1 000 EUR 1.1.–31.12.1999	1.1.–31.12.1998
TURNOVER	4 535 578	4 950 387	762 829	832 595
Increase(+)/decrease(-) in stock of finished products and production in progress	9 407	19 850	1 582	3 338
Other income from business operations (1)	31 854	26 764	5 357	4 501
Materials and services (2)	2 667 899	2 907 346	448 708	488 980
Personnel expenses (3)	569 030	579 740	95 704	97 505
Depreciation and write-downs (7)	259 585	248 271	43 659	41 756
Other expenses from business operations	985 204	951 841	165 699	160 088
OPERATING PROFIT	95 121	309 803	15 998	52 105
Share of associated companies' profits	5 041	7 462	848	1 255
Financial income and expenses (8)	-65 627	-64 869	-11 038	-10 910
PROFIT BEFORE EXTRAORDINARY ITEMS	34 535	252 396	5 808	42 450
Extraordinary items (9)	-47 248	-20 444	-7 946	-3 438
PROFIT BEFORE TAXES	-12 713	231 952	-2 138	39 012
Direct taxes (10)	-420	-84 795	-71	-14 261
Minority interest	325	-13 901	55	-2 339
PROFIT FOR THE YEAR	-12 808	133 256	-2 154	22 412

The figures in brackets refer to the notes to the accounts.

CONSOLIDATED BALANCE SHEET

	1 000 FIM 31.12.1999	31.12.1998	1 000 EUR 31.12.1999	31.12.1998
ASSETS				
NON-CURRENT ASSETS				
Intangible assets (11)	190 021	195 857	31 959	32 941
Goodwill (11)	291 380	311 568	49 007	52 402
Tangible assets (11)	1 691 962	1 633 361	284 567	274 712
Holdings in associated companies (12)	104 040	84 901	17 498	14 279
Other investments (12)	103 822	77 104	17 462	12 968
	2 381 225	2 302 791	400 493	387 302
CURRENT ASSETS				
Inventories (14)	974 254	788 466	163 858	132 610
Non-current receivables (15)	2 340	1 803	394	303
Deferred tax assets (17)	72 257	49 038	12 153	8 248
Current receivables (15)	769 920	716 493	129 491	120 506
Securities under financial assets	139 101	174 118	23 395	29 284
Cash in hand and at banks	84 453	72 025	14 204	12 114
	2 042 325	1 801 943	343 495	303 065
TOTAL ASSETS	4 423 550	4 104 734	743 988	690 367

The figures in brackets refer to the notes to the accounts.

	1 000 FIM 31.12.1999	31.12.1998	1 000 EUR 31.12.1999	31.12.1998
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY (16)				
Share capital	165 149	165 149	27 776	27 776
Premium fund	17 290	17 290	2 908	2 908
Reserve fund	527 170	527 350	88 664	88 694
Other reserves				
Reserves provided for in the Company Articles	175	80	29	14
Retained earnings	959 644	869 165	161 401	146 183
Profit for the year	-12 808	133 256	-2 154	22 412
TOTAL SHAREHOLDERS' EQUITY	1 656 620	1 712 290	278 624	287 987
MINORITY INTEREST	153 343	173 291	25 790	29 145
LIABILITIES				
Deferred tax liability (17)	229 830	256 126	38 655	43 077
Non-current liabilities (18)	675 557	543 800	113 620	91 461
Current liabilities (18)	1 708 200	1 419 227	287 299	238 697
TOTAL LIABILITIES	2 613 587	2 219 153	439 574	373 235
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4 423 550	4 104 734	743 988	690 367

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
BUSINESS OPERATIONS				
Funds generated from operations				
Operating profit	95 121	309 803	15 998	52 105
Operating profit adjustments	252 581	239 833	42 481	40 337
Financial income and expenses	-60 586	-57 407	-10 190	-9 655
Extraordinary items	-28 485	11 078	-4 790	1 863
Taxes	-420	-84 795	-71	-14 261
Total funds generated from business operations	258 211	418 512	43 428	70 389
CHANGE IN OPERATING CAPITAL				
Inventories, increase (-), decrease (+)	-185 788	-13 556	-31 247	-2 281
Short-term receivables, increase (-), decrease (+)	-53 427	-53 104	-8 986	-8 931
Short-term interest-free liabilities, increase (+), decrease (-)	+56 691	-71 338	9 535	-11 998
	-182 524	-137 998	-30 698	-23 210
Cash flow from operations	75 687	280 514	12 730	47 179
INVESTMENTS				
Investments in fixed assets	-354 660	-443 584	-59 650	-74 605
Income from sale of fixed assets	48 280	21 988	8 120	3 698
Change in Group structure	15 697	899	2 640	151
Other investments	-8 801	-11 972	-1 480	-2 014
	-299 484	-432 669	-50 370	-72 770
Cash flow before financing	-223 797	-152 155	-37 640	-25 591
FINANCING				
Increase (-)/ decrease (+) in non-current receivables	-42 118	-83 664	-7 084	-14 071
Increase (+), decrease (-) in non-current liabilities	-23 928	+19 162	-4 024	3 223
Increase (+) in long-term loans	+367 736	+20 012	61 849	3 366
Decrease (-) in long-term loans	-90 353	-121 376	-15 196	-20 414
Increase (+), decrease (-) in short-term loans	+62 124	+337 132	10 448	56 702
Minority interest	+8 936	-1 574	1 503	-266
Dividends	-70 705	-50 605	-11 892	-8 511
Share issue	-	+17 601	-	+2 960
Other items	-	+1 509	-	+254
	211 692	138 197	35 604	23 243
Increase in computed liquid assets	-12 105	-13 958	-2 036	-2 348
Adjustment items	-10 484	12 774	-1 763	2 149
Increase(+)/ decrease (-) in liquid assets per balance sheet	-22 589	-1 184	-3 799	-199

CONSOLIDATION

The consolidated financial statements of the Raisio Group include the parent company Raisio Group plc and those companies in which the parent company held over 50% of the voting rights directly or indirectly on December 31, 1999. Subsidiary companies acquired during the year are included in the consolidated statements as of the date of purchase and subsidiaries sold are included up to the relevant date. More detailed information on companies and associated companies in the Group is given in the attached notes to the balance sheet.

Transactions between Group companies, unrealized margins on deliveries within the Group, mutual receivables and liabilities, and internal profit distribution have been eliminated, with the exception of insignificant trades in fixed assets. The individual financial statements of Group companies have been adjusted to comply with the joint accounting principles before consolidation. The consolidated accounts have been drawn up using the acquisition cost method. The price paid for some subsidiary shares in excess of their equity has been entered in the balance sheet in toto as a Group adjustment. Prices for subsidiary shares below their equity value were deducted from Group adjustments in the form of a reserve. A straight-line depreciation has been made on Group adjustments, spread over twenty years.

The minority interest in Group profit for the year and in shareholders' equity is given as a separate figure, after eliminating internal inter-company transactions and mutual receivables and liabilities.

Associated companies in which the Group has a 20-50% holding have been combined using the share of capital method. The Group share of the associated company's profit is calculated proportionately to its holding in the company. Dividends received from associated companies have been eliminated.

Balance sheets of foreign Group companies have been translated into Finnish markkas at the Bank of Finland mean rates on the date of closing the accounts. Income statements have been translated using the mean rate for the financial period. Translation differences accruing from the elimination of foreign subsidiaries' equities are entered under profit funds.

In the consolidated financial statements, the accrued difference between actual and planned depreciation, and non-mandatory reserves are entered in the consolidated balance sheet as shareholders' equity and deferred tax liability. The change in them is entered in the consolidated income statement as change in deferred tax liability and as net profit for the year.

INVENTORIES

Inventories have been entered in the balance sheet at the variable cost of acquisition or manufacture, or at the repurchase price or probable surrender price, according to which is lower.

FIXED ASSETS AND DEPRECIATION

Fixed assets have been capitalized at the direct acquisition cost. Planned depreciation has been calculated on a straight-line basis according to the original acquisition cost and the estimated economic life of the item. The different groups of fixed assets had the following economic lives:

buildings and construction	10-25	years
machinery and equipment	4-10	years
intangible rights	5-10	years
other long-term expenses	5-20	years

No planned depreciation was made on land areas or revaluations.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenses have been entered as annual expenses in the year of occurrence.

PENSION ARRANGEMENTS

Statutory and voluntary pension security for the personnel of Raisio Group plc and its domestic subsidiaries is arranged through pension insurance companies. Foreign subsidiaries take care of their own pension arrangements according to local practice.

The Chief Executive of the parent company can take early retirement at age 60 and certain other Group managers at age 62.

The pension liability in the information appended to the balance sheet stems from two separate pension arrangements made by Raisio Group plc.

DIRECT TAXES

The consolidated income statement includes the taxes paid during the financial year by Group companies, calculated on an accrual basis, taxes for previous financial years and computed deferred tax.

In the consolidated financial statements, the deferred tax liability and receivable have been calculated for timing differentials between the closing date and the taxation date using the tax rate for subsequent years confirmed on the closing date. The balance sheet includes deferred tax liabilities in toto and deferred tax assets at the estimated value of the probable tax benefit.

Corporate tax credit based on dividend distribution within the Group is eliminated in the consolidated financial statements by allocating it as a deduction in direct taxes for the financial year.

The taxes in the parent company's income statement include direct taxes calculated on the basis of taxable profit. In the parent company accounts, the accrued appropriations are shown in full in the balance sheet, and the tax liability included in them has not been treated as a debt.

FOREIGN CURRENCY ITEMS

Finnish companies' foreign currency receivables and liabilities have been converted into Finnish markkas at the mean rates quoted by the Bank of Finland on the date of closing the accounts.

The realized exchange rate differences and exchange rate profit/loss arising from the valuation of receivables and liabilities have been recorded in the income statement. Exchange rate profit/loss related to actual business operations has been dealt with as an adjustment item on sales and purchases, and exchange rate profit/loss on financial items has been entered under financial income and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE INCOME STATEMENT

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
1. OTHER INCOME FROM BUSINESS OPERATIONS				
Share of associated companies' profits	3 760	4 510	632	758
Other income from business operations	28 094	22 254	4 725	3 743
Total	31 854	26 764	5 357	4 501
2. MATERIALS AND SERVICES				
Materials, supplies and goods				
Purchases during the year	2 833 558	2 907 558	476 570	489 016
Change in inventories	-179 261	-19 001	-30 150	-3 196
	2 654 297	2 888 557	446 420	485 820
External services	13 602	18 789	2 288	3 160
Total	2 667 899	2 907 346	448 708	488 980
3. PERSONNEL EXPENSES				
Wages and salaries	441 889	439 024	74 320	73 839
Pension expenses	58 969	64 923	9 918	10 919
Other personnel expenses	68 172	75 793	11 466	12 747
Total	569 030	579 740	95 704	97 505
4. SALARIES AND REMUNERATIONS PAID TO MANAGEMENT				
Managing director and members of the Board of Directors	15 958	12 368	2 684	2 080
5. AVERAGE NUMBER OF GROUP PERSONNEL				
Finland	1 761	1 831		
Abroad	1 136	1 073		
	2 897	2 904		
6. PENSION LIABILITY				
Pension liability for members of the Board of Directors and managing director.				
The Chief Executive of the parent company can take early retirement at age 60 and certain other Group managers at age 62.				

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
7. DEPRECIATION AND WRITE-DOWNS				
Depreciation on tangible and intangible assets	259 585	248 271	43 659	41 756
8. FINANCIAL INCOME AND EXPENSES				
Dividend received	2 473	2 049	416	345
Interest received on long-term investment	825	-	139	-
Total income from long-term investment	3 298	2 049	555	345
Other interest and financial income	25 748	19 375	4 330	3 259
Total interest received on long-term investment and other interest and financial income	26 573	19 375	4 469	3 259
Exchange rate differences	4 929	-1 621	829	-273
Interest paid and other financial expenses	-99 602	-84 672	-16 752	-14 241
Total financial income and expenses	-65 627	-64 869	-11 038	-10 910
9. EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary income	-	36 601	-	6 156
Extraordinary expenses				
Operational restructuring expenses	-47 248	-57 045	-7 946	-9 594
Total	-47 248	-57 045	-7 946	-9 594
Total extraordinary income and expenses	-47 248	-20 444	-7 946	-3 438
10. DIRECT TAXES				
Income tax on extraordinary items	14 464	-	2 433	-
Income tax on normal operations	-66 819	-83 241	-11 238	-14 000
Taxes on earlier financial years	1 870	-543	314	-91
Change in deferred tax liability	50 065	-1 011	8 420	-170
	-420	-84 795	-71	-14 261

NOTES ON THE BALANCE SHEET

11. CONSOLIDATED TANGIBLE AND INTANGIBLE ASSETS 1999

Intangible assets (FIM 1 000)

	Intangible rights	Goodwill	Group adjustments	Other long-term expenditure	Advances paid and unfinished assets	Intangible assets total
Acquisition cost 1.1.	276 901	12 728	432 838	11 346	1 732	735 545
Conversion difference	5 944	165	-	16	164	6 289
Increase 1.1.-31.12.	14 589	3 970	1 116	96	6 890	26 661
Decrease 1.1.-31.12.	1 470	-362	49 806	2 097	1 389	54 400
Transfers between items	296	-	-	-	-296	-
Acquisition cost 31.12.	296 260	17 225	384 148	9 361	7 101	714 095
Accumulated depreciation and write-downs 1.1.	90 458	9 456	121 271	6 936	-	228 121
Conversion difference	2 246	55	-	12	-	2 313
Accumulated depreciation of decrease and transfers	1 250	-363	47 769	405	-	49 061
Depreciation for the year	30 205	1 203	19 266	647	-	51 321
Accumulated depreciation 31.12.	121 659	11 077	92 768	7 190	-	232 694
Book value 31.12.	174 601	6 148	291 380	2 171	7 101	481 401

Tangible assets (FIM 1 000)

	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and unfinished assets	Tangible assets total
Acquisition cost 1.1.	37 907	1 019 501	2 031 847	18 168	127 656	3 235 079
Conversion difference	1 601	9 890	39 660	416	17 078	68 645
Increase 1.1.-31.12.	3 689	35 030	225 954	3 653	21 949	290 275
Decrease 1.1.-31.12.	333	43 658	65 923	4 250	3 625	117 789
Transfers between items	17	39 697	90 174	-	-129 888	-
Acquisition cost 31.12.	42 881	1 060 460	2 321 712	17 987	33 170	3 476 210
Accumulated depreciation and write-downs 1.1.	-	430 979	1 163 557	7 182	-	1 601 718
Conversion difference	-	1 511	17 184	115	-	18 810
Accumulated depreciation of decrease and transfers	-	19 812	40 766	784	-	61 362
Depreciation for the year	-	48 387	173 930	2 765	-	225 082
Accumulated depreciation 31.12.	-	461 065	1 313 905	9 278	-	1 784 248
Book value 31.12.	42 881	599 395	1 007 807	8 709	33 170	1 691 962
Balance sheet value of machinery and equipment 31.12.			812 904			

12. CONSOLIDATED INVESTMENT 1999

FIM 1 000

	Participating interest company shares	Other shares	Other receivables	Total investment
Acquisition cost 1.1.	84 901	40 116	36 988	162 005
Conversion difference	1 350	-	-	1 350
Increase 1.1.-31.12.	17 882	13 110	18 362	49 354
Decrease 1.1.-31.12.	93	4 754	-	4 847
Acquisition cost 31.12.	104 040	48 472	55 350	207 862
Accumulated depreciation 31.12.	-	-	-	-
Book value 31.12.	104 040	48 472	55 350	207 862

Intangible assets (EUR 1 000)

Intangible rights	Goodwill	Group adjustments	Other long-term expenditure	Advances paid and unfinished assets	Intangible assets total
46 571	2 141	72 798	1 908	292	123 710
1 000	28	-	3	27	1 058
2 454	667	188	16	1 159	4 484
247	-61	8 377	353	234	9 150
50	-	-	-	-50	-
49 828	2 897	64 609	1 574	1 194	120 102
15 214	1 591	20 396	1 166	-	38 367
378	9	-	2	-	389
210	-61	8 034	68	-	8 251
5 080	202	3 240	109	-	8 631
20 462	1 863	15 602	1 209	-	39 136
29 366	1 034	49 007	365	1 194	80 966

Tangible assets (EUR 1 000)

Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and unfinished assets	Tangible assets total
6 375	171 468	341 732	3 056	21 470	544 101
270	1 663	6 670	70	2 872	11 545
620	5 892	38 003	614	3 692	48 821
56	7 343	11 087	715	610	19 811
3	6 677	15 166	-	-21 846	-
7 212	178 357	390 484	3 025	5 578	584 656
-	72 486	195 696	1 208	-	269 390
-	254	2 890	19	-	3 163
-	3 332	6 856	132	-	10 320
-	8 138	29 253	465	-	37 856
-	77 546	220 983	1 560	-	300 089
7 212	100 811	169 501	1 465	5 578	284 567
		136 721			

EUR 1 000

Participating interest company shares	Other shares	Other receivables	Total investment
14 279	6 747	6 221	27 247
227	-	-	227
3 008	2 205	3 088	8 301
16	799	-	815
17 498	8 153	9 309	34 960
-	-	-	-
17 498	8 153	9 309	34 960

13. SHARES AND HOLDINGS 1999

	Group holding %	Parent company holding %
Group companies		
Airisto RE S.A., Luxembourg	100,00	99,00
SIA Amelija, Latvia	100,00	
Autuminvest Oy, Raisio	100,00	
Benerol Oy, Raisio	100,00	100,00
PT Budi Raisio International, Indonesia	50,00	
Canelo Oy, Raisio	100,00	
Carlshamn Mejeri AB, Sweden	100,00	
Claymore Chemicals Ltd., Scotland	100,00	
Emerillon Polymers Inc., Canada	50,00	
Emsland-Raisio Chemie GmbH, Germany	51,00	
Finnamyl Ltd, Raisio	100,00	100,00
Foodie Oy, Raisio	100,00	100,00
PT Intercipta Kimia Pratama, Indonesia	60,00	
Inversiones Raisio Holdings Limitada, Chile	100,00	
Oy Kationi Ab, Raisio	90,00	
Lapuan Peruna Oy, Lapua	68,15	
Melia Ltd, Raisio	75,00	75,00
Melia Eesti OÜ, Estonia	100,00	
Monäs Feed Oy Ab, Uusikaarlepyy	99,70	
OPL-Raisio Inc., Korea	51,00	
Paperion Chimie S.A., France	100,00	
Raisio Belgium N.V., Belgium	100,00	
Raisio Benecol Ltd, Raisio	100,00	100,00
Raisio Benecol US Inc., USA	100,00	
Raisio Catering Oy, Raisio	100,00	100,00
Raisio Chemicals Ltd, Raisio	100,00	100,00
Raisio Chemicals Argentina S.A., Argentine	51,00	
Raisio Chemicals Canada, Inc., Canada	100,00	
Raisio Chemicals Chile S.A., Chile	51,00	
Raisio Chemicals Deutschland GmbH, Germany	100,00	
Raisio Chemicals Italia S.R.L., Italy	100,00	
Raisio Chemicals de Mexico, S.A. de C.V., Mexico	51,00	
Raisio Chemicals Northwest, Inc., USA	100,00	
Raisio Chemicals S'pore Pte Ltd, Singapore	100,00	
Raisio Chemicals UK Ltd., UK	100,00	
Raisio Chemicals U.S., Inc., USA	100,00	
Raisio Echeveste S.A., Spain	51,00	
Raisio Engineering Oy, Raisio	100,00	
Raisio France S.A., France	99,99	
Raisio Grain Starch Ltd, Raisio	100,00	100,00
Raisio Netherlands B.V., Netherlands	100,00	
Raisio Nordic Oy, Raisio	100,00	100,00
Raisio Nordic Eesti AS, Estonia	100,00	
Raisio Polska Foods Sp. z o.o., Poland	100,00	100,00
Raisio Portugal-Produtos Quimicos, LDA, Portugal	51,00	
Raisio Quimica Andina S.A., Colombia	90,00	
Raisio Skandinavia Oy, Raisio	100,00	100,00
Raisio Staest Oy, Raisio	100,00	
Raisio Staest US Inc., USA	100,00	
Raisio Svenska AB, Sweden	100,00	
Oy Raisional Ab, Raisio	100,00	
Raision Lateksi Oy, Raisio	100,00	
Raisio Feed Ltd, Raisio	100,00	100,00
Sterol Technologies Ltd, Raisio	65,00	
Sterol Trading US Inc., USA	100,00	
Suomen Myllyt Oy, Raisio	100,00	

	Group holding %	Parent company holding %
Associated companies		
Alahärmän Perunavarasto Oy, Alahärmä	67,94	
Oy Atraco Ab, Turku	50,00	50,00
Derivados de Talloil S.A. (Detsa), Chile	49,00	
Periva Oy, Kokemäki	50,00	
AS Rigas Dzirnavnieks, Latvia	25,98	
Sweden Beech Sticks HB, Sweden	20,00	
Valmet Flootek Oy, Helsinki	49,00	
Valmet-Raisio Oy, Turku	49,00	
Vihannin Vedenpuhdistamo Oy, Vihanti	49,00	49,00
Vihervakka Oy, Pöytyä	38,50	38,50
WeSTerol Company LLC, USA	50,00	
Xinyi Raisio Chemicals Co. Ltd., China	40,00	

All associated companies have been consolidated using the equity method.

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
14. INVENTORIES				
Materials and supplies	664 928	536 671	111 833	90 261
Production in progress	13 296	9 507	2 236	1 599
Finished products/goods	220 518	218 363	37 089	36 726
Other inventories	75 512	22 902	12 700	3 852
Advance payments	-	1 023	-	172
	974 254	788 466	163 858	132 610
15. RECEIVABLES				
Non-current receivables				
Accounts receivable	1 950	1 667	328	280
Other receivables	390	136	66	23
Total non-current receivables	2 340	1 803	394	303
Current receivables				
Accounts receivable	578 344	563 373	97 271	94 753
Receivables from participating interests companies				
Accounts receivable	5 494	4 139	924	696
Loan receivables	-	147	-	25
	5 494	4 286	924	721
Loan receivables	16 341	3 605	2 748	606
Other receivables	72 728	49 204	12 232	8 276
Prepaid expenses and accrued income	97 013	96 025	16 316	16 150
Total current receivables	769 920	716 493	129 491	120 506

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

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
16. SHAREHOLDERS' EQUITY				
Share capital 1.1.	165 149	163 330	27 776	27 470
New issue	-	1 819	-	306
Share capital 31.12.	165 149	165 149	27 776	27 776
Premium fund 1.1.	17 290	-	2 908	-
Issue premium	-	15 781	-	2 654
Other changes	-	1 509	-	254
Premium fund 31.12.	17 290	17 290	2 908	2 908
Reserve fund 1.1.	527 350	527 393	88 694	88 701
Transferred from retained earnings	7	-	1	-
Other changes	-187	-43	-31	-7
Reserve fund 31.12.	527 170	527 350	88 664	88 694
Other reserves 1.1.	80	80	14	14
Transferred from retained earnings	95	-	15	-
Other reserves 31.12.	175	80	29	14
Retained earnings 1.1.	1 002 421	920 022	168 595	154 737
Dividend distributed	-70 705	-50 605	-11 892	-8 511
Minority dividends transferred to retained earnings	12 858	1 606	2 163	270
Transferred to reserve fund	-7	-	-1	-
Transferred to other reserves	-95	-	-16	-
Other changes	15 172	-1 858	2 552	-312
Retained earnings 31.12.	959 644	869 165	161 401	146 183
Profit for the year	-12 808	133 256	-2 154	22 412
Total shareholders' equity	1 656 620	1 712 290	278 624	287 987

In the consolidated accounts the proportion of the depreciation difference accumulated and non-mandatory reserves transferred to shareholders' equity is FIM 384,679,000 (EUR 64,698,000).

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
17. DEFERRED TAX LIABILITY AND ASSETS				
Deferred tax assets				
On consolidation	15 128	14 827	2 544	2 494
On timing differences	57 129	34 211	9 609	5 754
	72 257	49 038	12 153	8 248
Deferred tax liability				
On appropriations	209 364	228 944	35 213	38 506
On consolidation	12 041	21 169	2 025	3 560
On timing differences	8 425	6 013	1 417	1 011
	229 830	256 126	38 655	43 077

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
18. LIABILITIES				
NON-CURRENT LIABILITIES				
Bonds	-	110 000	-	18 501
Loans from credit institutions	593 531	333 742	99 825	56 131
Pension loans	58 217	74 850	9 791	12 589
Other long-term loans	23 809	25 208	4 004	4 240
Total non-current liabilities	675 557	543 800	113 620	91 461
Liabilities falling due within a period longer than five years				
Loans from credit institutions	22 732	34 837	3 823	5 859
Pension loans	-	8 317	-	1 399
Other long-term loans	-	428	-	72
Total	22 732	43 582	3 823	7 330
Bonds				
Bond 1995/2000 8.25 %	110 000	110 000	18 501	18 501
- annual repayment	110 000	-	18 501	-
Total	-	110 000	-	18 501
CURRENT LIABILITIES				
Loans from credit institutions	740 179	632 386	124 489	106 360
Pension loans	16 633	16 633	2 798	2 797
Advance payments	7 646	3 140	1 286	528
Accounts payable	408 274	406 916	68 667	68 438
Notes payable	9 026	7 771	1 518	1 307
Liabilities to participating interests companies				
Accounts payable	3 951	3 254	665	547
Accrued liabilities and deferred income	560	43	94	7
	4 511	3 297	759	555
Other liabilities	298 471	157 007	50 199	26 407
Accrued liabilities and deferred income	223 460	192 077	37 583	32 305
Total current liabilities	1 708 200	1 419 227	287 299	238 697

Accrued liabilities and deferred income comprises items related to the timing of operational expenses, financial items and taxes.

Interest-free debts				
Non-current	232 707	256 635	39 139	43 163
Current	700 212	643 521	117 767	108 232
Total	932 919	900 156	156 906	151 395

	1 000 FIM 1999	1998	1 000 EUR 1999	1998
OTHER NOTES TO THE ACCOUNTS:				
19. SECURITY GIVEN, CONTINGENT AND OTHER LIABILITIES				
ASSETS GIVEN AS SECURITY				
For the Company				
Mortgages on real estate	426 252	420 549	71 690	70 731
Corporate mortgages	360 608	329 442	60 650	55 408
Total	786 860	749 991	132 340	126 139
For others				
For associated companies:				
Mortgages on real estate	1 000	1 000	168	168
The value of the security is the nominal value of the pledged debt instruments or securities. Comprises mostly comprehensive security given to financial institutions as collateral for loans, guarantees, and various limits on and off the balance sheet.				
CONTINGENT OFF-BALANCE-SHEET LIABILITIES				
Pension liability not recorded as expense or debt				
Pension liability	1 329	1 310	224	220
Leasing liabilities				
Amounts outstanding on leasing contracts				
Falling due during 2000/1999	17 644	12 332	2 967	2 074
Falling due later	41 352	41 289	6 955	6 944
Total	58 996	53 621	9 922	9 018
Leasing contracts do not include substantial liabilities related to termination and redemption terms.				
Contingent liabilities for the Company	65 079	81 249	10 946	13 665
Contingent liabilities for associated companies				
Guarantees	23 303	18 809	3 919	3 163
Contingent liabilities for others				
Guarantees	5 246	6 907	882	1 162
Liabilities arising from derivative contracts				
Raw material futures:				
Value of underlying instruments	42 701	49 227	7 182	8 279
Currency forward contracts:				
Value of underlying instruments	660 205	619 733	111 039	104 232
Interest-rate swaps:				
Value of underlying instruments	237 829	-	40 000	-

	1 000 FIM 1.1.–31.12.1999	1.1.–31.12.1998
TURNOVER	945 123	1 262 718
Increase (+)/decrease (-) in stock of finished products and production in progress	7 785	-2 341
Other income from business operations (1)	24 593	13 805
Materials and services (2)	601 801	809 928
Personnel expenses (3)	136 576	153 563
Depreciation and write-downs (7)	67 881	74 790
Other expenses from business operations	179 954	202 307
OPERATING PROFIT	-8 711	33 594
Financial income and expenses (8)	3 188	2 394
PROFIT BEFORE EXTRAORDINARY ITEMS	-5 523	35 988
Extraordinary items (9)	15 551	76 700
PROFIT BEFORE APPROPRIATIONS AND TAXES	10 028	112 688
Appropriations (10)	17 997	14 591
Direct taxes (11)	-6 855	-36 770
PROFIT FOR THE YEAR	21 170	90 509

The figures in brackets refer to the notes to the accounts.

PARENT COMPANY BALANCE SHEET

	1 000 FIM 31.12.1999	31.12.1998
ASSETS		
NON-CURRENT ASSETS		
Intangible assets (12)	69 097	73 227
Tangible assets (12)	441 869	520 469
Holdings in associated companies (13)	470 656	449 073
Other investments (13)	1 082 921	711 660
	2 064 543	1 754 429
CURRENT ASSETS		
Inventories (14)	222 437	223 150
Current receivables (15)	272 550	365 209
Securities under financial assets	99 301	160 568
Cash in hand and at banks	232 077	123 207
	826 365	872 134
TOTAL ASSETS	2 890 908	2 626 563
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY (16)		
Share capital	165 149	165 149
Premium fund	17 290	17 290
Reserve fund	526 714	526 714
Retained earnings	386 390	353 683
Profit for the year	21 170	90 509
TOTAL SHAREHOLDERS' EQUITY	1 116 713	1 153 345
APPROPRIATIONS (17)	247 228	295 838
LIABILITIES		
Non-current liabilities (18)	526 827	327 278
Current liabilities (18)	1 000 140	850 102
TOTAL LIABILITIES	1 526 967	1 177 380
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2 890 908	2 626 563

The figures in brackets refer to the notes to the accounts.

PARENT COMPANY SOURCE AND APPLICATION OF FUNDS

	1 000 FIM 1999	1998
BUSINESS OPERATIONS		
Funds generated from operations		
Operating profit	-8 711	33 594
Operating profit adjustments	72 849	74 003
Financial income and expenses	3 188	2 394
Extraordinary items	28 164	106 700
Taxes	-6 855	-36 770
Total funds generated from business operations	88 635	179 921
CHANGE IN OPERATING CAPITAL		
Inventories, increase (-), decrease (+)	-29 256	+24 407
Short-term receivables, increase (-), decrease (+)	+68 953	-59 922
Short-term interest-free liabilities, increase (+), decrease (-)	+19 277	+2 360
	58 974	-33 155
Cash flow from operations	147 609	146 766
INVESTMENTS		
Investments in fixed assets	-100 987	-178 054
Income from sale of fixed assets	22 921	2 123
	-78 066	-175 931
Cash flow before financing	69 543	-29 165
FINANCING		
Increase (-), decrease (+) in non-current receivables	-293 365	-167 750
Increase (+) in long-term loans	+349 700	+444
Decrease (-) in long-term loans	-64 297	-42 162
Increase (+), decrease (-) in short-term loans	+61 226	+310 170
Dividends	-57 802	-48 999
Share issue	-	+17 601
Other items	-	+1 509
	-4 538	70 813
Increase in computed liquid assets	65 005	41 648
Adjustment items	-17 403	-8 455
Increase (+), decrease (-) in liquid assets per balance sheet	+47 602	+33 193

	1 000 FIM 1999	1998
1. OTHER INCOME FROM BUSINESS OPERATIONS		
Other income from business operations	24 593	13 805
Total	24 593	13 805
2. MATERIAALIT JA PALVELUT		
Materials, supplies and goods		
Purchases during the year	591 919	740 978
Change in inventories	7 475	57 175
	599 394	798 153
External services	2 407	11 775
Total	601 801	809 928
3. PERSONNEL EXPENSES		
Wages and salaries	106 005	116 566
Pension expenses	17 142	18 787
Other personnel expenses	13 429	18 210
Total	136 576	153 563
4. SALARIES AND REMUNERATIONS PAID TO MANAGEMENT		
Chief Executive and members of the Board of Directors	2 769	2 034
5. AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Persons	622	703
6. PENSION LIABILITY		
Pension liability for members of the Board of Directors and managing director. The Chief Executive of the parent company can take early retirement at age 60 and certain other Group managers at age 62.		
7. DEPRECIATION AND WRITE-DOWNS		
Depreciation on tangible and intangible assets	67 881	74 790
8. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From Group companies	-	565
From participating interests companies	9 617	3 663
From others	2 393	2 010
Total	12 010	6 238
Interest received on long-term investment		
From Group companies	39 480	28 899
From others	-	-
Total	39 480	28 899
Total income from long-term investment	51 490	35 137

	1 000 FIM 1999	1998
Other interest and financial income		
From Group companies	8 666	9 073
From others	21 995	14 430
Total	30 661	23 503
Total interest received on long-term investment and other interest and financial income	70 141	52 402
Exchange rate differences	-2 438	-2 259
Interest paid and other financial expenses		
To Group companies	-3 709	-4 484
To others	-72 816	-49 503
Total	-76 525	-53 987
Total financial income and expenses	3 188	2 394
9. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	44 000	125 000
Recovery of write-downs on shares	564	-
Total	44 564	125 000
Extraordinary expenses		
Group subsidies paid	-16 400	-18 300
Write-downs on shares	-12 613	-30 000
Total	-29 013	-48 300
Total extraordinary income and expenses	15 551	76 700
10. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	17 997	14 591
11. DIRECT TAXES		
Income tax on extraordinary items	-4 354	-21 898
Income tax on normal operations	-4 433	-14 784
Tax on earlier financial years	1 932	-88
	-6 855	-36 770

NOTES ON THE BALANCE SHEET

12. PARENT COMPANY TANGIBLE JA INTANGIBLE ASSETS 1999

Intangible assets (FIM 1 000)

	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and unfinished assets	Intangible assets total
Acquisition cost 1.1.	100 901	12 034	26 624	69	139 628
Increase 1.1.-31.12.	5 147	-	-	3 998	9 145
Decrease 1.1.-31.12.	1 293	-	14 374	-	15 667
Transfers between items	69	-	-	-69	-
Acquisition cost 31.12.	104 824	12 034	12 250	3 998	133 106
Accumulated depreciation and write-downs 1.1.	33 299	9 226	23 875	-	66 400
Accumulated depreciation of decrease and transfers	763		14 373	-	15 136
Depreciation for the year	10 356	1 203	1 186	-	12 745
Accumulated depreciation 31.12.	42 892	10 429	10 688	-	64 009
Book value 31.12.	61 932	1 605	1 562	3 998	69 097

Tangible assets (FIM 1 000)

	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and unfinished assets	Tangible assets total
Acquisition cost 1.1.	19 610	500 198	709 100	1 546	12 682	1 243 136
Increase 1.1.-31.12.	-	9 150	40 050	-	3 687	52 887
Decrease 1.1.-31.12.	896	85 507	146 966	-	3 417	236 786
Transfers between items		357	8 908	-	-9 265	-
Acquisition cost 31.12.	18 714	424 198	611 092	1 546	3 687	1 059 237
Accumulated depreciation and write-downs 1.1.	-	244 092	478 575	-	-	722 667
Accumulated depreciation of decrease and transfers	-	41 303	119 113	-	-	160 416
Depreciation for the year	-	17 411	37 706	-	-	55 117
Accumulated depreciation 31.12.	-	220 200	397 168	-	-	617 368
Book value 31.12.	18 714	203 998	213 924	1 546	3 687	441 869
Balance sheet value of machinery and equipment 31.12.			203 803			

13. PARENT COMPANY INVESTMENT 1999 (FIM 1 000)

	Group company shares	Participating interest company shares	Other shares	Receivables Group companies	Other	Total investment
Acquisition cost 1.1	490 073	34 731	33 941	642 821	167	1 201 733
Increase 1.1.-31.12.	80 554	-	10 860	488 173	9 319	588 906
Decrease 1.1.-31.12.	88 971	772	4 454	131 865	-	226 062
Acquisition cost 31.12.	481 656	33 959	40 347	999 129	9 486	1 564 577
Accumulated depreciation and write-downs 1.1	41 000	-	-	-	-	41 000
Write-downs	-30 000	-	-	-	-	-30 000
Accumulated depreciation 31.12.	11 000	-	-	-	-	11 000
Book value 31.12.	470 656	33 959	40 347	999 129	9 486	1 553 577

	1 000 FIM 1999	1998
14. INVENTORIES		
Materials and supplies	137 110	144 275
Finished products/goods	85 278	77 789
Other inventories	49	64
Advance payments	-	1 022
	222 437	223 150

15. RECEIVABLES		
Current receivables		
Accounts receivable	73 670	71 532
Receivables from Group companies		
Accounts receivable	80 540	66 490
Loan receivables	543	15 883
Other receivables	52 993	136 703
Prepaid expenses and accrued income	24 580	24 217
	158 656	243 293
Receivables from participating interests companies		
Accounts receivable	49	4 038
Loan receivables	233	233
Other receivables	17 299	11 181
Prepaid expenses and accrued income	22 643	34 932
Total current receivables	272 550	365 209

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

16. SHAREHOLDERS' EQUITY		
Share capital 1.1.	165 149	163 330
New issue	-	1 819
Share capital 31.12.	165 149	165 149
Premium fund 1.1.	17 290	-
Issue premium	-	15 781
Other changes	-	1 509
Premium fund 31.12.	17 290	17 290
Reserve fund 1.1.	526 714	526 714
Reserve fund 31.12.	526 714	526 714
Retained earnings 1.1.	444 192	402 682
Dividend distributed	-57 802	-48 999
Profit for earlier financial periods 31.12.	386 390	353 683
Profit for the year	21 170	90 509
Total shareholders' equity	1 116 713	1 153 34
Distributable equity	407 560	

	1999		1998	
	Shares	FIM 1 000	Shares	FIM 1 000
Parent company share capital divided by share series as follows:				
Series K (20 votes/share)	32 442 760	36 443	37 077 400	37 077
Series V (1 vote/share)	128 706 270	128 706	128 071 630	128 072
Total	165 149 030	165 149	165 149 030	165 149

	1 000 FIM 1999	1998
17. APPROPRIATIONS		
Parent company appropriations consist of the accumulated depreciation difference.		
18. LIABILITIES		
NON-CURRENT LIABILITIES		
Bonds	-	110 000
Loans from credit institutions	481 735	159 303
Pension loans	45 092	57 975
Total non-current liabilities	526 827	327 278
Liabilities falling due within a period longer than five years		
Loans from credit institutions	17 025	25 819
Pension loans	-	6 442
Total	17 025	32 261
Bonds		
Bond 1995/2000 8.25 %	110 000	110 000
- annual repayment	110 000	-
Total	-	110 000
CURRENT LIABILITIES		
Loans from credit institutions	541 775	513 590
Pension loans	12 883	12 883
Advance payments	199	-
Accounts payable	111 826	110 981
Liabilities to Group companies		
Accounts payable	14 641	26 063
Other liabilities	22 759	37 622
Accrued liabilities and deferred income	3 861	2 561
	41 261	66 246
Liabilities to participating interests companies		
Accounts payable	296	93
Accrued liabilities and deferred income	-	31
	296	124
Other liabilities	240 805	108 135
Accrued liabilities and deferred income	51 095	38 143
Total current liabilities	1 000 140	850 102

	1 000 FIM 1999	1998
Accrued liabilities and deferred income comprises items related to the timing of operational expenses, financial items and taxes.		
Interest-free debts		
Current	191 782	190 634

OTHER NOTES TO THE ACCOUNTS:

19. SECURITY GIVEN, CONTINGENT AND OTHER LIABILITIES

ASSETS GIVEN AS SECURITY

	1999	1998
For the Company		
Mortgages on real estate	14 200	14 450
For Group companies		
Mortgages on real estate	288 175	288 175
Corporate mortgages	149 000	149 000
Total	437 175	437 175
For others		
For associated companies:		
Mortgages on real estate	1 000	1 000

The value of the security is the nominal value of the pledged debt instruments or securities. Comprises mostly comprehensive security given to financial institutions as collateral for loans, guarantees, and various limits on and off the balance sheet.

CONTINGENT OFF-BALANCE SHEET LIABILITIES

	1999	1998
Pension liability not recorded as expense or debt	1 329	1 310
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due during 2000/1999	6 359	5 840
Falling due later	5 852	4 644
Total	12 211	10 484

Leasing contracts do not include substantial liabilities related to termination and redemption terms.

	1999	1998
Contingent liabilities for Group companies		
Guarantees	553 575	405 352
Redemption liabilities	19 612	21 894
	573 187	427 246
Contingent liabilities for the Company	33 000	33 000
Contingent liabilities for associated companies		
Guarantees	17 762	13 877
Contingent liabilities for others		
Guarantees	29 543	6 757

BOARD'S PROPOSAL FOR THE DISPOSAL OF PROFIT

Shareholders' equity according to the consolidated balance sheet at December 31, 1999 is FIM 1,656,620,000, FIM 562,332,000 of which is distributable. According to the balance sheet, the distributable assets of the parent company at December 31, 1999 total FIM 407,559,899.59, of which profit for the year is FIM 21,169,658.74.

The Board of Directors proposes that a dividend of FIM 0.20 per share be paid from the parent company's earnings on a total of 165,149,030 shares,

totalling	FIM 33,029,806.00
and that be carried over on the retained earnings account.	FIM 374,530,093.59
Total	FIM 407,559,899.59

The Board of Directors further proposes that distribution of dividend should begin when the matching period ends, i.e. on April 18, 2000.

Raisio, February 21, 2000

Heikki Haavisto   Matti Linnainmaa

Jaakko Ihamuotila   Kaj Lönnroth   Kaarlo Pettilä

Arimo Uusitalo   Pertti Vuola   Tor Bergman
Chief Executive

TRANSLATION OF THE AUDITORS' REPORT

TO THE SHAREHOLDERS OF RAISIO GROUP PLC

We have audited the accounting, the financial statements and the corporate governance of Raisio Group plc for the period 1.1.-31.12.1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of Supervisory Board and the Board of Directors and the Managing Director have legally complied with the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board and the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

We have reviewed the interim reports made public by the company during the year. It is our understanding that the interim reports and statements have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Raisio, March 1, 2000

Thor Nyroos
APA

Esa Kailiala
APA

STATEMENT OF THE SUPERVISORY BOARD

At its meeting today, the Supervisory Board examined the Board of Directors' report on company operations for the financial year January 1, 1999 - December 31, 1999 and the attached financial statements, and studied the auditors' report, in accordance with the Articles of Association.

The Supervisory Board concurs with the Board of Directors' proposal for the disposal of profits.

The members of the Supervisory Board in turn to resign are Matti Hakala, Mikael Holmberg, Taisto Korkeaoja, Paavo Myllymäki, Teemu Olli, Juha Saura, Tuula Tallskog, Johan Taube, Juhani Torkkomäki and Jukka Tuori.

Raisio, March 14, 2000

For the Supervisory Board
Vesa Lammela
Chairman

PERSONNEL

The laboratory staff at the stanol ester plant in Charleston, USA. Left to right: Elizabeth Brown, Leena Koponen, Lisa Comfort and John Bailey.

The Raisio Group's key resource is its personnel. The aim of its personnel policy is to increase commitment and motivation in the interests of the Group's overall goals. It lays down guidelines for the development and evaluation of competence, skills and know-how.

RECRUITMENT AND INDUCTION

Particular attention is paid to successful recruitment and to augmenting and diversifying the human resource bank. Another aim is to safeguard the management potential of the future. In internal recruitment, the Group looks favourably on staff transfers between its Finnish and foreign units.

Induction training includes an introduction to the Group, the division, the working community concerned, the individual's own work, and the overall work process. Work safety and health are an important part of the induction process, especially in jobs in processing.

TRAINING AND WORKING CAPACITY

The main focuses of training are command of IT, languages, management and supervisory skills. Two international management courses were arranged for key Raisio Chemicals personnel in 1998 and 1999. Similar training will be launched for other key Group staff during spring 2000. Training in business principles and basic economics is arranged for other employees. There were over 5,000 training days in 1999 and training costs came to 0.2 per cent of turnover in Finland.

The Raisio Group cooperates closely with universities, colleges and vocational institutes. During 1999, mentoring cooperation with Turku School of Economics and Business Administration was introduced, and the Group is already committed to a national programme of reforming post-comprehensive vocational education, within which it acts as a 'learning on the job' partner. Such collaboration means that elements important to businesses can be incorporated into curricula, while at the same time increasing student readiness to take on quite demanding duties as soon as they graduate. The Raisio Group offers traineeships to about 150 students every year in the form of summer work in Finland.

Activities to maintain working capacity are coordinated by the Group's occupational health unit. The parties involved here are the representatives of staff groupings, the safety and health committees and the Group management. Efforts to maintain working capacity aim to increase productivity, quality and well-being by influencing work, working conditions, the worker and the functioning of the working community.

STAFFING

The Raisio Group employed an average of 2,897 people in 1999. This was seven less than a year earlier. The average number of staff in Finland was 1,761 (61%) and abroad 1,136 (39%).

At year end, the staff figure was 2,731, which was 83 less than a year earlier. The figure for Finland was 1,639 (60%) and for foreign units 1,092 (40%).

Average staff figure by division during the financial year

	1999	1998
Margarine Division	846	901
Grain Division	625	661
Chemicals Division	1,002	937
Benecol Division	108	57
Other	316	348
Group average	2,897	2,904

Staff by country

	Dec 31, 1999	Dec 31, 1998
Finland	1,639	1,754
Sweden	288	311
Poland	243	266
Indonesia	191	117
Canada	86	113
USA	71	41
Korea	42	50
UK	41	40
France	40	38
Elsewhere	90	84
Group total	2,731	2,814

Period of service at Raisio Group units in Finland

Period of service	%
Over 40 years	0.5
30–40 years	5.1
20–29	19.9
15–19	13.5
10–14	18.3
5–9	14.5
Under 5 years	28.2

Periods of service have always been rather long in the Raisio Group: 39 per cent of the staff have worked for the Group more than 15 years. The longest service period is 47 years, and the average length of service is 11 years.

Age breakdown in the Raisio Group in Finland

Age	%
Over 60	2.5
55–60	5.3
50–54	12.2
40–49	34.3
30–39	31.7
18–29	14

The average age of Raisio Group staff is 41. Over 50s represent 20 per cent, 30-50 year olds 66 per cent and under 30 year olds 14 per cent.

SUSTAINABLE DEVELOPMENT

The Raisio Group is committed to the Business Charter for Sustainable Development (International Chamber of Commerce 1990). Raisio Chemicals is also taking part in the chemical industry's international 'Responsible Care' programme.

The Raisio Group's core principle concerning sustainable development is that its operations are based on processing renewable natural resources. The food and animal feed factories process cultivated plants or raw materials from other renewable sources. Most of Raisio Chemicals' raw materials are also renewable cultivated resources. Some of the Chemicals Division's raw materials are based on products processed from crude oil.

The products and methods of Raisio's Chemicals Division cater to the needs of the paper industry, which gets its main raw material from the forests. Thus the Division contributes to the environmental efficiency of the entire wood-processing chain.

The Raisio Group was one of eight Finnish enterprises selected for the new Dow Jones Sustainability Index. The environmental report on the whole Group published for the first time for 1998 in turn received an honourable mention as the newcomer of the year in a competition arranged by the Finnish environmental information organization (Elinkaari), Suomen Kuvalehti magazine, and the Finnish Institute of Authorised Public Accountants.

ENVIRONMENTAL EVENTS

A steam heating plant fuelled by natural gas was completed at the Anjalankoski industrial estate. This replaced four separate boiler units at the various plants which had used heavy fuel oil, and resulted in not only a more efficient energy economy but also a substantial decrease in emissions. Carbon dioxide emissions were halved and sulphur emissions fell to almost zero. The investment cost FIM 8 million.

The Agricultural Group further developed its Quality Grain system, which aims to safeguard even more effectively the traceability of Finnish grain as raw material and the quality and ecological sustainability of the production methods used. The main goals of the system are to keep an even closer eye on use of fertilizer and pesticides, and thus further reduce harmful environmental impacts. Contracts with farmers for instance prohibit the pesticide spraying of grain at the ripening stage before harvesting. 98 per cent of Quality Grain is already produced in compliance with the terms of environmental support from the EU.

Raisio France invested in a wastewater treatment plant. Following its completion in summer 1999, the organic load from its saline wastewater fell to practically zero. The toluene content of the AKD wax product made by the plant was reduced by three quarters. Toluene recovery from process gases was also improved. The company was granted an ISO 14001 certificate for its environmental system.

The malting plant in Raisio also became the first in the world to gain an ISO 14001 certificate.

OPL-Raisio in Korea improved its products so as to reduce wastewater effluents from customer papermills. Treatment of the air extracted from the plant was also improved. Water consumption was reduced, thanks to a new monitoring system.

Plants in Finland and abroad also carried out a large number of improvements to processes and treatment equipment in order to save the environment.

Very little environmental damage was recorded. There were two leakages of chemicals at the Oy Raisional Ab latex plant in Anjalankoski, in which the fire brigade had to help with recovering the leaked materials. No substances got into the environment.

The Raisio Group publishes a separate environmental report, as does Raisio Chemicals.

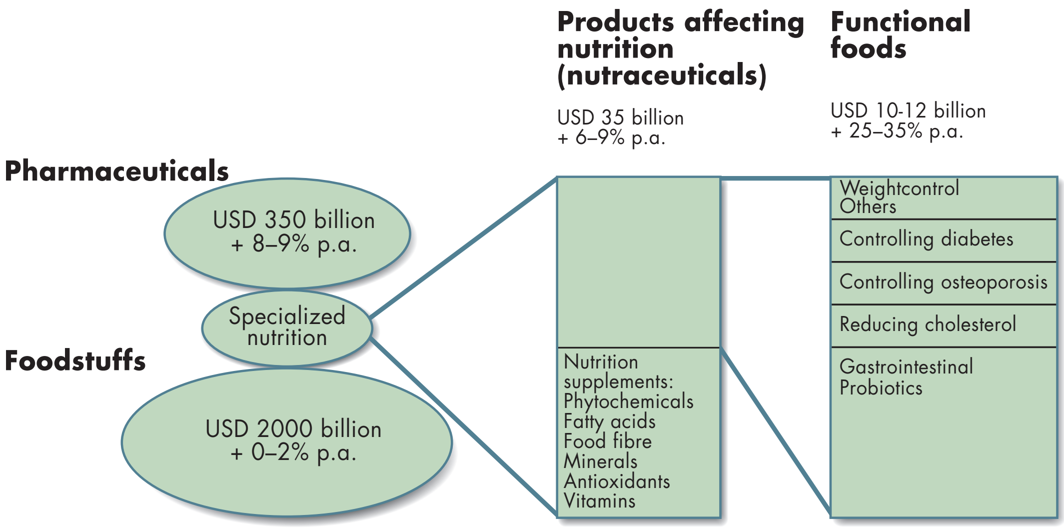
BENECOL DIVISION

FUNCTIONAL FOODS

Some USD 350 billion worth of pharmaceuticals are sold annually, and the figure is rising 8-9 per cent every year. The figure for foods is USD 2,000 billion, but sales are not rising, or only a couple of per cent a year.

Between pharmaceuticals and foods there is a growing segment called specialized nutrition products (nutraceuticals). Its sales value is about USD 35 billion a year. Various supplements - like vitamins, minerals etc. - make up the bulk of sales in this segment, but about one third comprises of functional foods. The size of functional food market is estimated at USD 10-12 billion, and annual growth is put at 25-35 per cent.

Foods that reduce cholesterol, among which the Benecol trademark is probably the best-known in the world, are one important component area in functional foods. There is enormous growth potential here.



COOPERATION AGREEMENT

The Raisio Group and McNeil Consumer Healthcare of the Johnson & Johnson Group have an agreement under which Raisio's Benecol Division is responsible for manufacturing the component in Benecol that reduces cholesterol, stanol ester, and for procuring the necessary raw material, plant sterol.

NcNeil has sole rights to market Benecol products and to develop the brand, except on Raisio's home market.

Raisio earns income from the sale of stanol ester and royalties from sales of Benecol products, and has received one-off payments at various project stages.

Raision Margariini makes and sells Benecol spreads for the home market and produces to order the spreads marketed by McNeil in Europe.

Process operator Keith Sheppard (left) and production manager Andy Gresham examining the stanol ester raw material at the Charleston plant.

STEROL AND STANOL ESTER PRODUCTION

The size of the world sterol market is around 4,400 tonnes, nearly half of this being used by the pharmaceuticals industry. Most of the remainder - about 2,000 tonnes - is reserved for Raisio under purchase or option agreements. Over five years, sterol availability can be raised to 15,000 tonnes. Raisio can raise its own sterol procurement capacity to 10,000 tonnes accordingly. However, the time has not come to build additional capacity.

In spring 1999 the capacity of the stanol ester plant in Raisio was increased and a second plant was completed in South Carolina. Because marketing got off to a slower-than-expected start, the utilization rate of these two plants has remained low.

Before the esterification process sterol is first processed into stanol. To meet the demand while the product was being put onto the market, however, unfavourable short-term delivery contracts had to be made to ensure a supply of stanol. The plants' low utilization rate and these unfavourable contracts for stanol made stanol ester production unprofitable.

The Charleston plant was completed in spring 1999.

BENECOL PRODUCTS

Benecol margarine was first put onto the Finnish market in November 1995, and a lower-fat version in April 1998. A vegetable oil-based cream cheese style Benecol spread will be put onto the market in March 2000.

McNeil put Benecol spreads and cream cheese style spreads onto the British, Belgian, Luxembourg and Irish markets, and spreads onto the Dutch market, in spring and early summer. Marketing of Benecol yoghurt began in the UK in the autumn.

In the USA, McNeil brought out portion packed Benecol spread at the end of May, and later salad dressings, spreads in tubs and various snack bars.

Raisio's own market analysis indicates that Benecol spreads won the following average market shares during 1999, measured in terms of value: Finland 12.3%, UK 3.2%, USA 2.8%, Belgium 1.5% and Netherlands 1%. The figures are based on the whole consumer margarines and spreads group.

Benecol spreads hit the British shops in early April 1999.

BENECOL DIVISION

Benecol Division turnover in 1999 was FIM 307 million. When Raision Margariini turnover from Benecol products is included and interdivisional turnover is deducted, a figure of around FIM 350 million is obtained for the Group's Benecol turnover.

The international Benecol business has made slower headway than expected, for a variety of reasons. An important obstacle has been the lack of legislation on functional foods. This has prevented products from being put into the right categories and blocked the use of strong claims in the marketing. The authorities in various countries have proved extremely caution about the new products.

It has proved difficult, too, to get Benecol products to stand out from the huge range stocked by retailers. Consumers also do not yet know enough about the importance of controlling cholesterol and are confused by the wide variety of products and large range on offer.

The marketing concept that works in Finland does not necessarily work in the United States. The product range is also not broad enough to meet consumer needs in various countries.

PROSPECTS

The Raisio Group has several important projects under way to stimulate the Benecol business.

It is activating its own markets. In Europe, a concept oriented towards consumer marketing works well on the whole, but in the United States the focus is being shifted to marketing via nutritional and medical experts.

The home market, for which Raisio itself is responsible, will be expanded to include Sweden, Norway, Denmark, the Baltics, Poland, Russia and Iceland, as well as Finland itself. In February 2000, agreement in principle was reached on the matter between Raisio and Johnson & Johnson, though no final contract has been signed.

Raisio is working actively to promote Benecol's market introduction in Germany, and plans to enter the Japanese market in 2001.

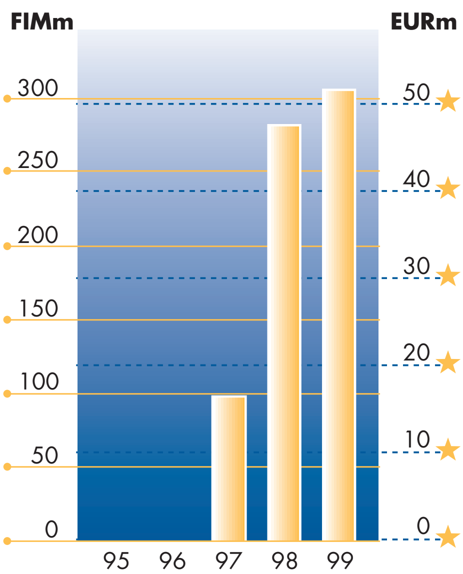
The marketing concept will be expanded by linking in third parties in both Europe and the USA. This would help to create more versatile Benecol diets for those interested in controlling their cholesterol. The Benecol product range would then be supplemented with, for instance, dairy and confectionery products and drinks.

The great strength of Benecol products is their undisputed effectiveness and safety, as demonstrated by a large number of clinical studies.

Efforts will also be made to market sterol ester to third parties. This will help to develop the overall market for cholesterol-reducing products, while also raising the plants' capacity utilization and thus profits.

If the market develops as expected, the Benecol Division could achieve a turnover of around FIM 1,200 million in 2005. Operating profit would then be 20-30 per cent of turnover.

BENECOL DIVISION TURNOVER



The thrust of R&D in the Margarine Division has been towards development of light, low-fat spreads: Belette spread, with a fat content of only 14%, Kevyt Keiju margarine and LättLätt margarine, which has been launched on the Swedish market, with a record low fat content of 30%. Soya-based Tofuline products such as ice cream from Carlshamn Mejeri comprise a second successful line of development. The Potato Processing Subdivision also brought a number of organic products onto the market

The Margarine Division comprises Raision Margariini in Finland, Carlshamn Mejeri in Sweden and Raisio Polska Foods in Poland. In addition, the Potato Processing Subdivision of the Group was combined with this division as of January 1, 2000.

1999 was the most difficult year for the Margarine Division since Finland joined the EU. Turnover, which amounted to FIM 1.0 billion, declined in two years by more than 40 per cent from the peak figure of FIM 1.7 billion recorded in 1997, mainly because of declining exports to Russia. For all three factories, falling demand for edible fats also contributed to the decline in turnover.

The three factories supplied a total of 110 million kilos of margarines during the year under review; nearly one-third of this amount was exported. The value of exports to Russia was FIM 120 million, compared with FIM 346 million the previous year. The drop in volume had an extremely detrimental effect on capacity utilization and hence on the Division's profitability as well.

RAISION MARGARIINI

Raision Margariini produces the following labels: Keiju, Voimix, Belette, Bel Ami, Sunnuntai, Soft, Kevyt Maukas and Kultasula. The unit manufactures the Benecol margarines and cream cheese style spreads sold in Europe and is responsible for marketing Benecol products in Finland.

The decline in the overall consumption of edible fats in Finland continued, although at a somewhat slower rate than in the previous two years. Demand for tub margarine declined by 4 per cent and sales of the margarine in foil used for household baking by nearly 9 per cent. Raision Margariini is the only Finnish margarine plant. It supplies half of the margarine used in Finland. Its market share in deliveries to institutional kitchens and bakeries increased somewhat, but remained constant in retail products.

Development of the product range has stressed lighter products, in accordance with consumers' wishes. Changes in consumption habits are already evident in demand. Sales of low-fat margarines increased by more than 50 per cent and the growth in Belette light spreads put onto the market the previous year was even faster.

Exports to Russia dropped by 50 per cent on the previous year's level and exports to the Baltic countries also decreased. Local margarine factories were also set up in both Russia and the Baltic countries, and the competitiveness of imported margarines declined in relation to the less expensive local products. Developments on the various markets are monitored closely. Voimix is still well-known, especially in the St Petersburg area.

McNeil Consumer Nutritionals began to market Benecol margarines and cream cheese style spreads on the Continent in April. Volumes have increased encouragingly, thereby increasing capacity utilization at both the Raisio margarine factory and the cheese-making unit. Deliveries of Benecol cream cheese style spreads in Finland will begin in March 2000.

Belette soft spreads contain only 14 per cent fat. The range was added to and its appearance redesigned.

Carlshamn Mejeri put LättLätt margarine, with only 30 per cent fat, onto the Swedish market.

CARLSHAMN MEJERI

In Sweden, the products of Carlshamn Mejeri are marketed mainly under that name. Other labels are Runda Bords, Hushålls Eve and Tofuline. LättLätt, the first margarine on the Swedish market with a fat content of only 30 per cent, was launched during the review period.

Overall demand for edible fats also declined in the Swedish retail trade and sales declined by some 4 per cent. Deliveries of margarine by Carlshamn Mejeri, however, fell by nearly 20 per cent. Apart from the decline in consumption, structural changes effected by the nationwide wholesale and retail chains also reduced deliveries. As a result, no marketing campaigns were possible for some time and all delivery contracts had to be renegotiated.

The Russian trade did not recover from the crash in 1998 and deliveries amounted to only one-third of those for the previous year. Marketing was nevertheless continued, with the aim of maintaining brand recognition for Dolina Skandi.

Due to the reduced capacity utilization rate, costs were cut in all functions, and personnel had to be laid off. These measures are expected to affect profitability during 2000.

RAISIO POLSKA FOODS

Raisio Polska Foods produces the following brands: Masmix, Finea, Fraszka and Pokusa. Marketing concentrated on the two main product labels, Masmix and Finea, and also on exports to neighbouring countries. Unprofitable products were removed from the range.

Overall demand for margarines also declined in Poland and deliveries remained a good 10 per cent below those for the previous year. Deliveries by Raisio Polska Foods declined by one quarter.

There are around one hundred margarine products on the Polish market, some thirty of which came onto the market during the review period. The intense competition continued between the more expensive higher quality products represented by Raisio and the numerous low-price spreads.

Raisio Polska Foods downsized to improve profitability; personnel were also laid off.

The Benecol product family marketed in Finland was supplemented with cream cheese style vegetable fat spreads in March 2000. Left to right: Sirpa Miettinen, Outi Enberg and Robert Nyman.

Institutional kitchens and restaurants also like to use Belette soft spreads.

The Potato Processing Subdivision has shifted its focus from the mass market to special products such as these popular potato cakes. The picture shows Minna and Jari Holmberg.

POTATO PROCESSING SUBDIVISION

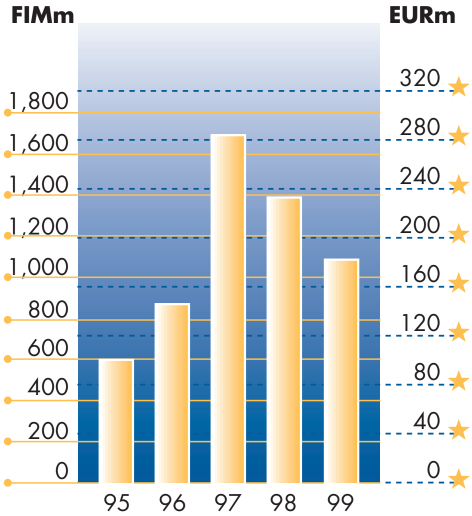
Raisio Group's Potato Processing Subdivision manufactures French-fries, mashed potato powders, potato chips and special potato products. The business has been refocused through R&D and shifting investment from mass products to special products. Turnover increased by 16 per cent to FIM 152 million.

Contract farming secures a reliable supply of Finnish potatoes and thereby the foundation for development of the whole business. In the autumn, the Potato Processing Subdivision acquired 65 million kilos of high-quality potatoes as raw material.

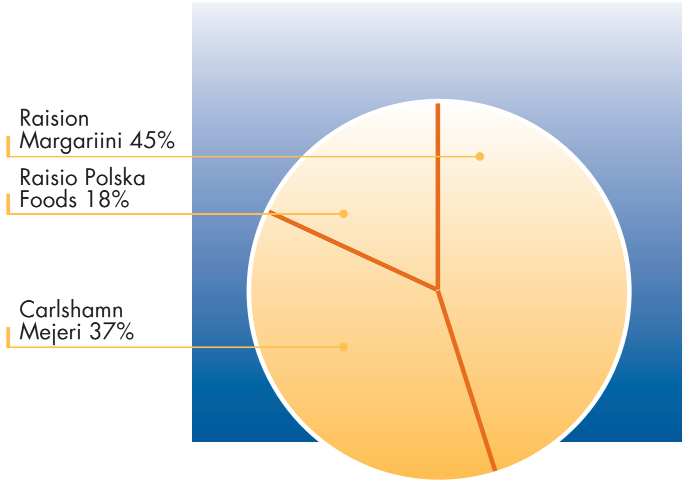
A fire in April at the factory interrupted production of French-fries for five weeks, which did not resume until August. Despite the downtime, production volumes increased and profitability improved, thanks to the higher capacity utilization rate.

The export market stressed Western Europe. Marketing of products for institutional kitchens began jointly with Carlshamn Mejeri. In September, the Potato Processing Subdivision acquired the potato processing operations of Järviseudun Peruna Oy.

MARGARINE DIVISION TURNOVER



BREAKDOWN OF TURNOVER



GRAIN DIVISION

The Grain Division comprises the Milling Subdivision (Melia Ltd), the Animal Feeds Subdivision (Raisio Feed Ltd and Monäs Feed Oy Ab), the Malting Subdivision and the Agricultural Group, which is responsible for grain and oil seed purchases. The Grain Division's turnover totalled FIM 1.4 billion, 15 per cent down on 1998.

1999 was marked by tough competition and considerable fluctuation. The first quarter was relatively good, though problems with Russian trade were already apparent. In the second quarter, margins in the Animal Feeds Subdivision deteriorated as a result of keen price competition.

The economic situation in Russia, which is important for the Division's exports, continued unstable and the expected recovery in consumer food exports did not materialize. However, the Malting Subdivision continued to export large quantities to Russia.

The exceptionally dry growing season aggravated the situation. Cold had held back grain plant sprouting in the spring and the dry weather throughout the growing period even resulted in crop failures in places in southern Finland, though Ostrobothnia and Central Finland enjoyed good harvests. Grain quality as such did not suffer: hectolitre weights, protein content and falling numbers were high. Unfortunately, the protein content of the malting barley was also high, preventing several contract consignments from being used to make malt. Because of these volume and quality problems, the Grain Division had to import some wheat, rye, malting barley and rape seed.

The tough price competition among products in all the Division's sectors of operation and the problems encountered with raw material supplies led to a decline in performance compared with 1998. However, continuous development work on products and production processes is expected to create better prospects in the future.

Grain is a raw material with great potential, which will be increasingly important in future for human and animal nourishment and well-being. In the Milling Subdivision, the year's innovations were Elovena Plus and a wheat mix (Vehnäleipämix) for 'natural baking'. The Animal Feeds Subdivision gained a patent for its feed mix manufacturing method. At the beginning of this year, a study on pig feeding led to the market launch of new types of pig feeds. In early 2000 field tests on the nutritional quality of milk began.

MILLING SUBDIVISION

Melia Ltd deliveries within Finland were up to the 1998 level, but exports fell to only a third. Turnover totalled FIM 467 million, which was 16 per cent down. The main reason was the decline in exports, which fell to only 8 per cent of turnover, compared with nearly 20 per cent the previous year. Domestic turnover also fell because of the structure of sales and price competition resulting from the overcapacity generated by falling exports.

Overall, some 10 per cent less grain was milled in Finland than in 1998, and Melia reported a similar decline. The company used around 225 million kilos of grain, including rice.

Household baking continued to decrease, this time a full 7 per cent. Consumer interest is shifting away from flours to ready grain products, because they are healthy and easy to use. The Milling Subdivision's new product, Elovena Plus, fits well into this pattern, being a combination of oat flakes and oat bran which helps to reduce cholesterol thanks to its high beta glucan content. Elovena Plus was introduced at the end of August and over the autumn won an impressive 5 per cent share of the porridge flake market (November 22-December 19, 1999, Nielsen Scantrack).

Concentration continued in the Finnish bakery industry. Though price competition reduced profitability, Melia was able to increase its grain deliveries to bakeries. At the beginning of 2000 a delivery contract was signed with Vaasanmylly Oy on rye flours for its

At the Elovena Plus launch, (left to right) Melia product development manager Pirjo Alho-Lehto and professors Hannu Salovaara of Helsinki University and Seppo Salminen of Turku University.

Helppo (Easy) Sunnuntai is a new range of baking products to appeal to home cooks. Just add water, or water and fat!

Kotka crispbread factory. This deal raised Melia's contribution to the country's rye flour deliveries to nearly 50 per cent. The company has claimed over 50 per cent of wheat flours for some time now.

A new product introduced for the bakery industry was Vehnäleipämix, a mix supplemented with wheat germ. This gives a good baking results without baking additives, and thus is a part of Melia's expanding 'natural baking' concept. Innovations for institutional kitchens were the rice and rye mix (Riisi&Ruis) and the dark, more nutritional Fusilli and Conchiglie pastas. Though export volumes were low, new products were also introduced for foreign markets, including children's powdered gruels and a raspberry-flavoured instant porridge in the Nordic range.

Melia continued to adjust and restructure its operations. The staff figure fell around 10 per cent during the year.

Elovena Plus is a combination of oat flakes and oat bran. It is a functional grain product that contains plenty of betaglucane, the soluble fibre natural to oats, which helps to reduce cholesterol.

ANIMAL FEEDS SUBDIVISION

The turnover of the Animal Feeds Subdivision was FIM 778 million. The pet food business closed down at year end, which generated FIM 31 million in turnover in 1999, has already been deducted from these figures. The adjusted turnover is 17 per cent less than in 1998.

Deliveries of farm animal feeds rose nearly 20 per cent and Raisio Feed's market standing strengthened in all animal categories. However, turnover in this leading product group remained almost unchanged, partly because of falling sales prices caused by cheaper raw materials, and the keen price competition in the sector.

Turnover also declined in the oil milling business, which forms part of the Subdivision. Output fell and raw material prices decreased. The turnover of Monäs Feed, which makes feeds for fur-bearing animals, also declined because of the slump in the fur trade.

As pet food trade with Russia dried up almost completely in 1998, efforts to make this business sector profitable failed, despite good sales inside Finland. The termination of operations resulted in a FIM 32 million one-off expense in the 1999 accounts, but will improve the Subdivision's overall performance in 2000.

Raisio Feed became the first Finnish company in the field to introduce an extranet service for contract customers and partners. The service makes it possible to order feeds via a home computer.

Raisio's Animal Feeds Subdivision has played an extremely active role in R&D projects aimed at improving the profitability of livestock production, more efficient utilization of nutrients, and higher quality livestock products.

Raisio Feed's Maituri 10 000 is one of Finland's highest energy content feeds. It guarantees that cows get enough energy at all times, side by side with various silage feeds.

In its manufacture of feed mixes, a Raisio Feed invention involving a conditioner and use of an expander was granted a patent in July. The invention results in a higher feed/gain ratio, especially in pig feeding, and means that antibiotic additives are no longer needed in piglet and pig feeds.

The Agricultural Research Centre, Helsinki University, LSO Foods and Raisio Feed completed a joint three-year feeding survey on pigs' amino-acid requirements, especially lysine. This was part of a project supported by the EU's EUREKA programme which also involved the Swedish feed industry. Raisio Feed immediately put the findings to use in new pig feed mix compositions.

In February 2000 a large-scale field test was launched in Central Ostrobothnia aimed at finding out whether the conjugated linoleic acid content of milk can be raised through feeding. Several Finnish and foreign studies have found that this acid regulates the metabolism and provides protection against breast cancer, for instance.

Malting Subdivision process development engineer Riina Pohjolainen and maltster Hannu Koivisto, at one of the Raisio malting plant's fifteen steeping tanks which process altogether 240,000 kilos of barley a day.

MALTING SUBDIVISION

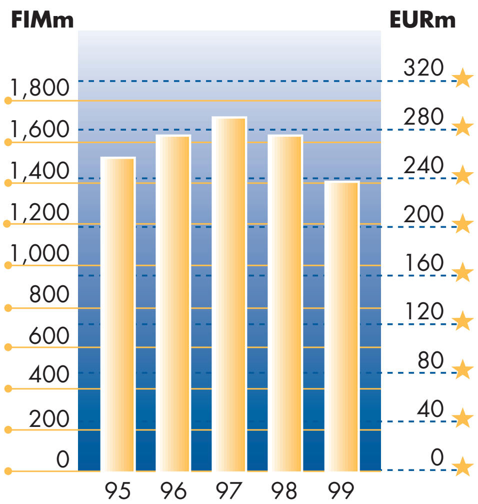
The turnover of the Malting Subdivision, FIM 167 million, was 6 per cent higher than in 1998. Some 93 million kilos of malt were supplied, 27 per cent to customers in Finland and elsewhere in the EU, mainly Sweden and the UK (Scotland). The remaining 73 per cent was exported outside the EU, to Russia, Brazil, Norway and Estonia.

Malts were readily available on the world market, so there was fierce price competition. However, the situation is expected to improve somewhat, and there are particular hopes that the WTO talks will result in an opening of China's growing markets, which would greatly alleviate the pressure caused by oversupply. Exports to Russia picked up after a difficult autumn in 1998, and no problems were encountered in malt trade payment transactions. Beer consumption is rising rapidly in Russia and the local malt industry can only meet half the demand.

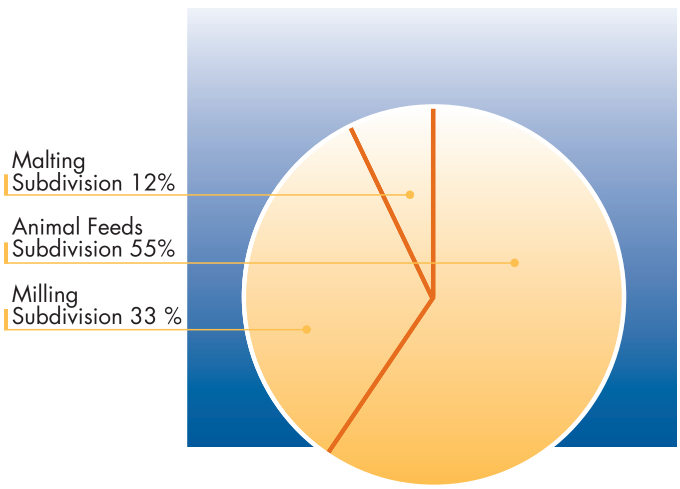
The inadequacy of the malting barley crop in autumn 1999 resulted in an exceptional importing volume. Barley was imported from other EU countries, especially Denmark and Sweden.

In spring, the Raisio Malting Subdivision became the first commercial malting organization in the world to be granted ISO 14001 certification for its environmental system.

GRAIN DIVISION TURNOVER



TURNOVER BREAKDOWN



CHEMICALS DIVISION

The Raisio Chemicals paper technology centre in Raisio.

1999 was a better year than 1998 for the world paper industry served by Raisio's Chemicals Division. Sales by Raisio Chemicals increased, particularly in North Europe and Asia. Elsewhere in Europe and in the Americas, deliveries remained at the 1998 level.

On the main market, Finland, 10.3 million tonnes of paper and 2.6 million tonnes of board were produced in 1999, i.e. a total of 12.9 million tonnes, which is an all-time record. The capacity of the paper industry rose by three per cent. The capacity utilization rate of the mills averaged 93 per cent, one percentage point less than in 1998.

The Nordic paper industry plays a significant role globally. Stora Enso, UPM-Kymmene, Metsä-Serla and SCA are all among the ten biggest paper manufacturers in the world. European paper producers concentrate on competing with higher quality grades, and the higher the processing level, the more demand there is for paper chemicals. Raisio Chemicals works in close collaboration with its key customers, making inputs and participating in their development projects in order to discover new concepts.

The outlook for Raisio Chemicals in 2000 is bright for the first six months at least, and sales for the entire year are expected to be fairly good. Rises in raw material prices will exercise strong pressure to raise the prices of the end products, however. An important objective is to continue to expand with products that our key customers need in their globalization processes.

Rather than individual paper chemicals, the Chemicals Division focuses on developing comprehensive chemical concepts for the paper industry worldwide, with a range covering chemicals for paper machine wet end additions, hydrophobic sizing, surface sizing and coating. The latest R&D innovations are extra-stabilized surface sizing and coating starches for use in high solid content applications, dispersed AKDs with better runnability, cationic rosin size dispersions and styrene acrylate latices.

INVESTMENTS

Raisio Chemicals bought 49 per cent of the stock of Raision Lateksi Oy, which produces styrene-butadiene latexes, from the German BASF AG, and now owns the entire company. Oy Raisional Ab's PVAc and acrylate latex production capacity was increased. Both latex factories are located in Anjalankoski, Finland, and their production capacity now totals some 110,000 tonnes per year.

Escan Quimica LTDA, a producer of rosin sizing in Colombia, was purchased for the subsidiary Raisio Quimica Andina S.A. at the end of the year. Raisio France S.A. increased its AKD wax production capacity, and OPL-Raisio Inc's rosin size manufacturing capacity was installed in Korea. In Finland, the starch production invested in wastewater treatment.

The Trois-Rivières paper chemicals plant is in Quebec, Canada. The picture shows production manager Daniel Martel (left) and Alan J. Whitehead, who is in charge of Raisio Chemicals operations in the Americas.

RESEARCH AND DEVELOPMENT

The coating technology centre in Raisio plays an important role in developing more versatile paper coatings. Jouni Dahl (left) and Markku Koskela are running the coating machine.

Raisio Chemicals R&D costs came to FIM 55 million. R&D work takes place in increasingly close cooperation with customers. It is carried out both to develop new paper qualities and in the context of paper machine investments. Although no new paper machines are being planned in Finland, existing machinery is being converted to produce coated paper grades. This development is favourable and important for Raisio Chemicals.

Starch R&D focused on new stabilized coating and surface sizing starches and research work to raise the effectiveness of wet end starches. The new hydrophobic AKD sizes with improved paper machine runnability have also proved their efficiency, while the new cationic rosin sizes have a wider range of use than ordinary rosin sizes. Polymeric hydrophobic sizes represent a rapidly growing product family intended for modern paper machines, and they give paper a number of completely new properties.

In coating latices, new styrene acrylate-based binders have been developed, particularly for paper board and rotogravure paper qualities. Efforts were also made in making styrene-butadiene latices more versatile. Raifix and Raibond technology and the cationic polymer were developed to give certain hydrophobic features to paper qualities like newsprint, SC and LWC which contain mechanical fibre.

Networking in R&D, EU projects and Tekes technology programmes reinforced the scientific foundation of Raisio Chemicals' own development projects and speeded up implementation of projects. Active participation by customer industries has been particularly valuable in these projects.

STARCHES

Deliveries of modified starches to the paper industry grew substantially in comparison with the previous year. Growth was greatest in the Nordic countries and in Asia. Europe suffered from extremely tight price competition, and total turnover for starches was slightly below the previous year's figure. Profits, too, declined, but continued to be satisfactory. In modified starches, demand and supply are now assumed to be in balance. In 2000, demand for starch products is likely to continue at the 1999 level

COATING

The utilization rate of industry manufacturing coated paper qualities rose from the low level at the beginning of the year to record figures in the second half. More demand and a bigger share of the market increased sales of latices by Raisio Chemicals. Profits were good, too, although a rise in raw material prices towards the end of the year hampered profitability to some extent.

A new reactor line completed in December at Raisional will allow PVAc and acrylate latex sales to grow further. Conversion of machines for uncoated fine paper to produce coated fine paper will have a significant impact on demand for coating chemicals and latices, specifically in Finland, in the next few years.

Raisio Chemicals also has skill centres in Canada, the UK and Korea. The centre in Canada operates on the ground floor of this building in Burlington, Ontario.

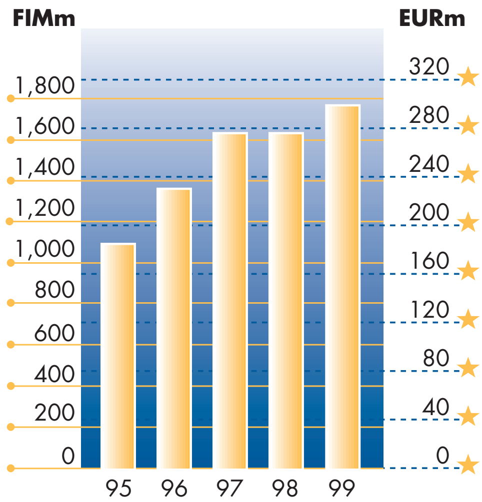
HYDROPHOBIC SIZING

Sales of hydrophobic sizing grew considerably, boosted by a particularly favourable trend in Southeast Asia and purchase of the rosin business of Arizona Chemicals in the Nordic countries at the end of the year. The corporate purchase made in Colombia in December brought more rosin sizing business to Raisio Chemicals. Sales of AKD sizing grew in Europe in spite of tighter competition. Raisio France, which produces AKD wax, the raw material for the size manufacturing, was working to capacity.

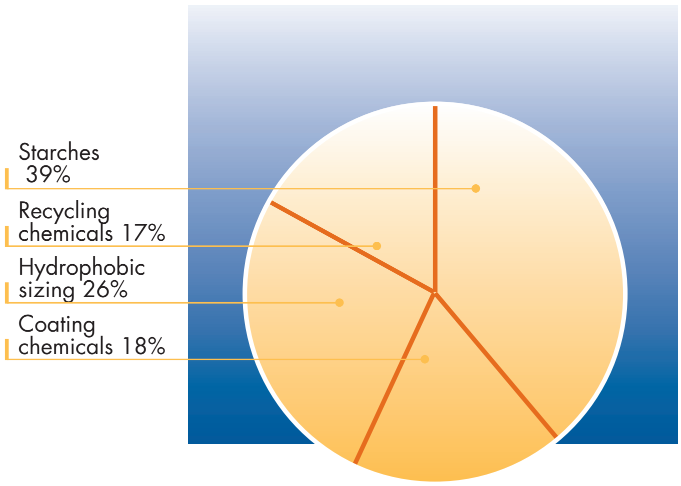
RECYCLING CHEMICALS

Sales of recycling chemicals increased, too. Raifix polymers sold the best, with an increase of nearly 30 per cent. The outlook for Raifix is the most promising in the Nordic countries and Canada. Demand for recycling chemicals is expected to continue to grow at an annual rate of some 4-5 per cent.

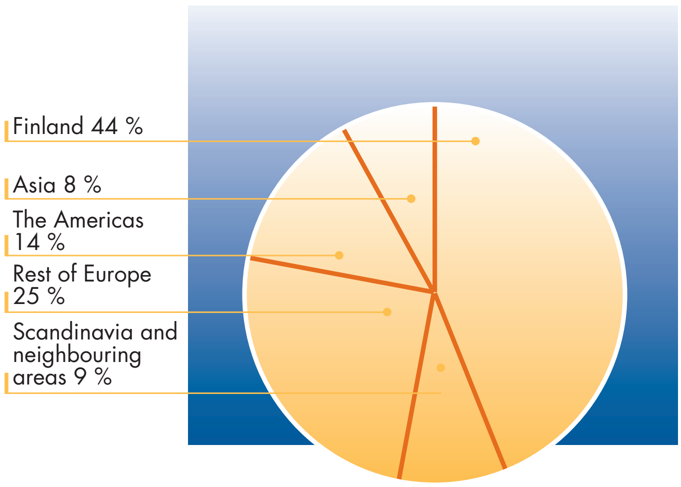
CHEMICALS DIVISION TURNOVER



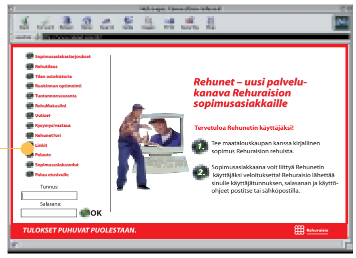
TURNOVER BREAKDOWN



TURNOVER BREAKDOWN BY AREA



STOCK EXCHANGE BULLETINS AND PRESS RELEASES



17.6.1999

JANUARY 26

McNeil Consumer Healthcare, Raisio Group's partner and part of Johnson & Johnson, reaches agreement with the US Food and Drug Administration (FDA) according to which the Benecol spreads coming on the market will be regarded as regular food products.

JANUARY 28

The Raisio Group announces its 60th birthday. The Group was founded on February 3, 1939 and originated from Oy Vehnä Ab, a milling company started by farmers in southwestern Finland. The founders were motivated by concern about the sufficiency of food supplies in Finland and the future of domestic grain growing.

FEBRUARY 3

The Raisio Group and Johnson & Johnson announce their worldwide plans for Benecol in London. The main aims of the program are to ensure a supply of sterols, determine regulatory routes in the United States and Europe, and exports of Benecol products to the markets of the United States, the United Kingdom, the Netherlands and Belgium.

FEBRUARY 19

Information on the 1998 financial statements is released. Turnover decreased by three per cent to FIM 4,950 million. The profit before extraordinary items increased by 21 per cent to FIM 252 million. Earnings per share were FIM 0.93.

MARCH 10

Unilever files suit in the Netherlands concerning use of the Benecol trademark in the Benelux market. According to the suit, Benecol infringes on Unilever's Becel brand. McNeil and Raisio are of the opinion that there is no possibility for confusion.

MARCH 29

McNeil Consumer Nutritionals Limited begins deliveries and marketing of Benecol products in Britain. Normal and low-fat Benecol margarine and two Benecol cream cheese style spreads are brought onto the market. The products are manufactured by Raision Margariini in Raisio, Finland.

APRIL 9

The Haag district court in the Netherlands rejects the demand by Unilever to ban use of the Benecol trademark in the Benelux countries.

Fire causes serious damage to the potato plant in Vihanti. (Repairs were completed and production resumed at the end of August).

APRIL 15

The Annual General Meeting of Raisio Group plc decides to amend the Articles of Association (first reading) and to extend authorization for share issues. The AGM approves the financial statements for 1998 and releases those accountable from liability. The amount of the dividend is set at FIM 0.35.

APRIL 23

The Raisio Group announces that it will build a new, natural-gas-fired steam heating plant in the Kaipiainen factory area in Anjalankoski. Conversion from the use of oil to natural gas will reduce emissions from the four Raisio Group production plants situated in the area.

MAY 5

The Raisio Group's Malting Subdivision is the first malting plant in Europe to obtain ISO 14001 certification for its environmental system.

MAY 18

McNeil Consumer Healthcare announces that the FDA has completed its thorough examination of research on the safety of vegetable oil based stanol ester. Benecol products enter the US market on May 26. The first products are individual servings of normal and low-fat margarines.

JUNE 7

Raisio Group releases the Interim Report for January-April. Turnover amounted to FIM 1,528 million (1998: FIM 1,790 million). Profit before extraordinary items was FIM 78 million (1998: FIM 165 million). Profit per share was FIM 0.26 (1998: FIM 0.71).

JUNE 17

Raisio Feed Ltd announces that it is the first in Finland to provide its customers with extranet service. In addition to research and product information, optimization and production monitoring programmes can be found at the address rehunet.com. Customers can also place feed orders through the extranet.

JUNE 21

McNeil Consumer Nutritionals announces at a press conference held in Brussels that it has begun deliveries and marketing of Benecol products in the Benelux countries.

JUNE 29

Benecol products are brought onto the market in Ireland. It was the seventh country where Benecol products are available.

26.8.1999

2.12.1999

JULY 1
Raisio Group sells the business, machinery and equipment of its subsidiary Foodie Oy in Toijala and the land and buildings in Toijala owned by it and used by Foodie Oy to Laihian Mallas Oy.

JULY 5
The Haag court of appeals rejects Unilever's claims and rules that the Benecol trademark does not infringe upon Unilever's Becel trademark.

AUGUST 9
The Supervisory Board of Raisio Group plc announces that Mr Tor Bergman has been chosen the new Chief Executive of the Group and member of the Raisio Group plc Board of Directors. The appointment will take effect on November 1. Bergman was previously director of the Chemicals Division and Chief Executive Matti Salminen's deputy.

AUGUST 26
Raisio Chemicals Ltd announces the acquisition from the German company BASF AG of a 49 per cent holding in Raision Lateksi Oy, which produces latexes. Raisio Chemicals already held 51 per cent of the company's shares.

Melia Oy, which is part of the Raisio Group, announces that it has launched a high-fibre oat flake porridge/oat bran combination. The name of the product is Elovena Plus. The product contains a large proportion of betaglucane, the water soluble fibre in oats which helps reduce cholesterol

AUGUST 31
The Raisio Group announces that its Potato Processing Subdivision has acquired the potato processing business of Järviseudun Peruna Oy.

SEPTEMBER 9
Raisio Feed Ltd obtains a patent for its feed manufacturing process. The process is based on regulation of the moisture, temperature, pressures and time of the feed during manufacturing, which lasts nearly 30 minutes. The process ensures the purity of the feed mix.

SEPTEMBER 13
Raisio Group announces that its profit will fall considerably short of that for the previous year. Problems in exporting margarine and delays in launching Benecol in the United States and the costs incurred are cited as the main reason for the decrease in profit.

OCTOBER 5
The Interim Review for January-August is released. Turnover was FIM 3,049 million (1998: FIM 3,357 million). Profit before extraordinary items was FIM 86 million (1998: FIM 192 million). Profit per share was FIM 0.27 (1998:FIM 0.75).

OCTOBER 25
The Board of Directors of Raisio Group plc appoints Mr Kai Hannus head of the Group's Chemicals Division and President of Raisio Chemicals Ltd, effective as of November 1.

NOVEMBER 19
The Supervisory Board of Raisio Group plc elects Mr Jaakko Ihamuotila to the Company's Board of Directors, effective as of January 1, 2000. Mr Rabbe Klemets is appointed Director of the Benecol Division, President of Raisio Benecol Ltd and member of the Group's Management Group. It is decided to set up a Group-wide technology development board.

DECEMBER 2
Raisio Group announces it satisfaction with the reception of Benecol products in Britain and with the first financial results in the Benelux countries. It has been established that the medical profession plays an essential role in consumer education in the United States and also in increasing interest in using Benecol products. This will mean slower growth of the market, but indicates good business in the future.

DECEMBER 27
Raisio Group announces a change in holdings as required by the Securities Act. Tudor Capital (U.K.) L. P. has notified Raisio Group that its holding in companies belonging to the Raisio Group plc and in funds administered by it exceeded the limit of five per cent of the shares in Raisio Group Ltd on April 1, 1999.

DECEMBER 29
Raisio Chemicals Ltd announces that is has acquired the manufacturing and business of Escan Quimica LTDA in Colombia. Escan Quimica LTDA manufactures rosin sizings for the pulp and paper industry and is the market leader in the sector in Colombia and Venezuela.

Stock exchange bulletins and press releases are available at the address www.raisiogroup.com.

SUPERVISORY BOARD

		End of term
Vesa Lammela, 58	Kiukainen Chairman since 1998, member since 1996	2001
Ola Rosendahl, 60	Pernaja Vice Chairman since 1988, member since 1987	2002
Hannu Auranen, 63	Karinainen member since 1987	2001
Juhani Enkovaara, 54	Helsinki member since 1996	2001
Risto Ervelä, 49	Sauvo member since 1991	2002
Erkki Haavisto, 31	Raisio member since 1997	2001
Matti Hakala, 60	Orimattila member since 1987	2000
Mikael Holmberg, 38	Nauvo member since 1998	2000
Esa Härmälä, 45	Helsinki member since 1996	2002
Juhani Immala, 64	Askainen member since 1987	2002
Timo Järvilahti, 56	Halikko member since 1987	2002
Juho Koivisto, 55	Kurikka member since 1987	2001
Taisto Korkeaoja, 59	Kokemäki member since 1992	2000
Erkki S. Koskinen, 53	Virrat member since 1996	2001
Albert Käiväräinen, 59	Mynämäki member since 1987	2002
Hans Langh, 50	Piikkiö member since 1990	2001
Johan Laurén, 53	Parainen member since 1999	2001
Antti Lithovius, 50	Lumijoki member since 1994	2002
Paavo Myllymäki, 42	Mietoinen member since 1998	2000
Teemu Olli, 50	Nousiainen member since 1987	2000
Pekka Raipala, 53	Hämeenkyrö member since 1987	2001
Juha Saura, 49	Pöytyä member since 1998	2000
Nils-Erik Segersven, 63	Kemiö member since 1994	2002
Ilmo Seppälä, 62	Valkeala member since 1996	2001
Tuula Tallskog, 53	Pertteli member since 1998	2000
Johan Taube, 49	Tenhola member since 1987	2000
Juhani Torkkomäki, 60	Somero member since 1987	2000
Jukka Tuori, 51	Huittinen member since 1998	2000
Simo Vaismaa, 57	Isokyrö member since 1991	2002

BOARD OF DIRECTORS

End of term

Regular members

Heikki Haavisto, 64
Raisio
Chairman and member
since 1997 — 2000

Matti Linnainmaa, 59
Pori
Vice Chairman since 1997,
member since 1995 — 2000

Tor Bergman, 51
Turku
member since
November 1, 1999 — 2001

Jaakko Ihamuotila, 60
Helsinki
member since
January 1, 2000 — 2001

Arto Lampinen, 67
Turku
member since 1996
up to December 31, 1999

Kaj Lönnroth, 63
Kemiö,
member since 1987 — 2000

Kaarlo Pettilä, 58
Salo
member since 1992 — 2001

Matti Salminen, 58
Turku
member since 1992
up to October 31, 1999

Arimo Uusitalo, 57
Kiikala,
member since 1991 — 2000

Pertti Vuola, 64
Mietoinen,
member since 1987 — 2001

Deputy members

Anssi Aapola, 48
deputy member since 1991

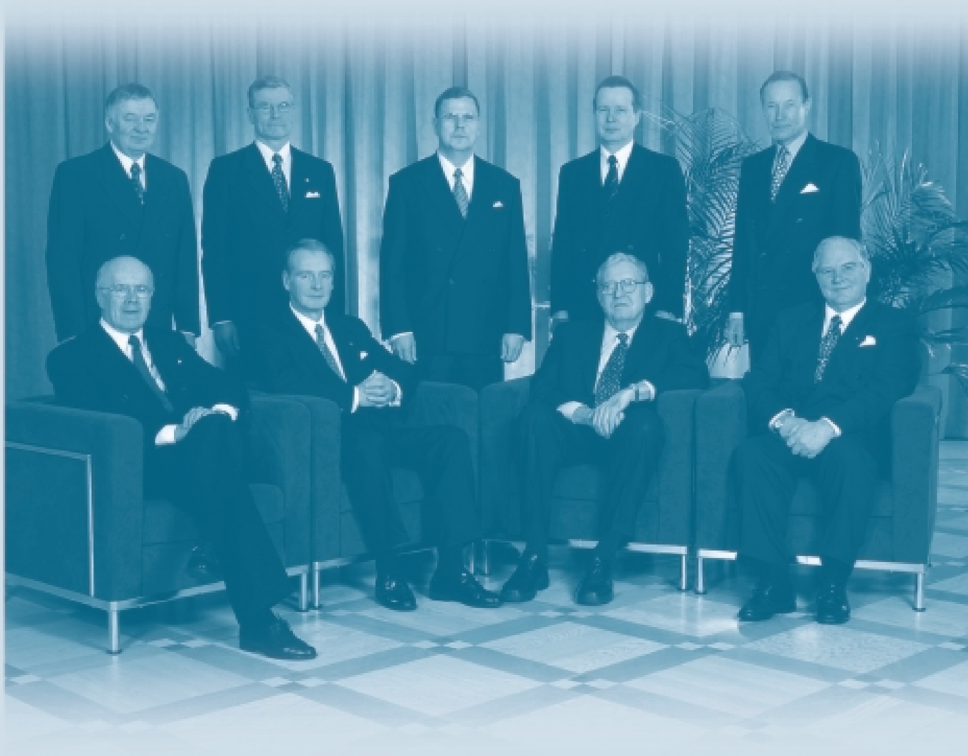
Kai Hannus, 54
deputy member since
November 19, 1999

Kari Jokinen, 51
deputy member since 1998

Rabbe Klemets, 46
deputy member since
December 1, 1999

Kauko Mannerjärvi, 42
deputy member since 1998

Hannu Suominen, 53
deputy member since 1987



AUDITORS

Regular auditors

Thor Nyroos
Authorized Public Accountant, Turku

Esa Kailiala
Authorized Public Accountant, Lieto

Deputy auditors

Pertti Keskinen
Authorized Public Accountant, Turku

Pekka Pajamo
Authorized Public Accountant, Raisio

ORGANIZATION

Front row, left to right: Kauko Mannerjärvi, Tor Bergman and Hannu Suominen. Back row, left to right: Anssi Aapola, Kari Jokinen, Kai Hannus and Rabbe Klemets.

CHIEF EXECUTIVE
Tor Bergman

MARGARINE DIVISION
Kari Jokinen

- RAISION MARGARIINI – Uolevi Nummela
- CARLSHAMN MEJERI AB – Jyrki Norkko
- RAISIO POLSKA FOODS Sp. z o.o. – Pekka Silvennoinen
- POTATO PROCESSING SUBDIVISION – Jukka Hillukkala

GRAIN DIVISION
Anssi Aapola

- MELIA LTD – Teemu Järvinen
- RAISIO FEED LTD – Ilmo Aronen
- MALTING SUBDIVISION – Hannu Maunula
- AGRICULTURAL GROUP – Eero Nurminen

CHEMICALS DIVISION
Kai Hannus

- RAISIO CHEMICALS – Jari Lehmusvaara
  - STARCHES – Timo Kasvi
  - HYDROPHOBIC SIZES – Claes Zetter
  - COATING CHEMICALS – Lauri Jämsén
  - RECYCLING CHEMICALS – Kari Luukkonen
  - NORDIC – Martti Söderström
  - EUROPE – Henrik Hacklin
  - AMERICAS – Alan J. Whitehead
  - FAR EAST – Esko Sarkki

BENECOL DIVISION
Rabbe Klemets

- BUSINESS AND BUSINESS DEVELOPMENT – Jukka Kaitaranta
- OPERATIONS – Keijo Ukkonen
- RESEARCH AND DEVELOPMENT – Ingmar Wester

ADMINISTRATIVE GROUP
Hannu Suominen

FINANCIAL GROUP
Kauko Mannerjärvi

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