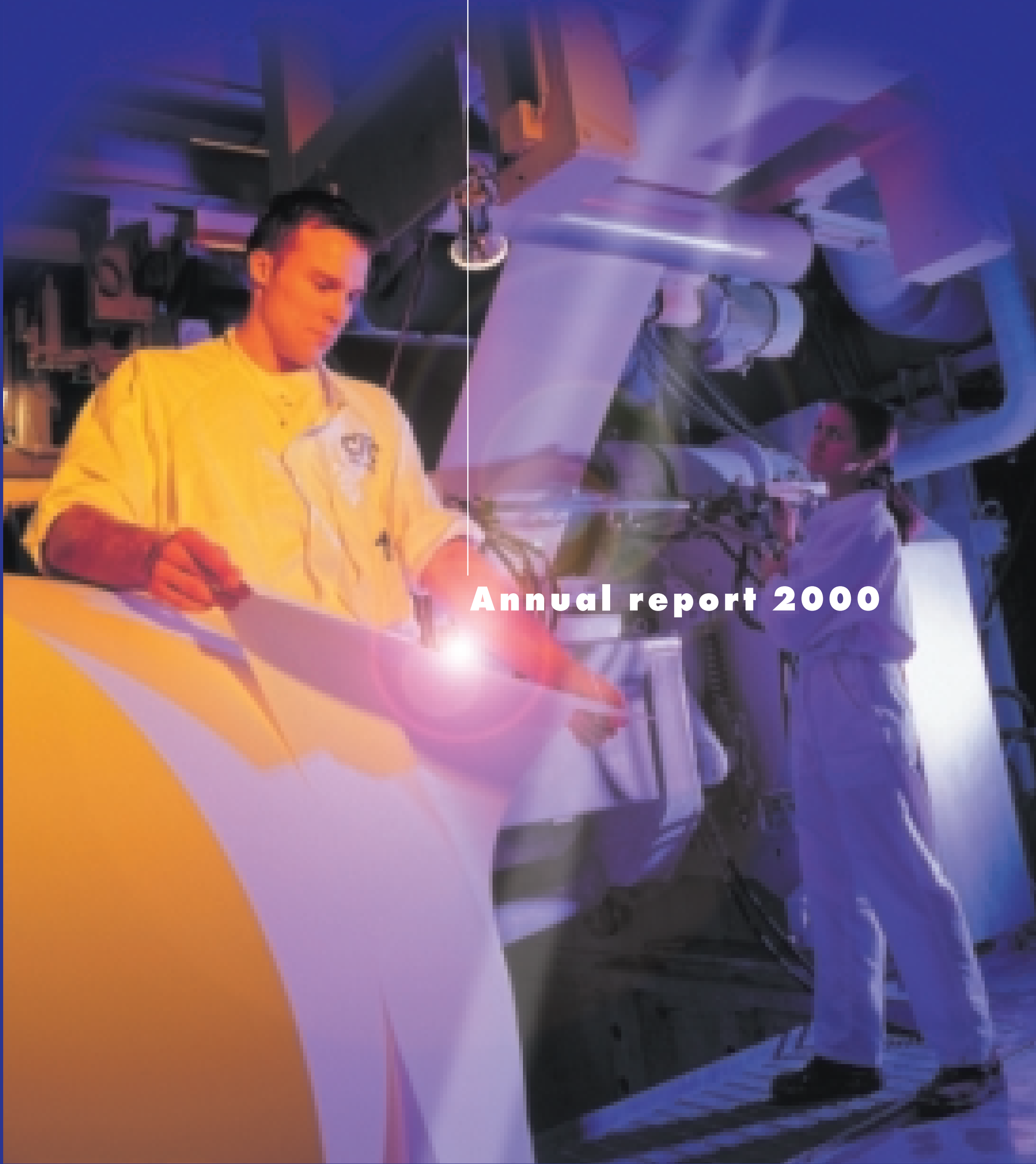


Annual report 2000

CONTENTS

The high quality surface on Metsä-Serla's Galerie Art Silk paper used in this report is produced using binder technology from Latexia, Raisio Chemicals' joint venture.

YMPÄRISTÖMERKKI MILJÖMÄRKT 441 325 Painotuote Painoprisma Oy

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Raisio Group plc will be held at 14.00 on Tuesday, April 3, 2001 at the Group production offices at Raisionkaari 55, Raisio. An invitation to the meeting has been issued in the following papers: Helsingin Sanomat, Hufvudstadsbladet, Landsbygdens Folk, Maaseudun Tulevaisuus and Turun Sanomat.

Shareholders should inform the company of their intention to attend the AGM either by a letter addressed to Raisio Group plc, Shareholders Contact, P.O. Box 101, 21201 Raisio, Finland, or by telephone +358 2 443 2293 or by telefax, +358 2 443 2315 or by e-mail to eeva.hellsten@raisiogroup.com.

Financial information

Annual accounts information for 2000	February 21, 2001
Annual report 2000	week 13
Interim report January-March	May 10, 2001
Interim report January-June	August 22, 2001
Interim report January-September	November 8, 2001

The annual report and the interim reports are issued in Finnish, Swedish and English. The original annual report was written in Finnish. The Swedish and English-language versions are translations. The annual report is sent to all shareholders entered with more than 1,000 shares in the shareholder register held by the Finnish Central Securities Depository Ltd.

Annual and interim reports and other publications can be ordered from the following address: Raisio Group, Corporate Communications, P.O. Box 101, 21201 Raisio, Finland, by e-mail to postitus@raisiogroup.com, by telephone +358 2 443 2292 or by telefax +358 2 443 2147. The annual report, the interim reports and the most important bulletins and press releases are available on the Group's website at www.raisiogroup.com. In 2001 interim reports will no longer be printed or sent to shareholders without request.

Shareholder register

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

RAISIO GROUP

Raisio Group is a growing international industrial group. It produces paper chemicals, foods, functional food ingredients, animal feeds and malts. The company dates back to 1939, when Oy Vehnä Ab was established.

Consolidated turnover was EUR 800 million in 2000, with international turnover accounting for 50 per cent. The company employs some 2,800 people, 40 per cent of them outside Finland. Raisio has production units in 26 localities in 13 different countries. The shares of the Group's parent company Raisio Group plc have been quoted on Helsinki Exchanges since 1989.

All Raisio Group operations throughout the world are pervaded by a responsible attitude in respect of the environment, society, citizens, personnel, customers, shareholders and other stakeholders.

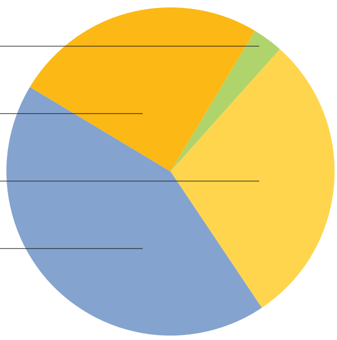
2000 IN BRIEF

- An inventory process of the Group's business operations was carried out in autumn 2000, followed by decisions causing one-off expenses that took the Group well into the red.
- The operating result fell to EUR -32.2 million (1999: EUR +16.0m).
- The biggest one-off expense items, totalling EUR 41.3 million, were EUR 37.9 million based on a decision to renew the Benecol sterol strategy and EUR 3.4 million arising from adjustments made in the Group's Milling Subdivision.
- The expense items recorded helped create a sound foundation for future performance.
- Turnover reached EUR 800.0 million (EUR 762.8m). International turnover accounted for 49.9 per cent (49.0).
- Raisio Group aims to boost its long- and short-term profitability and competitiveness through measures enhancing internal efficiency, necessary Group structure arrangements and emphasis on growth areas.
- Raisio Group aims to show clearly improved and positive result in 2001.

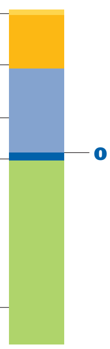
Key figures

EURm	2000	% of turnover	1999	% of turnover
Turnover	800.0		762.8	
Operating result	-32.2	-4.0	16.0	2.1
Result before extraordinary items	-46.5	-5.8	5.8	0.8
Return on investment, %	-4.2		4.0	
Return on equity, %	-14.9		0.4	
Interest-bearing net liabilities	250.7	31.3	233.0	30.5
Investment	49.5	6.2	60.9	8.0
Cash flow from operations	16.0		6.1	
Earnings/share (EPS), EUR	-0.25		0.01	
Cash flow/share, EUR	0.10		0.04	
Equity /share, EUR	1.42		1.69	
Equity ratio, %	34.7		41.0	
Average personnel	2,775		2,897	

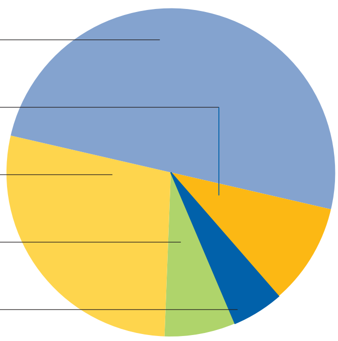
Turnover by division



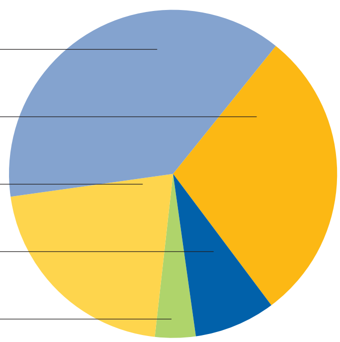
Operating result by division



Turnover by market area



Personnel by division

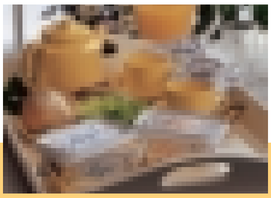


DIVISIONS IN 2000

In the year under review, Raisio Group's business operations were organized into four divisions: Chemicals, Margarine, Grain and Benecol. Performance reporting was based on this organization model, and the divisional surveys of this annual report follow this model.

Chemicals Division

The Chemicals Division produces paper chemicals and is Raisio's most international sector. Its aim is to develop into a globally important and recognized supplier of chemicals and chemical concepts for the paper and board industries. Its operations emphasize extensive R&D in close cooperation with customers. The customers are world-scale corporations, which is a major challenge to Chemicals Division's expertise and ability to develop. Raisio focuses on functional paper chemicals used to enhance paper quality and properties. Its extensive product range comprises chemicals for paper and board production, paper machine wet end chemicals, surface and coating chemicals, and specialty chemicals.



Margarine Division

Raisio's Margarine Division makes a wide range of spreads in Finland, Sweden and Poland. The range also includes edible oils and vegetable-oil based cheeses and spreads. The factory in Sweden also makes ice cream and almond paste. The Margarine Division pays particular attention to the development of low-fat products to match new consumer habits. It makes all the Benecol spreads marketed in Europe. These are the first applications using cholesterol-reducing stanol ester as an ingredient. Other product names include Keiju, Belette, Sunnuntai, Carlshamn Mejeri and Masmix. The Group's Potato Processing Subdivision was merged with the Division at the beginning of 2000.

Grain Division

Raisio's Grain Division comprises the Milling, Animal Feeds and Malting Subdivisions and the Agricultural Group, which is in charge of grain and rape seed procurement. The product range covers flour, flakes, pastas, rice and malts. The R&D carried out by the Milling Subdivision stresses functional grain products. Elovena and Sunnuntai are examples of the most popular product names. The Animal Feeds Subdivision makes feed mixes for farm animals, fish and fur-bearing animals. The impacts of feeding on the quality of the end product and on the environment are taken into account in the development of feed mixes.

Benecol Division

Benecol is a pioneer in functional foods. The first product was introduced to the Finnish market as early as in 1995, and today we have an expanding range of different Benecol products. These fall into the specialized food segment between medication and food, which is divided into nutrition supplements and functional food ingredients. Cholesterol-reducing foods, among which Benecol is probably the best known brand, are an important sector of functional ingredients. It is the aim of the Benecol Division to create a worldwide partnership network for marketing cholesterol-reducing stanol and sterol ester to consumers in various forms of food.

A new organization based on the corporate strategy revised in autumn 2000 was adopted from the beginning of 2001. The strategy and the new structure are presented on page 8.

CHANGE BREEDS SUCCESS

Financially, the Raisio Group has lived through some difficult times. The year under review was the worst in the past ten years. The write-downs of EUR 41.3 million caused by refocusing of the Group's Benecol sterol strategy and adjustments to the Milling Subdivision's production capacity took the consolidated result well into the red but even without them the Group would have made a loss and been unable to cover its financial costs.

The year under review was marked by a comprehensive reappraisal of the Raisio Group's current position and future potential in a fast-changing operating environment and competitive situation.

The year could be described as a time of taking stock in many respects, and of efforts to assess honestly and openly the reality in which the Group operates.

Past changes in the operating environment have had a major impact on the Group's development. Earlier, Raisio competed with Finnish and Nordic companies; now, its competitors are European or global players.

Worldwide, the trend has been towards increasingly specialiced units. Similarly, many of our competitors are companies that, though international, concentrate on a single speciality. The diversified enterprises that formed during the '80s in a closed economy will not survive in today's open economy, where a business's only hope lies in being competitive.

Also the Raisio Group has to focus its resources on the fewer fields. A company with divided interests cannot compete with the top specialists.

Growth bases: paper chemicals, foods and Benecol products

On the basis of last autumn's strategic appraisal the Group will concentrate on areas with more growth potential. The areas are chemicals, foods and Benecol products. In these areas, the Group intends to grow and to consolidate its international standing. Other aims in the near future are to raise profitability and strengthen the balance sheet.

As from the beginning of 2001, the Group changed over to a customer/ product-based Group organization. Its five divisions are now Chemicals, Food, Benecol, Animal Feeds and Malting. The service functions that are Purchasing and Logistics, Human Resources, Accounting and Finance and Communications support the divisions in attainment of their business targets.

The aim of the reorganization was to promote attainment of strategic targets, further raise customer satisfaction and fully exploit the benefits of synergy. A clearer Group structure also makes for greater transparency of the Group's financial information.

Chemicals Division faces challenging competition

The Group's most international division is Chemicals, which has expanded steadily, raising turnover fourfold over the last ten years. The strategic decision to develop chemicals production made back in the '70s has certainly proved well justified. In the future, the division is expected to show even better results in addition to growth.

The Chemicals Division faces a challenging competitive situation. As its customers – that is, international paper companies – expand into ever bigger units pressure also grows on their suppliers. In order to further strengthen its position as a major partner in the global paper industry, the Chemicals Division will have to grow and invest in continuous research and product development. Close cooperation and joint projects with customers are essential if our product development is to succeed.

Food Division concentrates on more highly processed products

The new Food Division that took effect on January 1, 2001 was formed by integrating the Group's margarine, milling and potato processing operations. The aim is to combine the resources of product development, sales, marketing, logistics and purchase to ensure the overall development of the business and to exploit the benefits of synergy. Because home market demand for traditional grain and potato products and edible fats is unlikely to grow any further, growth and profitability must be sought in functional foods and more highly processed products. The Food Division's customers, households, institutional kitchens, bakeries and industry appreciate semi-manufactured products that are easy to use, and the trend is for Raisio to perform some of the working stages that used to be left to customers.

New agreement with McNeil on Benecol

The strategic focus of the Benecol Division will be global business in selected clinical areas concentrating on functional food ingredients. With innovations like Benecol products, it is possible to outstrip normal competition and win a stronger market standing. At the beginning of December a new collaboration agreement was signed with McNeil Consumer Healthcare allowing for expansion of Raisio's home market area and the inclusion of third parties in extending the product range. Cash flow from the Benecol business must be brought back into the black, and the key aim for 2001 is to write up an operating profit.

Growth potential for animal feeds and malting in Russia and the Baltic States

Historically speaking, animal feeds and malting have been essential parts of the Group's basic industry. Both areas perform satisfactorily, but have only limited growth potential.

In the Animal Feeds Division, expansion is hampered by the limited potential for increasing the overall volume of feed mixes absorbed by the home market, while high transport costs make more extensive exports unfeasible. Finland and its neighbours in the Baltic region are the most profitable operating area for the division. Success comes down to efficiency and constant product development. Cooperation with an international industry could give the Animal Feeds Division a better basis for more efficient and profitable operations, and sharpen its competitive edge.

The strengths of the Malting Division lie in its efficient use of capacity and good logistics. In Russia and the Baltic States the consumption of beer is growing. Future growth of malting industry is hampered by the high cost of increasing production capacity. Linkage into an international grain businesses would give the division a better basis for more efficient operations.

Change for the future

In all the Group's divisions, skilful personnel and product development are vital. In particular, the Food Division has to systematically find new products and innovations, and boost their share of sales. This is a long-range process, but it is essential, as growth is impossible with basic products only.

In the interests of profitability and efficiency, everyone needs to think of possible improvements and useful action to take. The need for and present approach to all functions and operations must be questioned in the interest of greater efficiency. We must also consider which functions can be sensibly and profitably outsourced, concentrating our own resources on developing our core businesses. Everything we do must serve the future. We must aim to adopt a culture of success, rather than just surviving.

We face problems at different levels and on different time scales, and we have to accept that changes in the Group's strategy and corporate culture can take time. Our aim is to create a controlled, dynamic enterprise that develops and grows systematically. There are still many changes ahead, but they are the only way to safeguard our future.

I joined Raisio on September 1, 2000. After months of hard work and challenges, I should like to thank the personnel, the clients, the shareholders and other stakeholders for the past year. We are all working for the same goal: that we can publish better news about our performance at the end of 2001 if not before.

Lasse Kurkilahti

NEW GROUP STRATEGY FOCUSES ON GROWTH AREAS

A strategic appraisal of Raisio Group's current status and development potential in a changing operating environment and competitive situation began in autumn 2000.

On the basis of this appraisal, a decision was made to concentrate on the areas with the best growth potential. The aim now is to increase and consolidate Raisio's international status in chemicals, foods and Benecol products.

Another aim is to enhance long- and short-term profitability and competitive edge through measures to step up internal efficiency, necessary restructuring and focus on growth areas.

Growth areas: chemicals, foods, Benecol products

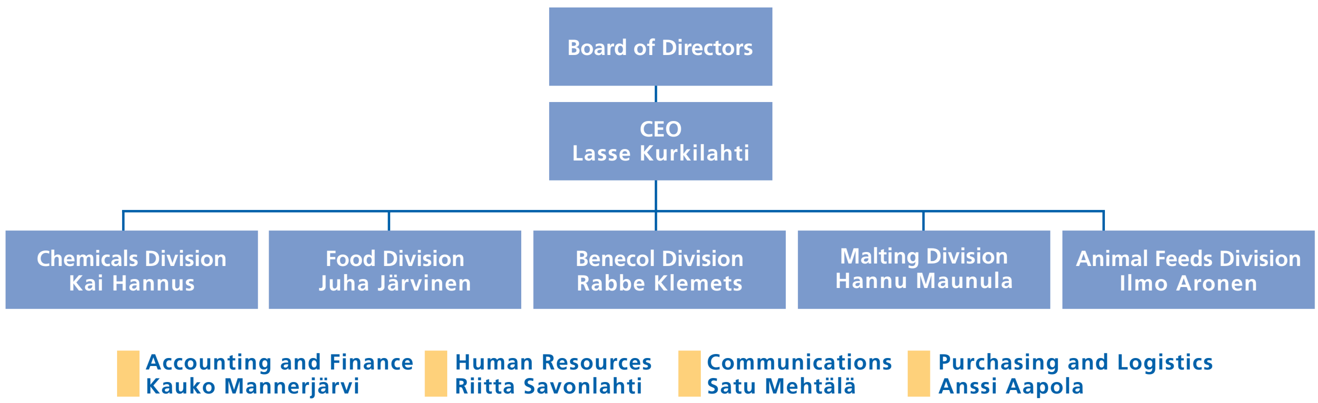
The Chemicals Division will concentrate on functional paper chemicals, which are growing faster than process chemicals. Solid R&D and a partnership-based key customer approach are the success factors in this division. Raisio Chemicals aims to become a major global supplier of paper chemicals.

The new Food Division formed at the beginning of 2001 utilizes the joint resources available for R&D, marketing, sales, logistics and purchases for better development of business operations and customer service. The Division makes and manufactures grain and vegetable-oil based products and potato products for consumers, institutional kitchens, bakeries and industry. Highly processed and functional foods with good growth prospects are a key area.

The Benecol Division aims to establish a global network of partners to market cholesterol-reducing stanol and sterol ester to consumers in various foods.

Customer-based organization to support strategy

Group Structure January 1, 2001



The new customer-based organization matching the reorientated Group strategy came into force in full as from the beginning of 2001. The aim of reorganization is to promote achievement of strategic goals, transparency and development of customer-oriented business operations.

The reorganization of the Group has resulted in the following divisions:

- Chemicals Division, serving the paper industry
- Food Division, serving consumers, institutional kitchens, bakeries and industry
- Benecol Division, serving the food industry
- Animal Feeds Division, serving farmers
- Malting Division, serving breweries

Actual business operations are in turn supported by the service functions: purchasing and logistics, human resources, accounting and finance and communications. The heads of the divisions and the service functions report to the Chief Executive.

FINANCIAL REPORTS IN 2001

Financial reporting in 2001 will be done according to the new Group structure. Comparison data for 2000 according to the new structure are shown on a quarterly basis in the following tables.

Comparison figures 2000, turnover by division

EURm	1 - 3	4 - 6	7 - 9	10 - 12	1 - 12/2000
Chemicals Division	82	78	93	94	**347**
Food Division	70	70	71	73	**284**
Benecol Division	6	4	6	7	**23**
Animal Feeds Division	31	33	37	38	**139**
Malting Division	4	7	9	8	**28**
Others	0	1	0	0	**1**
Inter-divisional	-6	-4	-7	-5	**-22**
Total	187	189	209	215	**800**

Comparison figures 2000, operating result by division

EURm	1 - 3	4 - 6	7 - 9	10 - 12	1 - 12/2000
Chemicals Division	3,7	2,7	5,7	-0,2	**11,9**
Food Division	0,8	1,0	1,8	-4,0	**-0,3**
Benecol Division	-2,5	-1,9	-39,5	-1,7	**-45,6**
Animal Feeds Division	-0,4	0,3	1,8	2,2	**3,8**
Malting Division	-0,4	0,2	0,4	0,3	**0,4**
Others	-0,2	-0,6	-0,5	-1,1	**-2,4**
Total	1,0	1,6	-30,3	-4,5	**-32,2**

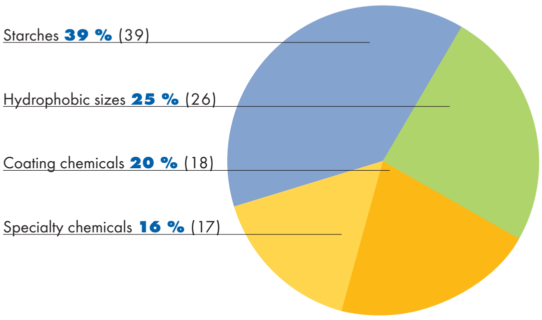
Raisio Group's growth areas are paper chemicals, foods and Benecol products.

The Raisio Belgium plant in Veurne, in the northwest of the country, makes modified starches used by the paper industry.

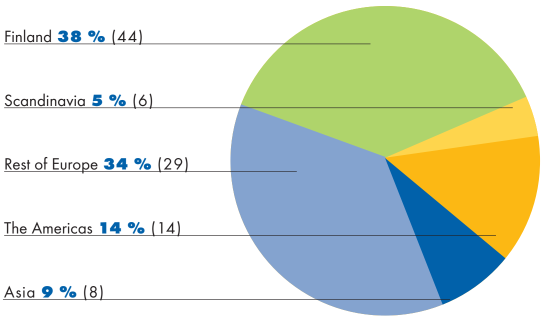
The AKD wax made by the Raisio France plant is the basic raw material for hydrophobic sizes. Plant Manager Gilles Laumond showing the end product of the manufacturing process.

CHEMICALS DIVISION CONSOLIDATES ITS GLOBAL STATUS

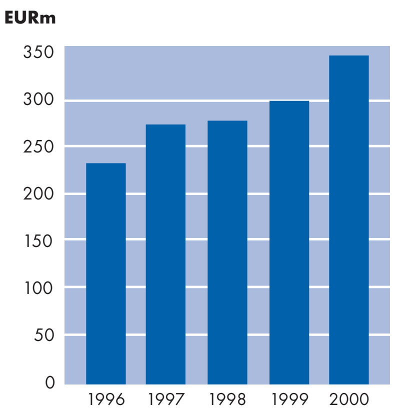
Turnover breakdown by product group in 2000



Turnover breakdown by area in 2000



Chemicals Division turnover



The Chemicals Division, internationally known as Raisio Chemicals, supplies the worldwide paper industry with functional paper chemicals such as starch and latex binders, hydrophobic sizes and specialty chemicals. It focuses on offering complete systems and targets its R&D at the customer interface. Its continued aim is to build on relations with key customers and its standing as a globally significant and recognized supplier of chemicals and chemical concepts to the paper and board industries.

Paper companies' good demand boosted turnover

The Chemicals Division's turnover rose 15 per cent, to EUR 347 million (1999: EUR 299m). Despite the tougher competition, the division increased sales in all product groups and geographical areas.

Global economic growth was reflected as buoyant demand for paper, which also increased consumption for paper chemicals. Demand for paper continued good all year, though in the last quarter there were signs of a slowdown. In particular, the pulp-integrated paper industry in the euro zone proved profitable, driven by the strong dollar.

Strong consolidation continued in the global paper industry. The Nordic, and especially Finnish, paper industry has played a leading role here. The Chemicals Division's key customers have grown greatly in size and consolidated their standing globally. Their partners are also expected to have the capacity to grow and expand side by side with the paper industry.

More expensive raw material cut at operating profit

The division's operating profit was around EUR 11.9 million (EUR 20.3m). Profitability was reduced by sharp rises in prices of the main raw materials worldwide, the weak euro and the slow transfer of costs to sales prices for competition reasons.

The prices of petrochemicals-based raw materials rose particularly suddenly and rapidly. The world market price of crude oil hit USD 35 a barrel, and was around USD 25-30 for most of the year. The rise in production costs caused by more expensive raw materials and energy could only be passed on to sales prices with delay, which cut at

Su Yin Cho drawing up a report at Raisio Chemicals Korea Inc.

Operation of Raisio Belgium's Raifix reactor being supervised by Eric Verstraete.

profitability. The paper industry strike in Finland in April led to loss of sales and reduced the division's operating profit by some EUR 1.5 million.

Starch deliveries increase

Deliveries of modified starch to the paper industry rose some 10 per cent compared with 1999. Market shares in the main market areas increased or remained unchanged. The price of the potato starch bought as raw material rose sharply because of EU restrictions on production. The higher raw material prices and aggressive price competition affected the result, which was below the 1999 level.

Substantial increase in sales of specialty chemicals

The name of the product group formerly called recycling chemicals was changed to correspond better to the present product palette. The specialty chemicals group concentrates on products that improve the functional properties of paper. Sales rose appreciably, despite giving up the pulp chemicals business. Sales of the starch based Raifix and Raibond polymers rose fastest, as did the functional polymers sales in South Korea. The financial performance of the product group was good.

Promising prospects for hydrophobic sizes

The overall sales of hydrophobic sizes rose. Sales of AKD- and ASA-based neutral sizes rose, particularly in North America, Asia and the Nordic countries. AKD wax production capacity in France and capacity for the active ingredient ASA in the UK were fully utilized for most of the year. AKD wax and the active ingredient of ASA sizing are the basic raw materials for making neutral sizes. Financial performance was good, and better than in 1999. Marketing of polymeric hydrophobic sizes was started in the Nordic countries. The future prospects for these new multipurpose products are promising.

Demand for coating chemicals continues good

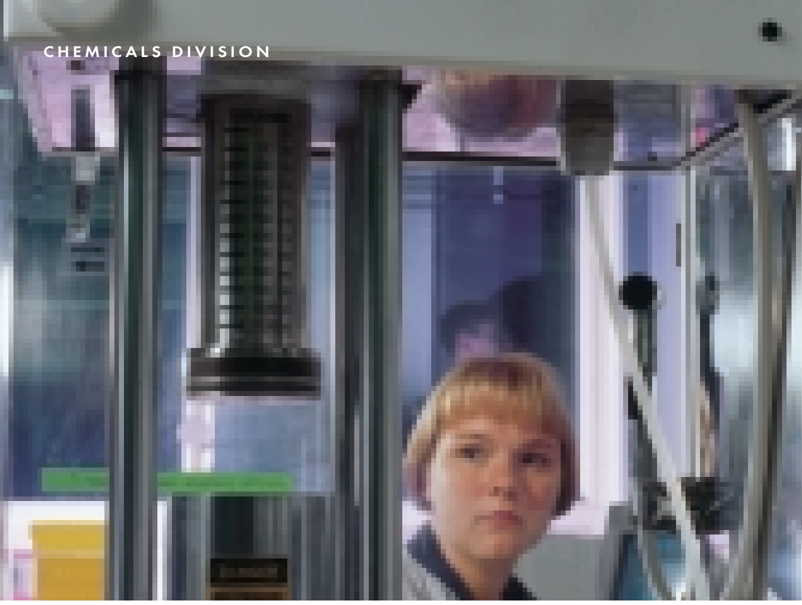
Demand for the product group remained good and turnover rose substantially. Profitability deteriorated, however, because of soaring raw material prices in the latex industry, which remained high all year.

Latexia S.A.

Raisio Chemicals greatly strengthened its position as a supplier of coating chemicals in the summer by setting up a joint enterprise, Latexia S.A., with the French chemicals company Rhodia. Raisio and Rhodia each own 50 per cent of the new company. On the market Latexia operates in close cooperation with Raisio Chemicals' other paper chemicals units through a key customer management approach which was set up last year to cover the biggest customers. The new joint enterprise enables Raisio Chemicals to supply coating latexes worldwide.

Latexia has launched a project for building a large 100,000 t/a SB latex plant in Shanghai, China. In China paper companies have installed the worlds' biggest machines for coated paper and more capacity is under construction. This creates major new customer potential for Raisio Chemicals Division.

Following the founding of Latexia S.A., Oy Raisional Ab's name was changed to Latexia Suomi Oy, and Raision Lateksi Oy's to Latexia SB Oy. Norlatex Oy operating in Porvoo is also a part of Latexia. Apart from Finland, Latexia S.A. has subsidiaries in five countries.



R&D laboratory technician Eeva Orne-Salminen measuring the viscosity of paper coating colour with a capillary viscometer.

The Anjalankoski industrial estate houses two Latexia plants and a Raisio paper Chemicals plant.

Major inputs in R&D

The Chemicals Division put some EUR 12 million into R&D, or about 3.5 per cent of the division's turnover. Some 120 people are employed in product development. Most of the work is done at the R&D centers. These are the R&D Center, the CTC coating technology center and the PTC paper technology center in Raisio. In addition to these Raisio Chemicals has local skill centers in the UK (Blackburn), Canada (Burlington) and South Korea (Cheonan). Latexia also has a development center in Aubervilliers, France.

One of the key areas of the R&D is in the field of multi-functional polymers. These products improve paper properties and the efficiency of paper making process. These products and related paper-making concepts bring together Raisio Chemicals' comprehensive know-how in starches, emulsion polymerization and hydrophobic sizing.

Key customer management aims at strategic partnership

Raisio Chemicals has a strong standing as a chemicals supplier to leading world paper companies. The aim of the key customer management is to serve the increasingly global paper industry with products, services and R&D ever more comprehensively and efficiently. The operation is organized in key customer teams that concentrate on working increasingly closely with customers in meeting their needs. At the moment, it covers nearly half of Raisio Chemicals' business activities. The aim is to be a strategic partner for each key customer and to promote its business success through close cooperation.

Investments in latex and starch production

The most important investments in 2000 were an enlargement in modified starch production capacity in Lapua and the Latexia SB Oy reactor line in Anjalankoski, which will be ready in April 2001.

Early in 2000 the company's WIC analyser business was sold to ABB. The pulping additions business in North America was sold in March to Vinings Industries Inc.

Higher turnover and profit expected

Despite slower economic growth in North America the outlook for pulp and paper industry is expected to continue good, especially in Western Europe, which is Raisio Chemicals' main market. Paper consumption should continue to grow with strong demand for higher quality paper. Demand for packaging board has remained good and no change is expected.

The Chemicals Division's turnover is expected to continue growing in 2001. Operating profit is also expected to improve.

RAISIO'S STRONG FOOD BRANDS

As a result of consistent marketing inputs, Raisio Group has created dozens of strong brands. The changing needs of customers have always guided Raisio's brand development and will continue to do so in the future.

The new Food Division organized at the beginning of 2001 will channel its inputs into securing the success of its strong brands and developing new ones.

Benecol
Benecol is the first and best-known cholesterol-reducing functional food brand in the whole world.

Keiju
Keiju is the best-known brand of Raision Margariini, the only margarine producer in Finland.

Belette
The Belette product family won its series in the 'Star Product of 2000, competition arranged by the Finnish Food and Drink Industries Federation.

Kultasula
Kultasula edible oils were introduced on the market in the 1950s and continue to be market leaders in their product segment.

LättLätt
LättLätt, with only 30 per cent fat and the lowest fat content in Swedish margarines, is a member of the Carlshamn Mejeri product family.

Masmix
Masmix is the second most popular spread on the Polish market, accounting for a good fifty per cent of Raisio Polska Foods sales.

Elovena
Introduced as early as the 1920s, Elovena is one of the oldest brand names in Finland. The latest Elovena products include the functional Elovena Plus oat flakes and fast and easy Elovena Hetki instant porridges.

Sunnuntai
Sunnuntai is a genuine Raisio brand name dating back to the 1960s and covering everything a household baker may need. The new Helppo Sunnuntai baking ingredients are Raisio's answer to friends of trouble-free baking at home.

Torino
The Torino brand covers a wide range of pastas, including a number of high-fibre products.

Risella
Apart from the familiar porridge rice, the Risella product family comprises food rice and rice mixes developed for the Finnish taste.

Kokin Parhaat
Kokin Parhaat potato products are easy-to-use ready foods, including organic products.

Mestari products for institutional kitchens
Mestari products are tailored for institutional kitchens, starting from the recipes. Semi-manufactured foods, such as potato products, save time and work.

Nordic export goods
Potato and other products made by the Milling Subdivision are exported to markets in both east and west under the Nordic brand.

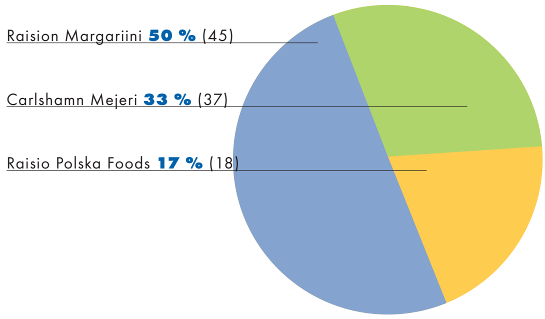
The trend towards lower-fat spreads continued in Finland and Sweden, and consumption of edible oils and liquid margarines grew.

Tiina Hietamäki supervising the packaging of Benecol products for sale in Europe at the Raision Margariini production plant in Raisio.

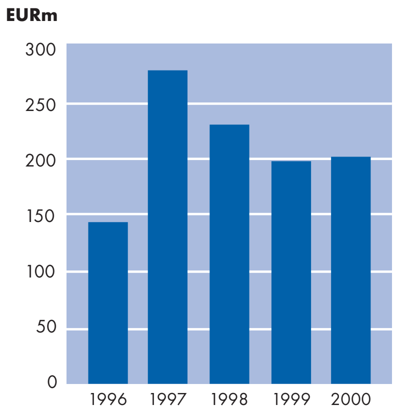
MARGARINE DIVISION ENHANCES INTERNAL EFFICIENCY AND BETTER CUSTOMER SERVICE

In 2000, the Margarine Division comprised Raision Margariini in Finland, Carlshamn Mejeri in Sweden, and Raisio Polska Foods in Poland, plus the Potato Processing Subdivision incorporated into the division at the beginning of the year, which has production plants in Vihanti and Pyhäntä, Finland.

Turnover breakdown in 2000



Margarine Division turnover



Turnover at the 1999 level

Turnover remained at the 1999 level, at EUR 204 million (1999: EUR 200m). Volumes exported by Raision Margariini, Carlshamn Mejeri and Raisio Polska Foods fell, but this was counterbalanced by rising domestic sales and the good product range. The trend towards increasingly low-fat spreads continued and consumption of edible oils and liquid margarines also grew. Potato Processing Subdivision turnover rose and exports developed well.

Substantial improvement in operating profit

Operating profit rose to EUR 3.5 million (EUR -12.9m). This marked improvement was the result of both adjustment programmes and marketing concentration on the most important brands, with consequent consolidation of market standing in all areas. The comparison year's financial performance was though weakened by loan losses. In the last few months of 2000, performance was weakened by the cost of launching Benecol light spreads on the Swedish and Danish markets.

Raision Margariini intensifies operations

Raision Margariini's turnover in 2000 was EUR 77.8 million (EUR 79.5m). The decline was caused mainly by problems with Russian exports towards the end of the year. Operating profit improved, however, thanks to marketing inputs and rationalization measures.

Margarine consumption in Finland fell a further 3 per cent or so, affecting the structure of Raision Margariini sales. The trend towards increasingly low-fat spreads continued. Consumption of edible oils and liquid margarines also grew. Bakery product volumes were unchanged, despite growing competition from abroad. Sales of the ready fillings for bakeries launched in 1999 rose substantially.

The functional margarine market is growing. Despite rival products now on the market, Benecol margarine sales volumes were unaffected. Raision Margariini also put Benecol light spreads onto the Swedish market in September and the Danish market in October.

The volumes of Benecol margarines and vegetable oil based cheeses made by Raision Margariini for McNeil Consumer Nutritionals grew, especially on the UK and Benelux markets. Margarine exports to Russia fell by about a fifth during the year. The decline was caused by the great increase in Russian production capacity and the consequent keener competition.

Raision Margariini's aim is to be a major partner for all its customer groups, utilizing the full resources of the new organization and concentrating on the strongest brands.

Raisio Polska Foods has introduced new-type flavoured spreads under the brand Finea Garden. The latest novelty in the Masmix family is Masmix Extra Smietankowy. Marketing inputs will concentrate on these two brands.

Raisio's Potato Processing Subdivision will concentrate on increasingly easy-to-use and more highly processed products, of which Mestari potato cakes are a good example.

Stronger market position for Carlshamn Mejeri

Carlshamn Mejeri's turnover in 2000 rose to EUR 71.2 million (EUR 67.7m). Though the poor summer reduced ice-cream sales, turnover nonetheless rose because of rising margarine sales on the Swedish market. Earnings rose appreciably, though fell somewhat short of target because of lower exports to Russia and poor ice-cream sales. Well-targeted marketing and more efficient production were crucial in improving financial performance.

The fall in margarine consumption came to a halt in Sweden during the year, and consumption of low-fat and liquid margarines increased. The Carlshamn Mejeri sales organization was also remodelled in response to the changing structure of Sweden's retail trade.

Exports to Russia and the Baltic countries did not live up to expectations, but exports of soya-based Tofuline products to the UK developed well. Exports to Portugal and Algeria also got under way during the year.

The 2001 target is to overhaul the ice-cream range, thus strengthening Carlshamn Mejeri's market standing. The margarine range will be another focus.

Enhanced operations up performance by Raisio Polska Foods

Raisio Polska Foods' turnover was EUR 33.7 million (EUR 32.2m). Demand on the Polish market generally continued to decline. Nonetheless, Raisio Polska Foods managed to maintain its market standing. Thanks to marketing inputs and rationalization and adjustment programmes, the financial result was very much better than in 1999. Operations were rationalized by, for instance, concentrating operations in Karczew in the autumn and closing the Warsaw office.

Because of the large number of manufacturers and brands, competition continued to be keen. Several cheap margarines were put onto the market, and demand for such products grew because of lower consumer purchasing power.

Deliveries to the Baltic countries and Rumania began in 2000. The most important export countries continue to be Ukraine and the Czech Republic.

Inputs in easy-to-use products by Potato Processing Subdivision

Potato Processing Subdivision turnover was EUR 26.9 million (EUR 25.6m). French fries, special potato products and mashed potato powders used by institutional kitchens are rising product groups. Financial performance was better than expected, despite higher energy costs. The subdivision managed to hold onto its market share on both the institutional and the retail markets, despite keen competition.

Several new highly processed, easy-to-use products were put onto the market. In future, too, the subdivision will concentrate on developing ready foods and special potato products, which are the focus of growing demand.

Exports in 2000 went mainly to Western markets, the prime export countries being the UK and Sweden. Processed potato products were also exported to Russia and the Baltic countries.

The target in 2001 is to consolidate market standing both in Finland and on export markets.

New Food Division aims at better profitability and growth in 2001

At the beginning of 2001, the Margarine Division, Milling Subdivision and Potato Processing Subdivision were combined to form a new Food Division. At the same time the organization was changed, aiming to provide even better service for Finnish and export customers and to improve internal efficiency.

In 2001, the Food Division's target is to increase turnover and substantially boost profitability. The comparison figures for 2000 according to the new Group sturcture are presented in the tables on page 9.

The soy-based Tofuline products made by Carlshamn Mejeri are also suited for those adhering to a lactose-free diet. On Marja Ali-Keskikylä's tray, Tofuline vanilla ice-cream and apple pie.

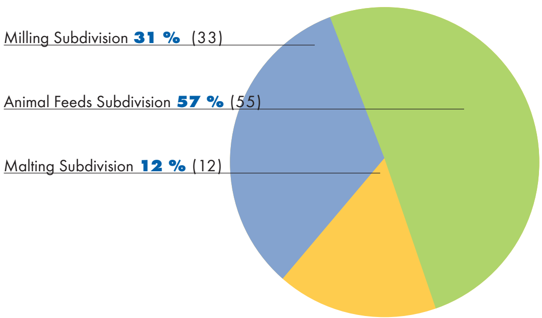
The Milling Subdivision focuses on more highly processed and functional foods.

More than 70 per cent of the Malting Subdivision's production is exported. The picture shows the malting plant's germination box for 360 tonnes of barley.

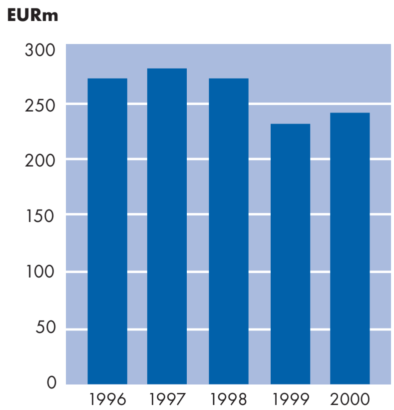
GRAIN DIVISION AIMS AT HIGHER CAPACITY UTILIZATION RATES

In 2000, the Grain Division comprised the Milling, Animal Feeds and Malting Subdivisions, and the Agricultural Group in charge of grain and oil seed purchases.

Turnover breakdown in 2000



Grain Division turnover



Turnover up slightly

Grain Division turnover in 2000 rose to EUR 244 million (1999: EUR 235m). The biggest rise was in Animal Feeds, at around 6 per cent.

Rationalization costs cut at turnover

Grain Division operating profit remained roughly at the 1999 level, at EUR 0.7 million (EUR 0.8m), mainly because of EUR 3.4 million in costs caused by closing down the Hämeenlinna mill. Competition continued keen in all the division's operating sectors. Animal Feeds profitability improved towards the end of the year.

Better profitability for the Animal Feeds Subdivision

Animal Feeds Subdivision turnover rose to EUR 139.0 million (EUR 130.8m), mainly because of higher raw material prices. Operating profit was much better than in 1999 in all sectors. Giving up the loss-making pet food business also helped improve financial performance.

Domestic sales of farm feeds declined slightly on the previous year, but sales of fish feeds and export of feed mixes rose. Oil Milling turnover also rose slightly, though production volume fell short of 1999. The volume of fur animal feeds produced increased about 10 per cent. Several new feed mixes were put onto the market during the year.

Feeding tests on dairy cattle indicate that the CLA (conjugated linoleic acid) content in milk can be raised substantially with suitable feeding. CLA has been shown to provide protection against breast cancer, for instance. The findings suggest that feeding cows with the feed mix developed by Raisio Feed increases CLA content in milk by 40 per cent on average.

At the end of the year a ban on the use of meat and bonemeal in all feed mixes came into effect. It was followed by a European Commission decision stating that, as of January 1, 2001, use of fishmeal as a raw material is only permitted in units totally isolated from those making feed mixes for cattle. Raisio reacted rapidly, with investments to ensure that the company can continue to make such products also in Raisio.

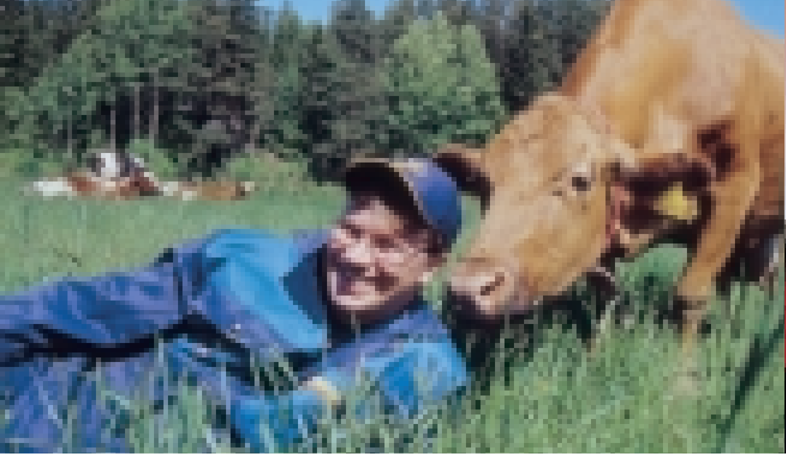
Animal Feeds will continue to develop feed mixes and feeding programmes that make livestock production more profitable, enhance utilization of nutrients and promote the nutrition value of livestock products. E-commerce services are also being further developed.

Milling Subdivision rationalizes its operations

Milling Subdivision, Melia Ltd, turnover rose to EUR 79.7 million (EUR 78.6 m) in 2000. The increase derived mainly from higher sales to bakery and industrial customers. The subdivision showed an operating loss because of the costs of closing down the Hämeenlinna mill.

There continued to be substantial overcapacity in the milling industry in Finland. The subdivision's total sales volume rose 7 per cent on 1999. Export volumes rose about 10 per cent on 1999, and went mainly to Russia and the Baltic countries.

The overall Finnish market for retail products grew in the flake, pasta and rice product groups. The volume of the home baking market shrank by a further 4 per cent, but Melia maintained its



Feeding tests on dairy cattle indicate that the CLA (conjugated linoleic acid) content in milk can be raised substantially with suitable feeding. Sales representative Thomas Ginström in picture.

The purchasing and logistics function is in charge of both grain logistics and development of the Group's transportation and warehousing functions.

previous level thanks to the success of new products introduced during the year. The company put several new high-fibre grain products onto the institutional market.

The subdivision's main investments were in rationalizing grain reception and replacing pasta packaging systems in Raisio.

In December a decision was made to close down the Hämeenlinna mill and transfer production to the units in Raisio and Nokia. The move will be made in April, and it will raise cost effectiveness substantially as a result of better capacity utilization rates.

The total market for grain products in Finland is unlikely to grow much further. The subdivision is therefore shifting its focus to the development of more highly processed products, where growth prospects are better. Strong brands are in key position. Greater cost effectiveness will be sought on the two-mill model.

Good growth prospects for the Malting Subdivision in Russia and the Baltic countries

The turnover of the Malting Subdivision was EUR 28.3 million (EUR 28.1m). An operating profit was shown for 2000 even though the higher-than-expected prices of imported raw material and energy could not be transferred to sales prices.

The good supply of malts early in the year depressed market prices. However, the situation improved towards year end, mainly because beer consumption in Russia and the Baltic countries continued to rise. Exports went mainly to Russia, Ukraine, Belarus and the Baltic countries, where beer consumption has been rising steadily and local production is unable to meet the demand.

Exports will continue to play an important role in the Malting Subdivision's operations, as the domestic market is unlikely to expand much further. Documented consumption of Finnish-made beer fell 1.5 per cent in 2000, while the consumption of malts slightly less, by about 1 per cent. Little growth is expected in domestic consumption as long as beer continues to be taxed at the present rate, which is clearly highest in Finland compared to the other EU countries.

Agricultural Group

The Agricultural Group is responsible for grain and oil seed purchases in the Raisio Group. In 2000 over 749 million kilos of grain and oil seed was processed in the Raisio Group, or over 40 per cent of all the grain produced in Finland for industrial use.

The Raisio Group is developing its contract farming under the Quality Grain theme. The aim is to ensure even more flexible and well-coordinated collaboration with grain suppliers, and high-quality documented farming that backs up marketing of end products.

Animal Feeds and Malting Divisions' targets in 2001

At the beginning of 2001 the Raisio Group formed a new Food Division, comprising subdivisions for margarine, milling and potato processing. The Animal Feeds Division and the Malting Division will operate as separate divisions. The Agricultural Group was combined with the new purchasing and logistics function.

The Animal Feeds Division's turnover is expected to grow in 2001, mainly because of higher raw material prices. The operating profit is expected to stay at previous year's level.

The Malting Division's turnover is expected to grow slightly due to better market situation. The operating profit is also expected to grow because of better market situation and lower raw material prices. Lower costs are caused by smaller need for imported raw materials.

The comparison figures of the Animal Feeds, Malting and Food Divisions for 2000 are shown in the tables on page 9.

The Milling Subdivision's product range comprises a number of high-fibre foods. Consumer advisor Päivi Enarvi making porridge from Elovena Plus flakes.

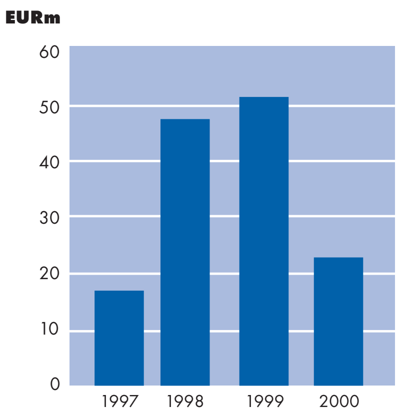
Cream-cheese style Benecol vegetable oil products are suitable not only for spreads but also for cooking.

Marsha Ciccotto and Ron Dillon in front of the stanol ester plant in Charleston, US.

WRITE-OFFS CREATE SOUND FOUNDATION FOR BENECOL, NEW MARKET OPENING ACHIEVED

The Benecol Division is implementing a new strategy based on the functional ingredients in nutrition. Its aim is to create a worldwide network of partners through which cholesterol-reducing stanol and sterol ester can be marketed to consumers in various types of food.

Benecol Division turnover



Release of stanol ester stocks reduced turnover

Benecol Division turnover was EUR 23 million (1999: EUR 52 m). The decrease was caused by the fact that payments under agreements ended and there was a substantial fall in stanol ester deliveries to North America. This, in turn, stemmed from the fact that Raisio's business partner McNeil Consumer Healthcare bought large quantities of stanol ester during 1999 and drew on these stocks in 2000. The new customers acquired at the end of 2000 came too late to compensate for the consequent drop in sales.

Write-downs put the result into the red

The Benecol Division's operating result was EUR -45.6 million (EUR 7.5m) in 2000, including one-off expense items worth a total of EUR 37.9 million. More information on these expense items arising from the adjustments made to the sterol strategy is given on page 28 in the Board report. Before the said write-downs, the operating result came to EUR -7.7 million. The 1999 operating result before the EUR 18.7 million in one-off proceeds under agreements was EUR -11.2 million. Business operations showed a favourable trend in 2000, and the last quarter of the year was the best, though still slightly in the red.

Functional foods expanding fast

Benecol products fall into the market segment called specialized nutrition products, or nutraceuticals, which is a segment between pharmaceuticals and foods. Products in the segment comprise various supplements, on the one hand, and 'functional' ingredients which have an effect on the health, on the other. Raisio believes that the market for the latter is still showing a strong growth.

Cholesterol-reducing foods, among which the Benecol trademark is probably the best known worldwide, is one important component area in functional foods, and still has enormous growth potential. Benecol products have been marketed in the USA, the UK, Ireland and the Benelux countries as well as Finland, and Sweden and Denmark joined the list in autumn 2000.

Research assistant Anniina Pouru (left) and nutrition expert Hanna Lähde introducing Benecol products to health care experts at a medical convention in Oulu in Finland.

Benecol products marketed in Finland include margarines and cream-cheese style vegetable oil products. In 2001, the product range will grow as the marketing of stanol and sterol ester will be extended to third parties.

New cooperation agreement will speed up market expansion and growth in the product range

The negotiations that went on all year with Raisio's partner McNeil Consumer Healthcare were brought to conclusion, and a new cooperation agreement was signed between the two companies on December 4, 2000. This gives the Benecol Division the opportunity to implement a global strategy concentrating on functional food ingredients – that is, stanol and sterol ester – in certain clinical areas.

The new agreement covers two main aspects of the Benecol stanol ester business. The companies agreed that McNeil would concentrate on markets in North America, the EU (excluding Finland, Sweden and Denmark), Japan and China. Raisio's market area, in turn, comprises Scandinavia, the Baltic region, the former East European countries, the Near East, Latin America, the Far East and Oceania. The two companies also agreed on a new market-driven delivery agreement for Benecol ingredients. Further, Raisio acquired global rights to sell and market sterol ester.

Both companies may agree independently to involve third parties in their market areas in order to expand the product range. Since the agreement was signed, a number of promising openings have been made with prospective new partners, e.g. in Finland and Argentina.

Some sterol separation projects abandoned

The Raisio Group subjected all projects related to the Benecol business to extremely critical reassessment during 2000. As a result, some major adjustments were made, aimed at creating the foundation for future development and profitable expansion of the business.

Though Raisio abandoned some ongoing sterol separation projects, it intends to continue to invest in ensuring its supply of sterol.

Target for 2001 is to show operating profit and to grow

During 2001 the Benecol Division will put its new global ingredient strategy into operation. Its main aim will be to greatly reinforce Raisio's standing in sales and marketing work and in building the Benecol brand. The objective is to create a global network of business partners through which it can market stanol and sterol ester to consumers in various types of food.

New cooperation agreements with Mastellone Hnos in Argentine (December, 2000), and Valio (December, 2000) and Atria (January, 2001) in Finland are the first examples of implementation of Raisio's new strategy. These agreements provide an excellent basis for further progress in 2001.

Implementation of the new strategy naturally calls for long-range work and step-by-step progress. The target for 2001 is to increase turnover and show an operating profit.

Laboratory technician Tarja Hörkkö works in the Benecol laboratory in Raisio.

ACTIVE R&D THE FOUNDATION FOR COMPETITIVE EDGE

Laboratory technician Raphaële Pujol tests the quality of end products and raw materials at the Raisio Chemicals Paperion laboratory, France.

Raisio Group's R&D aims to ensure successful operations and products and solutions that benefit customers. R&D is a key success factor, particularly in the Chemicals and Benecol Divisions. Last year the Chemicals Division made the biggest inputs in R&D: 3,5 per cent of turnover. An average of 120 people were employed in the Division's R&D.

The Group's R&D expenses totalled EUR 18.4 million (1999: EUR 15.9m), 2.3 per cent of turnover. R&D expenses were EUR 11.8 million (EUR 9.1m) for the Chemicals Division, EUR 3.0 million (EUR 3.0m) for the Benecol Division, EUR 2.1 (EUR 2.2m) for the Margarine Division and EUR 1.5 million (EUR 1.6m) for the Grain Division.

R&D is concentrated at the industrial estate in Raisio, where the Coating Technology Center CTC, the R&D Center utilized jointly by the Benecol and Chemicals Divisions and the Paper Technology Center PTC are located. Apart from these, the Group has a number of laboratories in Finland and local skill centers abroad.

R&D activities in the Chemicals Division include a Technology Services Group responsible for intangible rights, such as patents and trademarks. The group also monitors the operating environment and the markets. A product safety unit deals with a whole range of requirements arising from the law, customer needs and voluntary improvements.

Coating Technology Center CTC

The CTC established in 1990 carries out research on paper coating technology, paper grades and coating chemicals. It has an extremely efficient coating machine which both the Chemicals Division's units and customers can use to make paper coating test runs more flexibly and economically, and using smaller paper quantities than are required with normal size coating machines.

The Benecol laboratories at the R&D Center in Raisio analyse the quality and properties of stanol ester and develop new product applications. Production supervisor Jani Helin bringing stanol ester samples to Katja Voltti (left) and Teija Luoto-haara, laboratory technicians in the quality assurance laboratory.

The CTC is Raisio Group's biggest research center investment. It was set up because the Chemicals Division wanted to make inputs in coating chemicals on account of the good growth prospects for coated paper. This move significantly reinforced the Chemicals Division's status as a developer and supplier of paper chemicals and chemical concepts. The CTC plays an important role in the Chemicals Division's partnership-based key customer approach, which involves close cooperation with customers in the development of products and processes.

R&D Center and Paper Technology Center PTC

The R&D Center houses the Benecol laboratories and most of the Chemicals Division's laboratories.

Benecol is an excellent example of success that can be achieved through R&D. In 1995, the first cholesterol-reducing Benecol margarine containing stanol ester was put onto the market, and Benecol continues to be the best-known brand in its sector. The Benecol innovation created global interest in R&D on cholesterol-reducing products.

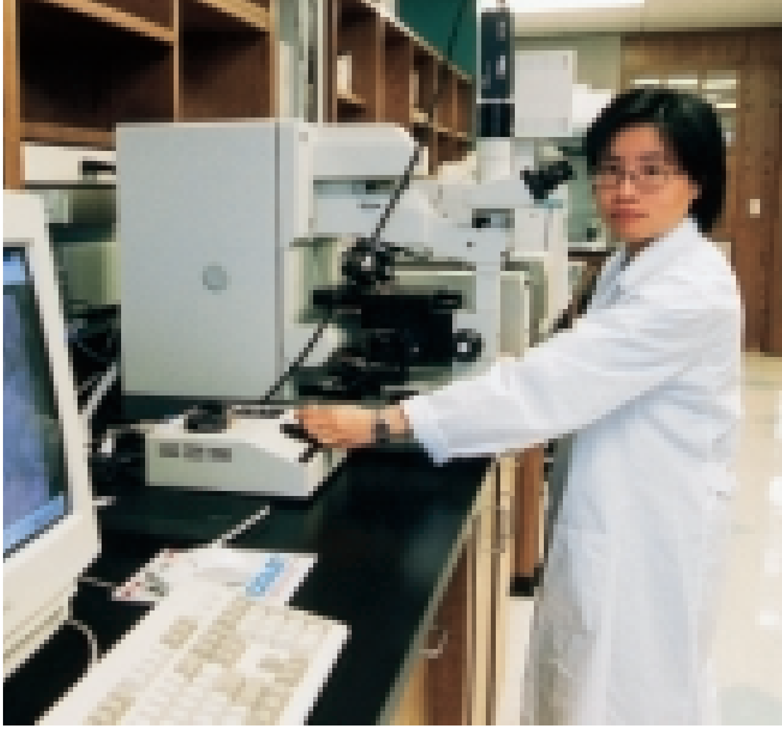
The Benecol laboratories at the R&D Center and the research unit at the PTC carry out research on the quality and properties of stanol ester raw material and develop new product applications. Core areas of staff expertise include clinical and nutritional research related to cardio-vascular diseases and the technological and chemical properties of stanol ester and plant sterols. Offering this expertise to customers for the development of their own product applications is an important part of the Benecol Division's R&D.

The R&D Center comprises five high-quality laboratories with state-of-the-art equipment and technology specializing in paper chemicals. The Chemicals Division does research on and develops paper chemicals and papermaking concepts at these laboratories. Development work often takes place in cooperation with customers.

Apart from the R&D Center, the Chemicals Division has a laboratory at the Paper Technology Center PTC, which researches paper machine runnability and wet end chemistry.

Examples of R&D projects

One of the most interesting of Raisio's current R&D projects is an extensive study begun in 2000 on polymers affecting paper printability and board strength. Raisio Group's extensive expertise in paper industry additives is combined in multifunctional polymers. Customers get increasingly efficient quality-improving properties combined with a trouble-free production process. The properties of various paper grades have traditionally been enhanced with a number of different additives. The new multifunctional polymers help customers develop new paper grades and simplify their production concepts.



Laboratory supervisor Eva Laou at Raisio Chemicals Burlington Skill Center in Canada. The Center serves all the Raisio Chemicals units in South and North America.

R&D is an important success factor in the Group's other units, too. In 2000, Raisio Feed took part in a research project investigating the feeding of dairy cows. It was found that feeding can have a significant effect in increasing the concentration of conjugated linoleic acid (CLA) in milk. CLA is one of the hundreds of fatty acids found in milk, and has been shown to protect women from breast cancer, for instance. Apart from Raisio Feed, the CLA project involves the Central Ostrobothnia Rural Advisory Centre, the Agricultural Research Centre, the University of Helsinki, four Central Ostrobothnian dairies and dozens of Central Ostrobothnian milk producers.

Raisio Group's Food Division can boast a high level of expertise concerning the properties of edible fats and grain fibre. The Division channels inputs into developing functional products. Combination of the beneficial properties of edible fats and nutrition fibre is also being investigated.

The Coating Technology Center CTC in Raisio has reinforced Raisio's status as a major supplier of paper chemicals and chemical concepts.

THROUGH COMPETENCE DEVELOPMENT TO SUCCESS

The key objectives of the Raisio Group's Human Resources strategy are to ensure the competencies needed to implement business strategies now and in the future, as well as the wellbeing of the personnel. The elements of this wellbeing are excitement, respect for others, a good balance between home and work, and an atmosphere of trust. Another aim is to be a desirable employer, now and in the future.

Developing Raisio opinion survey – the basis for change

In autumn 2000 an opinion survey called Developing Raisio was conducted at the units in Finland in order to measure employees' experiences and impressions of the company's present situation. The same survey will be conducted in spring 2001 at the foreign units. The aim of the process is to ensure that Raisio develops in the right direction and that every employee can make a contribution to the development of their work and working environment. Raisio's own personnel will play the main role in planning and implementing improvements.

The creation and implementation of a performance appraisal practise and a suggestions scheme, and improvement of managers' leadership skills were agreed on for inclusion in development at Raisio Group level.

Learning Raisio – facing the future with the right competencies

The objective of the Learning Raisio programme is to define the key competence areas in the Raisio Group's business perspective, and to find ways to ensure that the right skills are achieved in innovative and learning supportive atmosphere.

Development of competence areas starts with identification of the key and core areas of competence in each division and continues with the creation of task-specific competence profiles. Learning and knowing are turned into goal-oriented action that can be monitored using tailored measuring instruments. Implementation of the programme is part of the learning process, helping create a common vision of the importance of competence development in a culture that appreciates competence.

Stêphen Lafrenière (left) and André Ménard discussing production volumes at the Trois Rivières plant in Canada.

Valéry Henry (left) and Stèphanie Witte work in sales and administration at Raisio Chemicals Paperion, France.

The Learning Raisio programme also produces practical tools for managing competence, such as performance appraisal practise, personal learning plans, task-specific competence profiles and the Raisio e-Learning platform.

Personal learning plans will be part of the performance appraisal practise that will affect every Raisio employee from 2001 onwards.

Suggestion scheme – an opportunity for continuous improvement

During autumn 2000 the present suggestion scheme and ways of improving it were assessed in different units. As a result, the scheme will be developed into a modern tool of continuous improvement. This will offer everyone an easy way of participating in the development of their working environment.

Health and safety

Work safety is advanced by providing guidelines and training the personnel. Each unit has its own occupational health and safety committee comprising the occupational health and safety manager of the unit and representatives of different personnel groups.

Apart from the statutory occupational health care provided, the personnel can join the Group's own sickness fund in Finland, which offers extensive health benefits. Workers and salaried employees have separate funds.

Raisio Group supports the personnel's interest in physical exercise and other recreational activities, for instance by providing a number of clubs for the purpose.

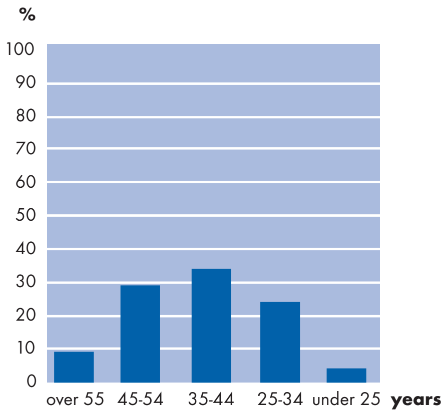
Personnel

The Raisio Group employed an average of 2,775 people in 2000 (2,897 in 1999). The average staff figure in Finland was 1,655 (60%) and abroad 1,120 (40%).

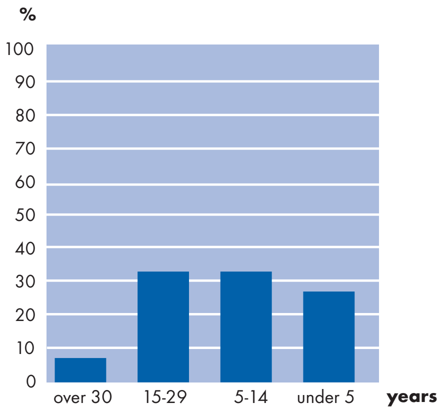
Leila Sokkinen (front left), Satu Salonen, Jyrki Jäntti and Katja Patojoki (back left), Tuija Sandberg and Riitta Savonlahti work in Raisio Group's Human Resources department.

In picture customer service manager Liisa Hervonen from Raisio Catering.

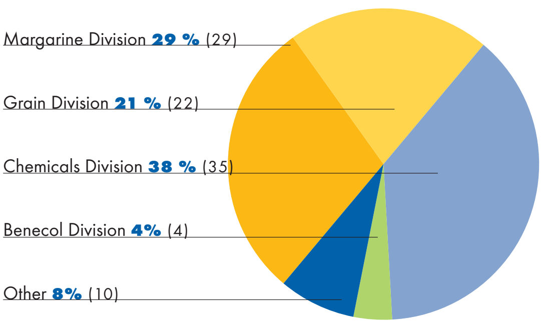
Staff age breakdown at Raisio Group units in Finland in 2000



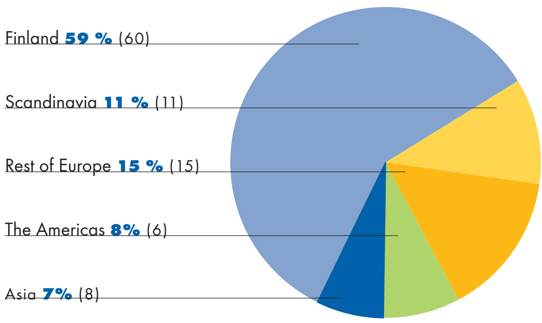
Years of employment at Raisio Group units in Finland in 2000



Average personnel by division



Personnel by geographical region Dec 31, 2000



RAISIO ENGAGES IN RESPONSIBLE ENVIRONMENTAL MANAGEMENT

Sustainable development based on renewable natural resources

The Board of Directors approved an environmental policy for the Raisio Group back in 1997. This commits Raisio to the principles of sustainable development laid down in the Business Charter for Sustainable Development (International Chamber of Commerce 1990). In addition, Raisio is involved in the international chemical industry's 'Responsible Care' programme.

The Group's main approach to sustainable development is to ensure that its production processes use renewable natural resources wherever possible. The Animal Feeds and Food Divisions process cultivated plants or raw materials from other renewable sources. Most of Chemicals Division's raw materials are also renewable cultivated resources, though in order to serve customers it also uses some synthetic materials processed from crude oil. The division caters for the paper industry, where the main raw material is timber, and thereby contributes to the environmental efficiency of the entire wood-processing chain.

Environmental efficiency one of the goals of R & D

The Raisio Group is committed to increasing human and animal welfare. To be able to respond even better to consumer and customer needs, Raisio's food industry pays special attention to developing health-promoting foods.

Concern for environmental matters is not only one of Raisio's basic values but also an important aspect of cooperation with its business partners. Improving the environmental efficiency of production is an important goal of product development. This is particularly true of Chemicals and Animal Feeds Division products, where the users are the very sectors of customer industry that cause environmental impact.

Nearly whole production subject to environmental management

The Board of Directors has declared the introduction of environmental management an important goal for the whole Raisio Group. All the divisions have already adopted the main principles of such management, and most production plants have formulated an environmental system in line with ISO 14001. Judged in terms of turnover, about 90 per cent of output is covered by environmental management.

Environmental management makes it possible to achieve the Group's environmental goals. The main targets are to reduce waste volumes, increase reuse of waste and improve energy efficiency. Detailed goals are set for individual divisions and production plants. The production plants in Raisio have, for instance, succeeded in greatly boosting reuse of packaging materials.

Main environmental events in 2000

The Oy Kationi Ab factory in Lapua, which is part of Raisio Chemicals, expanded its pre-treatment of waste-water with the construction of a 14,000 m^3 aeration basin. The investment forms part of the plant's waste-water treatment development plan.

The Group's factory area in Kaipiainen, Anjalankoski, started up a natural gas steam heating plant that will greatly reduce carbon dioxide and sulphur emissions and make for more efficient energy economy.

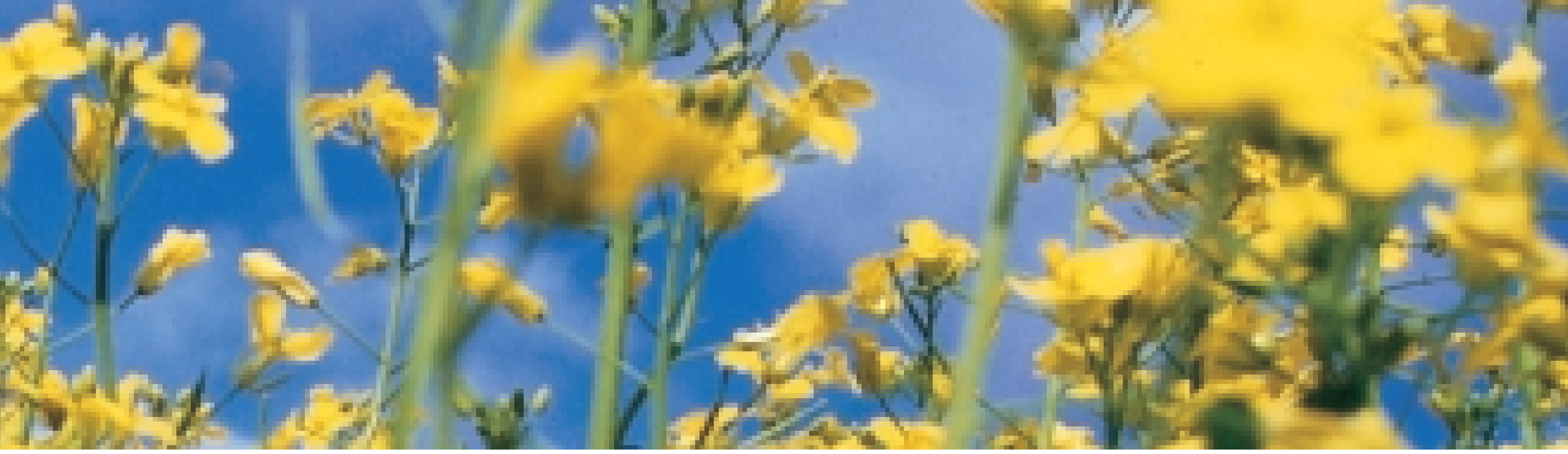
The air compressor at Rehuraisio's Anjalankoski plant was converted from a water-cooled to an air-cooled system. This investment will save on over 10,000 m^3 of cooling water a year.

Raision Margariini invested in a wastewater fat removal system which reduced the amount of fat reaching the pre-treatment stage by half compared with 1999.

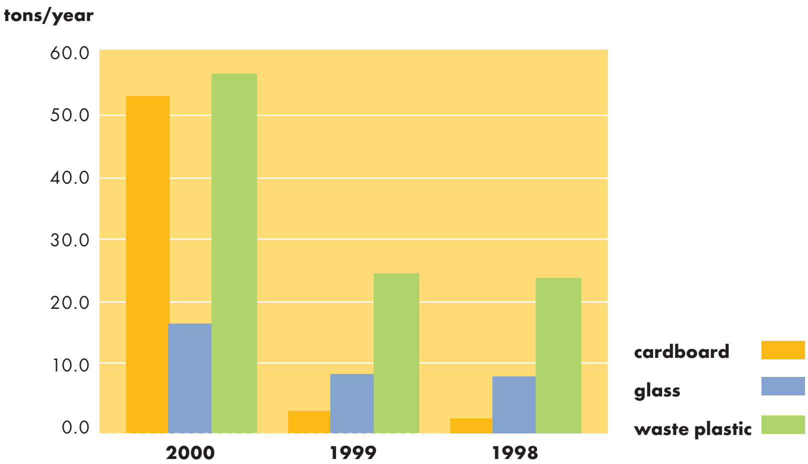
No major environmental accidents occurred. The aim is to reduce any risks in operations. Personnel are trained and encouraged to work in ways that show the responsibility for the environmental effects of their actions and their determination to promote safety, health and environmental protection.

Separate environmental reports for 2000

The Raisio Group and the Chemicals Division publish separate annual environmental reports. The whole Group has published a report since 1998, and the Chemicals Division since 1995. The Raisio Group's environmental report can be ordered through corporate webpages at www.raisiogroup.com.



Reuse of packaging from the Group's production plants in Raisio



	2000	1999	1998
cardboard	**53.2**	3.0	2.6
glass	**16.6**	7.7	7.5
waste plastic	**56.1**	24.2	23

Quality and Environmental Systems within the Raisio Group

	Quality System	Environmental System
Chemicals Division		
Raisio Chemicals Ltd (Raisio, Mietoinen, Anjalankoski)	ISO 9001	ISO 14001
Oy Kationi Ab	ISO 9001	ISO 14001
Finnamyl Ltd	ISO 9001	
Lapuan Peruna Oy	ISO 9001	ISO 14001
Latexia Sverige AB	ISO 9001	
Latexia Österreich GmbH	ISO 9001	
Latexia, Norlatex Oy	ISO 9001	ISO 14001
P.T. Intercipta Kimia Pratama	ISO 9002	
Raisio Belgium N.V.	ISO 9002	
Raisio Chemicals Canada Inc. (Squamish)	ISO 9002	
Raisio Chemicals Paperion S.A.	ISO 9002	
Raisio Chemicals UK Ltd	ISO 9002	ISO 14001
Raisio Chemicals US Inc.	ISO 9002	
Raisio France S.A.	ISO 9002	ISO 14001
Raisio Grain Starch Ltd	ISO 9001	ISO 14001
Raisio Svenska AB	ISO 9001	ISO 14001
Food Division		
Melia Ltd (Raisio, Nokia, Hämeenlinna)	ISO 9001	
Raisio Group, Raision Margariini	ISO 9001	
Animal Feeds Division		
Raisio Feed Ltd (Raisio, Oulu, Anjalankoski)	ISO 9001	ISO 14001
Oil Milling Subdivision	ISO 9002	
Malting Division	ISO 9002	ISO 14001

Quality and environmental systems are under construction at several Raisio's units.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Loss due to one-off expenses

Raisio Group plc earnings per share in 2000 came to EUR -0.25 (EUR 0.01 in 1999). The large one-off expenses resulting from decisions following the autumn's inventory process of the Group's business operations put the consolidated result well into the red. At the same time, however, it built a sound foundation for better results in the future.

The biggest of the above total expenses of EUR 41.3 million comprised a EUR 37.9 million entry arising from refocusing of the Group's Benecol sterol strategy and a EUR 3.4 million item caused by adjustments to the Milling Subdivision's production capacity. Following the one-off expenses, the Group showed an operating loss of EUR -32.2 million (EUR 16.0m). Before these items it would have shown a EUR 9.1 million profit. The operating profit for the comparison year 1999 included total payments of EUR 18.7 million under Benecol business agreements, without which the figure would have been EUR -2.7 million. Before extraordinary items, the figure came to EUR -46.5 million (EUR 5.8m). After taxes and minority interest the figure was EUR -40.8 million (EUR -2.2m).

Consolidated turnover EUR 800.0 million, half from international operations

Consolidated turnover rose 4.9 per cent, to EUR 800.0 million (EUR 762.8m). If income in 1999 is counted as excluding EUR 18.7 million under Benecol agreements, turnover in 2000 rose 7.5 per cent.

Turnover from international operations came to EUR 399 million (EUR 374m), representing 49.9 (49.0) per cent of total turnover. Exports from Finland totalled EUR 131 million (EUR 145m). In value terms, the Group's main export partners are Russia, Sweden, the UK and Estonia. The biggest export items were paper chemicals, malts, margarines and stanol ester.

Chemicals Division growing fast

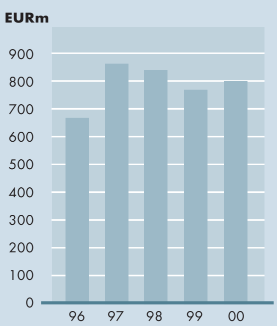
Turnover rose most, 15.8 per cent, in the Chemicals Division, reaching EUR 347 million (EUR 299m). Another encouraging feature was that the division achieved growth in all product groups and all geographical areas. Paper coatings grew fastest, at 31 per cent, with turnover of EUR 71 million (EUR 54m), mainly thanks to establishment of the Latexia joint company in August. This company, owned 50/50 by Rhodia and Raisio, will give the Chemicals Division the opportunity to supply paper latexes to customers all over the world. The proportion of the Latexia income statement and balance sheet corresponding to the Raisio Group's holding has been consolidated in the Raisio financial statements.

Grain Division turnover was EUR 244 million (EUR 235m). Among the subdivisions, Animal Feeds turnover rose to EUR 139 million (EUR 131m), mainly because of more expensive raw materials. Milling turnover grew, too, and Malting held at the previous year's level, while exports to Russia and the Baltic States increased.

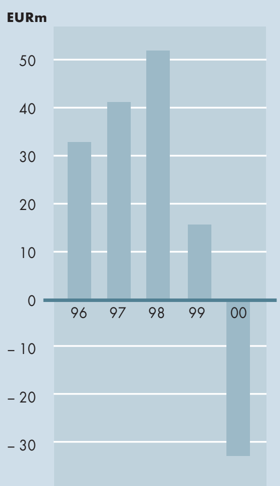
Margarine Division turnover was EUR 204 million (EUR 200m). Sales by the companies in both Sweden and Poland grew, but turnover in Finland was lower than in 1999, mainly because of problems with exports to Russia. Potato Processing sales continued to rise.

Benecol Division turnover came to EUR 23 million (EUR 52m). The decrease in turnover was caused by the fact that upfront payments ended and there was a substantial fall in stanol ester deliveries to North America because McNeil was using the large stocks it had purchased the previous year. The comparison figure for 1999 included EUR 18.7 million in payments under agreements.

TURNOVER



OPERATING RESULT



Benecol and Chemicals Division profits down, Margarine Division up

Chemicals Division operating profit fell to EUR 11.9 million (EUR 20.3m). The fast rise in worldwide prices for the main raw materials, the weak euro and the slow transfer of higher costs to sales prices all cut at profitability. This was particularly true of latexes and starch binders. At this early stage Latexia showed a loss, as expected, because of high raw material costs.

Grain Division operating profit was at the 1999 level, i.e. EUR 0.7 million (EUR 0.8m). Animal Feeds performed well, but Milling's operating result was hampered by EUR 3.4 million in one-off costs from closing down operations in Hämeenlinna. The Malting Subdivision showed an operating profit in spite of the strain put on profitability by unexpectedly high raw material and energy costs.

The Margarine Division operating result improved substantially on 1999, rising from EUR -12.9 million to EUR 3.5 million, an overall increase of EUR 16.4 million, and profitability was boosted in all units. The improvement was achieved mainly by various adjustment measures, concentrating marketing on the most important brands, and good price trends for raw materials.

The Benecol Division showed an operating loss of EUR -45.6 million (EUR 7.5m), with one-off expenses accounting for EUR 37.9 million. Costs derived from revision of the sterol strategy to suit the new market approach and agreement situation. Before one-off expenses, the operating result was EUR -7.7 million. The 1999 operating result before one-off payments of EUR 18.7 million under agreements was EUR -11.2 million.

Higher Group financial expenses

Despite showing an overall and operating loss, the Group's cash flow from business operations was positive, at EUR 15.9 million (EUR 6.0m). At year end, net interest-bearing liabilities stood at EUR 250.7 million (EUR 233.0m).

The main tool in managing the Group's liquidity is the USD 190 million syndicated loan agreement made by the parent company in 1998, where the lender is an international banking consortium. At the end of 2000, EUR 97.6 million of this facility has been drawn. Because the Group wishes to keep part of the facility as a liquidity reserve, a total of EUR 60 million was drawn in long-term loans from the Group's main financiers.

Net financial expenses rose to EUR 14.4 million (EUR 11.0m), i.e. 1.8 (1.4) per cent of turnover. The increase was caused by the higher credit volume and rising interest rates, though these were offset to some extent by interest rate hedging. The Group's equity ratio fell to 34.7 (41.0) per cent. One-off expense items played a major role here, contributing nearly 3 percentage points to the fall.

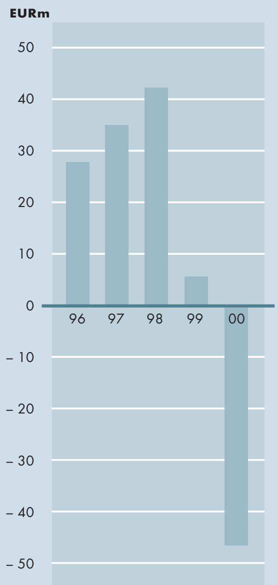
Return on investment (ROI) fell to -4.2 (4.0) per cent and return on equity (ROE) to -14.9 (0.4) per cent.

Aiming at growth and a stronger international position

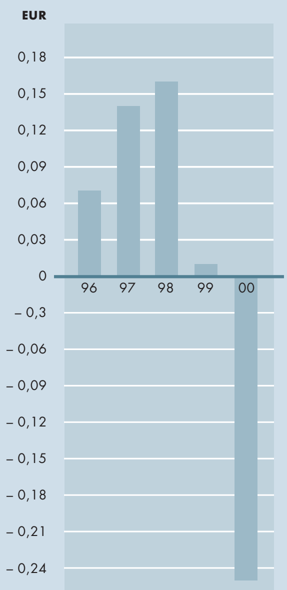
A strategic reappraisal started in the autumn of the Raisio Group's present position and development potential in a changing operating environment and competitive situation.

This provided the basis for a refocusing of Group strategy, aiming at growth in selected core areas and consolidation of Raisio's international standing. Growth will be sought primarily in chemicals and foods and Benecol functional ingredients.

RESULT BEFORE EXTRAORDINARY ITEMS



EARNINGS PER SHARE



The aim is to raise profitability and competitiveness in both the short and long term via measures to increase internal efficiency, the necessary restructuring and focusing on growth fields.

New structure to support customer orientation and the new growth strategy

A new customer-oriented Group structure corresponding to the refocusing of Group strategy came into effect in full as from the beginning of 2001. The Group now has five divisions: Chemicals, serving the paper industry; Food, serving consumers, institutional kitchens and industry; Benecol, serving the food industry; Animal Feeds, serving livestock farmers; and Malting, serving breweries. There are also general service functions for purchasing and logistics, human resources, finance and communications. Heads of the divisions and service functions attend management meetings chaired by the Chief Executive.

The new Group structure will promote both attainment of the strategic targets and more customer-oriented business development. The Food Division formed at the beginning of 2001 will utilize joint product development, marketing, sales and logistics and purchasing resources to ensure its overall development and even better customer service.

Benecol's revised sterol strategy corresponds to present market prospects

The Group's Benecol Division has developed on the basis of a vision formulated in 1996-97, which forecast that Benecol products containing stanol ester would rapidly become major functional foods on a global scale. This vision relied on the joint judgement of Raisio and McNeil and on marketing and consumer surveys made by leading international consultants.

Long-term sterol purchasing agreements were made to ensure a supply of the plant sterols that are the main raw material in Benecol products. Because of the limited supply of these plant sterols, several projects were also launched to develop ways of separating sterol from wood. The biggest were a pine oil and sterol separation project (Detsa) in Chile, and the Westerol project planned for North America. In addition, a reliable supply of wood sterol was safeguarded through various contractual and financial arrangements.

Because of regulatory obstacles, however, international market penetration following the launch in Finland in 1995 proved much slower than expected. Less than a fifth of the anticipated targets have been reached.

In autumn 2000, a decision was made to adjust the sterol strategy to correspond better to current market prospects, and to embark on the following adjustment measures: Raisio released itself from the planned sterol separation project in Chile together with its partner Härting S.A.; the Solex project in New Zealand was suspended; other sterol separation projects were subjected to reassessment on a case-by-case basis. The related asset items were also revalued.

As a result of these measures, altogether EUR 37.9 million in one-off expenses were entered for 2000. Subsequently, the Benecol Division's assets were revalued to correspond to the current market situation. The Division now has a sound foundation for development and profitable growth in years to come.

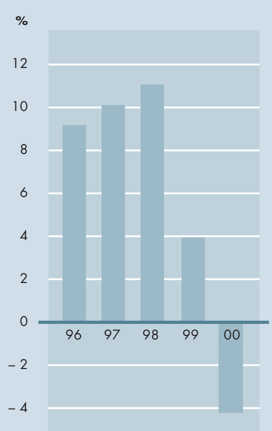
The Benecol Division has now adopted a new approach based on functional food ingredients with the intention of building a worldwide network of partners through which cholesterol-reducing stanol and sterol ester can be marketed to consumers in various types of food. The first examples of such new agreements include cooperation contracts with the Argentinian company Mastellone Hnos (December 2000) and the Finnish companies Valio (December 2000) and Atria (January 2001).

Gross investments six per cent of turnover

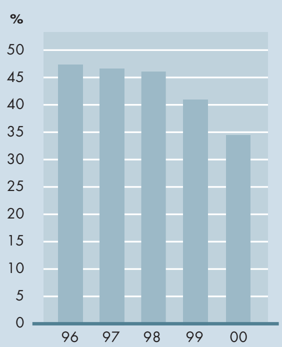
Gross consolidated investments in 2000 came to EUR 49.5 (EUR 60.9m), or around 6 (appr. 8) per cent of turnover. Most, i.e. EUR 30.5 million (EUR 22.4m), related to the Chemicals Division, primarily comprising establishment of the joint enterprise Latexia S.A. and expansions of its capacity, and extensions of starch modification and wastewater treatment processes at Oy Kationi Ab in Lapua.

Investments in the Grain Division totalled EUR 6.4 million (EUR 5.3m), comprising mainly remodelling of the grain reception unit and pasta packaging processes. EUR 5.8 million (EUR 9.2m) went to the Margarine Division and EUR 5.7 million (EUR 20.2m) to the Benecol Division.

RETURN ON INVESTMENT



EQUITY RATIO



High Chemicals Division investment in R&D

The Group's total expenditure on R&D in 2000 was EUR 18.4 million (EUR 15.9m), i.e. 2.3 per cent of turnover. R&D costs in the Chemical Division came to EUR 11.8 million (EUR 9.1m), in the Benecol Division to EUR 3.0 million (EUR 3.0m), in the Margarine Division to EUR 2.1 million (EUR 2.2m) and in the Grain Division to EUR 1.5 million (EUR 1.6m).

New Board Chairman and Chief Executive

In February 2000 Chief Executive Tor Bergman announced that he had been appointed President and CEO of Metso plc as of January 1, 2001. He had taken up the Raisio post on November 1, 1999. Lasse Kurkilahti, formerly President of Nokian Tyres plc, was chosen as Raisio's new Chief Executive as of September 1, 2000.

Riitta Savonlahti was appointed Vice President, Human Resources, as of October 1, 2000, and Juha Järvinen was made Vice President in charge of the new Food Division as of October 30, 2000.

At its meeting on January 12, 2001, the Raisio Group Board of Directors elected Arimo Uusitalo as its new Chairman, with Matti Linnainmaa continuing as Vice Chairman.

Satu Mehtälä was appointed Vice President, Communications, as of February 1, 2001. Sten von Hellens transferred to the Benecol Division, with responsibility for international marketing communications for Benecol.

The Raisio Group had an average of 2,775 (2,897) employees in 2000. 60 (61) per cent worked in Finland and 40 (39) per cent abroad.

Dividend policy and Board of Directors' proposal for 2000 dividend

The Board of Directors' aim is to make the Raisio share a profitable investment for shareholders, paying a dividend that reflects financial performance. However, the Board has not considered it justified to propose that a fixed percentage of profits be set for dividends.

For 2000, the Board proposes payment of a dividend of FIM 0.10 (EUR 0.017) per share (EUR 0.034 for 1999).

Prospects for 2001

The adjustments needed in face of the present situation have now been started. The Group's strategy and organization have been reshaped so as to boost growth potential, competitiveness and internal efficiency.

Despite slower economic growth in the USA, the paper industry's prospects for 2001 are still good, according to estimates put forward in forest industry bulletins on last year's accounts issued at the beginning of February. Demand is expected to focus on higher-quality grades, which means increased demand for paper chemicals.

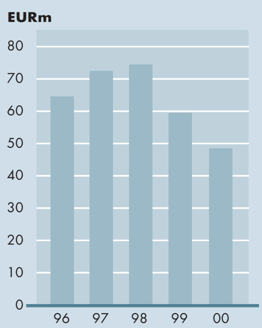
Integration of the Group's food industry units creates better potential for comprehensive development of customer service and business operations. The new Food Division's main focuses are more highly processed and functional foods, where growth prospects are good.

The Benecol Division's aims are to set up a global network of business partners through which cholesterol-reducing stanol and sterol ester can be marketed to consumers in various types of food.

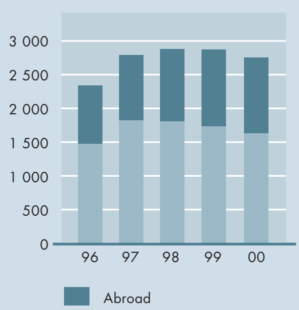
The Animal Feeds Division aims to improve profitability on the domestic market. In the Malting Division, the demand for malt would seem to be on the way up in Russia and the Baltic States, where the consumption of beer is growing vigorously.

The aim is to boost the Raisio Group's profitability and competitiveness over both the short and the long term through action to increase internal efficiency, the necessary restructuring, and focusing on growth fields. In 2001 the Group aims to show a clearly improved and positive result.

INVESTMENT



AVAREGE NUMBER OF PERSONNEL DURING THE YEAR



INCOME STATEMENT
(EUR 1,000)

	GROUP		PARENT COMPANY	
	1.1.–31.12.2000	**1.1.–31.12.1999**	**1.1.-31.12.2000**	**1.1.-31.12.1999**
TURNOVER (1)	**799,964**	762,829	**163,108**	**158,958**
Increase(+)/decrease(–) in stock of finished products and production in progress	**- 668**	1,582	**- 3,431**	+ 1,309
Other income from business operations	**8,170**	4,725	**2,178**	4,136
Materials and services (2)	**- 504,783**	– 448,708	**- 93,992**	– 101,216
Personnel expenses (3, 4)	**- 101,731**	– 95,704	**- 24,388**	– 22,970
Depreciation and write-downs (7)	**- 50,916**	– 43,659	**- 11,599**	– 11,417
Other expenses from business operations	**- 182,259**	– 165,699	**- 29,062**	– 30,266
Share of associated companies' results	**37**	632		
OPERATING RESULT (8)	**- 32,187**	15,998	**2,814**	– 1,465
Share of associated companies' results	**78**	848		
Financial income and expenses (9)	**- 14,434**	– 11,038	**+ 3,017**	+ 536
RESULT BEFORE EXTRAORDINARY ITEMS	**- 46,542**	5,808	**5,831**	– 929
Extraordinary items (10)	**0**	– 7,946	**- 9,130**	+ 2,616
RESULT BEFORE APPROPRIATIONS AND TAXES	**- 46,542**	– 2,138	**- 3,299**	1,687
Appropriations (11)			**+ 5,920**	+3,027
Income taxes (12)	**- 4,499**	– 71	**- 896**	– 1,153
Minority interest	**1,267**	55		
RESULT FOR THE YEAR	**- 40,776**	– 2,154	**1,725**	3,560

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

BALANCE SHEET
(EUR 1,000)

	GROUP		PARENT COMPANY	
ASSETS	**Dec. 31, 2000**	**Dec. 31,1999**	**Dec. 31, 2000**	**Dec. 31,1999**
NON-CURRENT ASSETS				
Intangible assets (13, 14)	**33,094**	31,959	**9,832**	11,621
Goodwill (13)	**51,131**	49,007		
Tangible assets (13, 14)	**273,486**	284,568	**68,885**	74,317
Holdings in Group companies (15)			**83,772**	79,159
Holdings in associated companies (15)	**7,158**	17,498		
Other investments (15)	**11,301**	17,462	**204,456**	182,134
	376,170	400,493	**366,945**	347,231
CURRENT ASSETS				
Inventories (17)	**141,796**	163,858	**32,221**	37,411
Non-current receivables (18)	**10,439**	394		
Deferred tax assets (21)	**17,610**	12,153		
Current receivables (18)	**146,391**	129,491	**61,449**	45,840
Securities under financial assets	**44,301**	23,395	**40,137**	16,701
Cash in hand and at banks	**13,603**	14,204	**37,637**	39,033
	374,140	343,494	**171,445**	138,985
TOTAL ASSETS	**750,310**	743,988	**538,390**	486,216
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY (19)				
Share capital	**27,776**	27,776	**27,776**	27,776
Premium fund	**2,908**	2,908	**2,908**	2,908
Reserve fund	**88,667**	88,664	**88,587**	88,587
Other reserves				
Reserves provided for in the Company Articles	**92**	29		
Retained earnings	**155,971**	161,401	**62,991**	64,986
Result for the year	**- 40,776**	-2,154	**1,725**	3,560
TOTAL SHAREHOLDERS' EQUITY	**234,638**	278,624	**183,987**	187,818
MINORITY INTEREST	**25,041**	25,791		
APPROPRIATIONS (20)			**35,661**	41,581
LIABILITIES				
Deferred tax liability (21)	**33,536**	38,655		
Non-current liabilities (22)	**148,507**	113,621	**130,867**	88,606
Current liabilities (22)	**308,588**	287,299	**187,875**	168,212
TOTAL LIABILITIES	**490,631**	439,574	**318,742**	256,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**750,310**	743,988	**538,390**	486,216

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

SOURCE AND APPLICATION OF FUNDS

(EUR 1,000)

	GROUP		PARENT COMPANY	
	2000	1999	2000	1999
CASH FLOW FROM BUSINESS OPERATIONS				
Operating result	-32,187	15,998	2,814	-1,465
Operating result adjustments:				
Planned depreciation	50,916	43,659	11,599	11,414
Other income and expenses, not involving disbursements	32,243	8,710	-5	1,940
Other adjustments	-289	-1,178	330	346
Cash flow before change in operating capital	50,683	67,189	14,738	12,235
Change in operating capital				
Increase(-)/decrease(+) in current receivables	-18,731	-12,482	-11,779	-3,315
Increase(-)/decrease(+) in inventories	-8,650	-27,130	+5,190	-4,921
Increase(+)/decrease(-) in current interest-free liabilities	+14,207	+106	+4,910	+3,518
	-13,174	-39,506	-1,679	-4,718
Cash flow from operations before financial items and taxes	37,509	27,683	13,059	7,517
Interest paid and payments on financial operating expenses	-23,013	-13,390	-20,310	-11,362
Dividends received on operations	1,589	2,078	1,375	1,454
Interest and other financial income from operations	6,631	3,757	17,401	11,267
Direct taxes paid	-6,768	-10,511	-3,281	-870
Cash flow before extraordinary items	15,948	9,617	8,244	9,746
Cash flow arising from extraordinary operating items (net)	0	-3,552	0	0
CASH FLOW FROM OPERATIONS	15,948	6,065	8,244	9,746
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	-40,215	-51,262	-4,821	-13,284
Income from surrender of tangible and intangible assets	3,561	5,092	1,745	498
Investments in Group company shares	-3,152	-661	-4,613	-4,810
Income from surrender of Group company shares	77	0	0	95
Investments in associated company shares	-3,509	-2,998	0	0
Income from surrender of associated company shares	5,196	9	5,196	9
Other investments	-325	-639	-266	-1,826
Income from surrender of other investments	158	1,959	137	1,705
Loans granted	0	-2,806	-44,791	-65,742
Repayment of loan receivables	3	0	19,883	22,178
CASH FLOW FROM INVESTMENTS	-38,206	-51,306	-27,530	-61,177
Cash flow after investments	-22,258	-45,241	-19,286	-51,431
CASH FLOW FROM FINANCIAL OPERATIONS				
Withdrawal of non-current loans	60,369	59,937	60,277	58,815
Repayment of non-current loans	-46,273	-15,196	-25,254	-10,814
Increase(+)/decrease(-) in current liabilities	+35,528	+8,769	+7,217	+6,138
Increase(-)/decrease(+) in non-current loan receivables	-319	0	0	0
Group contributions received and paid			4,642	17,946
Minority interest	111	1,503		
Dividend paid and other distribution of profit	-7,453	-10,050	-5,555	-9,721
CASH FLOW FROM FINANCIAL OPERATIONS	41,963	44,963	41,327	62,364
Change in liquid funds according to calculation	19,705	-278	22,041	10,933
Unallocated items	600	-3,521	0	-2,927
Change in liquid funds	20,305	-3,799	22,041	8,006
Liquid funds at beginning of financial year	37,599	41,398	55,734	47,728
Liquid funds at end of financial year	57,904	37,599	77,775	55,734

ACCOUNTING PRINCIPLES

The Raisio Group consolidated financial statements have been drawn up in compliance with the current provisions of the Finnish Accounting and Companies Acts. For the first time, figures are given in euros, so comparative data on 1999 is also converted into the new currency.

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, 2000. 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.

Among the associated companies, the Group's half-ownership in Latexia S.A. has been integrated into the consolidated financial statements as a joint enterprise as of August 1, 2000. Thus, 50 per cent of all the income statement and balance sheet lines in the Latexia Group consolidated financial statements has been consolidated into the present statements.

The other 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.

The balance sheets of foreign subsidiaries have been converted into euros at the middle rate on the date of closing. 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 60-62.

Income 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, deferred tax liabilities and assets are computed on the basis of the timing differences 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 euros at the middle rates on the date of closing. Realised exchange rate differences and gains and losses arising from the valuation of liabilities and assets have been entered in the income statement. Exchange rate gains and losses related to actual business operations are entered as adjustment items on sales and purchases, and those related to financing are included under financial income and expenses.

Source and application of funds

Cash flows during the financial year have been separated into flows related to business operations, investments and financing. In the consolidated statement on source and application of funds, the effect of exchange rate changes has been eliminated by converting the initial balance sheet at the rates on the date of closing without taking cash flows into account. Cash flow items are substantially presented on a payment basis. The 1999 statements on source and application of funds have been converted in the same way.

NOTES TO THE ACCOUNTS

(EUR 1,000)

NOTES TO THE FINANCIAL STATEMENTS

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
1. TURNOVER BY DIVISION				
Margarine Division	204,176	200,258		
Grain Division	244,126	234,388		
Benecol Division	23,123	51,613		
Chemicals Division	346,523	299,183		
- Inter-divisional turnover	-17,984	-22,613		
Total	**799,964**	**762,829**		
INTERNATIONAL TURNOVER				
Exports from Finland				
Margarine Division	26,676	28,794		
Grain Division	39,138	34,956		
Benecol Division	14,407	37,317		
Chemicals Division	50,712	43,995		
Total	**130,933**	**145,062**		
Turnover for companies abroad	349,728	314,534		
Trading abroad	363	428		
- intra-Group sales	-82,149	-86,365		
International turnover	**398,875**	**373,659**		
2. MATERIALS AND SERVICES				
Materials, supplies and goods				
Purchases during the year	481,719	476,570	91,914	99,554
Change in inventories	20,186	-30,150	1,759	1,257
	501,905	**446,420**	**93,673**	**100,811**
External services	2,878	2,288	319	405
Total	**504,783**	**448,708**	**93,992**	**101,216**
3. PERSONNEL EXPENSES				
Wages and salaries	78,976	74,320	18,727	17,829
Pension expenses	11,729	9,918	3,636	2,883
Other personnel expenses	11,026	11,466	2,024	2,259
Total	**101,731**	**95,704**	**24,388**	**22,970**
4. SALARIES AND REMUNERATIONS PAID TO MANAGEMENT				
Managing director and members of the Board of Directors	2,790	2,684	470	466
5. AVERAGE NUMBER OF GROUP PERSONNEL				
Finland	1,655	1,761	629	622
Abroad	1,120	1,136	0	0
Total	**2,775**	**2,897**	**629**	**622**

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 60-62.

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
7. DEPRECIATION AND WRITE-DOWNS				
Depreciation on tangible and intangible assets	46,688	43,659	11,599	11,417
Write-downs on fixed assets and long-term investment	4,228	0	0	0
	50,916	**43,659**	**11,599**	**11,417**
8. RESULT BY DIVISION				
Margarine Division	3,472	-12,897		
Grain Division	707	785		
Benecol Division	-45,631	7,532		
Chemicals Division	11,930	20,265		
Others	-2,665	313		
Total	**-32,187**	**15,998**		

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
9. FINANCIAL INCOME AND EXPENSES				
Dividend received				
From participating interests companies			1,162	1,618
From others	752	416	747	402
Total	**752**	**416**	**1,909**	**2,020**
Interest received on long-term investment				
From Group companies			10,341	6,640
From others	217	139	0	0
Total	**217**	**139**	**10,341**	**6,640**
Total income from long-term investment	**969**	**555**	**12,250**	**8,660**
Other interest and financial income				
From Group companies			2,669	1,458
From others	6,181	4,330	5,282	3,699
Total	**6,181**	**4,330**	**7,951**	**5,157**
Total interest received on long-term investment and other interest and financial income	**6,398**	**4,469**	**18,292**	**11,797**
Exchange rate differences				
From Group companies			445	-4,152
From others	140	829	-299	3,742
Total	**140**	**829**	**146**	**-410**
Write-downs on investment				
Write-downs on long-term investment	-2	0	0	0
Total	**-2**	**0**	**0**	**0**
Interest paid and other financial expenses				
To Group companies			-683	-624
To others	-21,722	-16,752	-16,646	-12,247
Total	**-21,722**	**-16,752**	**-17,330**	**-12,871**
Total financial income and expenses	**-14,434**	**-11,038**	**3,017**	**536**
10. EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary income				
Group subsidies received	0	0	12,150	7,400
Other extraordinary income	0	0	0	95
Total	**0**	**0**	**12,150**	**7,495**
Extraordinary expenses				
Group subsidies paid	0	0	-21,280	-2,758
Write-downs on shares	0	0	0	-2,121
Operational restructuring expenses	0	-7,946	0	0
Total	**0**	**-7,946**	**-21,280**	**-4,880**
Total extraordinary income and expenses	**0**	**-7,946**	**-9,130**	**2,616**
11. APPROPRIATIONS				
Difference between planned depreciation and depreciation made in taxation			5,920	3,027
12. INCOME TAXES				
Income tax on extraordinary items	0	2,433	2,648	-732
Income tax on normal operations	-4,379	-11,238	-3,467	-746
Taxes on earlier financial years	-737	314	-76	325
Change in deferred tax liability	9,615	8,420	0	0
	4,499	**-71**	**-896**	**-1,153**

NOTES ON THE BALANCE SHEET

13. CONSOLIDATED TANGIBLE AND INTANGIBLE ASSETS 2000

(EUR 1,000)

Intangible assets

	Intangible rights	Goodwill	Group adjustments	Other long-term expenditure	Advances paid and unfinished assets	Intangible assets total
Acquisition cost 1.1.	49,827	2,897	64,609	1,574	1,194	**120,101**
Conversion difference	-210	131	0	0	0	**-79**
Increase 1.1.-31.12.	5,862	18	7,135	407	1,964	**15,386**
Decrease 1.1.-31.12.	1,435	68	289	-1,372	0	**420**
Transfers between items	460	0	0	134	-985	**-391**
Acquisition cost 31.12.	**54,504**	**2,978**	**71,455**	**3,487**	**2,173**	**134,597**
Accumulated depreciation and write-downs 1.1.	20,460	1,864	15,602	1,210	0	**39,136**
Conversion difference	-80	181	0	0	0	**101**
Accumulated depreciation of decrease and transfers	712	128	-1,351	-1,664	0	**-2,175**
Depreciation for the year	5,238	267	3,371	84	0	**8,960**
Accumulated depreciation 31.12.	**24,906**	**2,184**	**20,324**	**2,958**	**0**	**50,372**
Book value 31.12.	**29,598**	**794**	**51,131**	**529**	**2,173**	**84,225**

Tangible assets

	Land and water areas	Buildings and constructions	Machinery and equiment	Other tangible assets	Advances paid and unfinished assets	Tangible assets total
Acquisition cost 1.1.	7,212	178,357	390,483	3,025	5,579	**584,656**
Conversion difference	50	329	1,214	95	44	**1,732**
Increase 1.1.-31.12.	37	13,143	47,243	607	7,533	**68,563**
Decrease 1.1.-31.12.	38	12,302	37,443	325	1,842	**51,950**
Transfers between items	0	686	4,080	-772	-3,994	**0**
Acquisition cost 31.12.	**7,261**	**180,213**	**405,577**	**2,630**	**7,320**	**603,001**
Accumulated depreciation and write-downs 1.1.	0	77,546	220,981	1,561	0	**300,088**
Conversion difference	0	26	167	62	0	**255**
Accumulated depreciation of decrease and transfers	0	1,685	9,195	483	0	**11,363**
Depreciation for the year	0	9,971	30,219	345	0	**40,535**
Accumulated depreciation 31.12.	**0**	**85,858**	**242,172**	**1,485**	**0**	**329,515**
Book value 31.12.	**7,261**	**94,355**	**163,405**	**1,145**	**7,320**	**273,486**
Balance sheet value of machinery and equipment 31.12.			**127,645**			

14. PARENT COMPANY TANGIBLE AND INTANGIBLE ASSETS 2000

(EUR 1,000)

Intangible assets

	Intangible rights	Goodwill	Other long-term expenditure	Advances paid	Intangible assets total
Acquisition cost 1.1.	17,630	2,024	2,060	672	**22,387**
Increase 1.1.-31.12.	484	0	135	15	**634**
Decrease 1.1.-31.12.	0	0	221	0	**221**
Transfers between items	317	0	355	-672	**0**
Acquisition cost 31.12.	**18,431**	**2,024**	**2,329**	**15**	**22,800**
Accumulated depreciation and write-downs 1.1.	7,214	1,754	1,798	0	**10,766**
Accumulated depreciation of decrease and transfers	0	0	0	0	**0**
Depreciation for the year	1,774	202	226	0	**2,202**
Accumulated depreciation 31.12.	**8,988**	**1,957**	**2,023**	**0**	**12,968**
Book value 31.12.	**9,443**	**67**	**306**	**15**	**9,832**

Tangible assets

	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.	3,147	71,345	102,778	260	620	**178,151**
Increase 1.1.-31.12.	36	870	2,636	4	446	**3,992**
Decrease 1.1.-31.12.	0	0	358	0	0	**359**
Transfers between items	0	252	363	0	-615	**0**
Acquisition cost 31.12.	**3,183**	**72,467**	**105,419**	**264**	**451**	**181,784**
Accumulated depreciation and write-downs 1.1.	0	37,035	66,799	0	0	**103,834**
Accumulated depreciation of decrease and transfers	0	0	331	0	0	**331**
Depreciation for the year	0	2,697	6,699	0	0	**9,397**
Accumulated depreciation 31.12.	**0**	**39,732**	**73,167**	**0**	**0**	**112,900**
Book value 31.12.	**3,183**	**32,735**	**32,251**	**264**	**451**	**68,885**
Balance sheet value of machinery and equipment 31.12.			**29,893**			

15. CONSOLIDATED AND PARENT COMPANY INVESTMENT 2000

(EUR 1,000)

GROUP

	Participating interest company shares	Other shares	Other receivables	Total investment
Acquisition cost 1.1.	17,498	8,152	9,309	**34,959**
Conversion difference	362	-12	0	**350**
Increase 1.1.-31.12.	1,437	333	296	**2,066**
Decrease 1.1.-31.12.	12,309	90	6,908	**19,307**
Transfers between items	170	221	0	**391**
Acquisition cost 31.12.	**7,158**	**8,604**	**2,697**	**18,459**
Accumulated depreciation and write-downs 1.1.	0	0	0	**0**
Accumulated depreciation 31.12.	**0**	**0**	**0**	**0**
Book value 31.12.	**7,158**	**8,604**	**2,697**	**18,459**

PARENT COMPANY

	Group company shares	Participating interest company shares	Other shares	Receivables, Group companies	Other	Total investment
Acquisition cost 1.1.	81,009	5,711	6,786	168,041	1,595	**263,143**
Conversion difference	0	0	0	0	0	**0**
Increase 1.1.-31.12.	4,614	0	487	49,448	0	**54,549**
Decrease 1.1.-31.12.	0	5,677	63	20,303	1,570	**27,613**
Transfers between items	0	0	0	0	0	**0**
Acquisition cost 31.12.	**85,622**	**35**	**7,210**	**197,186**	**25**	**290,079**
Accumulated depreciation and write-downs 1.1.	1,850	0	0	0	0	**1,850**
Accumulated depreciation 31.12.	**1,850**	**0**	**0**	**0**	**0**	**1,850**
Book value 31.12.	**83,772**	**35**	**7,210**	**197,186**	**25**	**288,229**

16. SHARES AND HOLDINGS 2000

Group companies

	Group holding %	Parent company holding %
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	99.75
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	
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	
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., Argentina	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 Korea Inc., Korea	51.00	
Raisio Chemicals Mexico, S.A. de C.V., Mexico	51.00	
Raisio Chemicals Paperion S.A., France	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 Feed Ltd, Raisio	100.00	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 Ltd, Raisio	100.00	
Raisio Staest US Inc., USA	100.00	
Raisio Svenska AB, Sweden	100.00	
Sterol Technologies Ltd, Raisio	65.00	
Sterol Trading US Inc., USA	100.00	
Suomen Myllyt Oy, Raisio	100.00	

Associated companies

	Group holding %	Parent company holding %
Alahärmän Perunavarasto Oy, Alahärmä	67.94	
Latexia S.A., Belgium	50.00	
Periva Oy, Kokemäki	50.00	
AS Rigas Dzirnavnieks, Latvia	26.50	
Sweden Beech Sticks HB,Sweden	20.00	
Valmet-Raisio Oy, Turku	49.00	
Vihannin Vedenpuhdistamo Oy, Vihanti	49.00	49.00
Vihervakka Oy, Pöytyä	38.50	38.50
Xinyi Raisio Chemicals Co. Ltd., China	40.00	

Latexia S.A. subsidiaries

	Group holding %	Latexia S.A. holding %
Latexia Deutschland GmbH, Germany	50.00	100.00
Latexia France SAS, France	50.00	100.00
Latexia Iberia, S.L., Spain	50.00	100.00
Latexia SB Oy, Anjalankoski	50.00	100.00
Latexia Suomi Oy, Anjalankoski	50.00	100,00
Latexia Sverige AB, Sweden	50.00	100.00
Latexia Österreich GmbH, Österreich	50.00	100.00
Norlatex Oy, Porvoo	50.00	100.00

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
17. INVENTORIES				
Materials and supplies	102,469	111,833	21,300	23,060
Production in progress	1,633	2,236	0	0
Finished products/goods	36,884	37,089	10,912	14,343
Other inventories	810	12,700	9	8
	141,796	**163,858**	**32,221**	**37,411**
18. RECEIVABLES				
Non-current receivables				
Accounts receivable	0	328	0	0
Loan receivables	9,672	0	0	0
Other receivables	378	66	0	0
Prepaid expenses and accrued income	389	0	0	0
Total non-current receivables	**10,439**	**394**	**0**	**0**
Current receivables				
Accounts receivable	116,493	97,271	13,248	12,390
Receivables from Group companies				
Accounts receivable			17,136	13,546
Loan receivables			3,224	91
Other receivables			16,004	8 ,913
Prepaid expenses and accrued income			6,047	4,134
			42,410	**26,684**
Receivables from participating interests companies				
Accounts receivable	890	924	278	8
Loan receivables	2,994	0	0	0
Other receivables	8	0	22	0
Prepaid expenses and accrued income	86	0	139	0
	3,978	**924**	**439**	**8**
Loan receivables	925	2,748	158	39
Other receivables	9,048	12,232	842	2,910
Prepaid expenses and accrued income	15,947	16,316	4,353	3,808
Total current receivables	**146,391**	**129,491**	**61,449**	**45,840**

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

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
19. SHAREHOLDERS' EQUITY				
Share capital 1.1.	27,776	27,776	27,776	27,776
Share capital 31.12.	**27,776**	**27,776**	**27,776**	**27,776**
Premium fund 1.1.	2,908	2,908	2,908	2,908
Premium fund 31.12.	**2,908**	**2,908**	**2,908**	**2,908**
Reserve fund 1.1.	88,664	88,694	88,587	88,587
Transferred from retained earnings	3	1	0	0
Other changes	0	-31	0	0
Reserve fund 31.12.	**88,667**	**88,664**	**88,587**	**88,587**
Other reserves 1.1.	29	13	0	0
Transferred from retained earnings	63	16	0	0
Other reserves 31.12.	**92**	**29**	**0**	**0**
Retained earnings 1.1.	159,247	168,595	68,547	74,708
Dividend distributed	-5,611	-11,892	-5,555	-9,722
Minority dividends transferred to retained earnings	56	2,163	0	0
Transferred to reserve fund	-3	-1	0	0
Transferred to other reserves	-63	-16	0	0
Other changes	2,345	2,552	0	0
Retained earnings 31.12.	**155,971**	**161,401**	**62,991**	**64,986**
Result for the year	**-40,776**	**-2,154**	**1,725**	**3,560**
Total shareholders equity	**234,638**	**278,624**	**183,987**	**187,818**
Distributable equity			**64,716**	

Parent company share capital divided by share series as follows:

	2000 Shares	2000 EUR 1,000	1999 Shares	1999 EUR ,1000
Series K (20 votes/share)	36,407,370	6,123	36,442,760	6,129
Series V (1 vote/share)	128,741,660	21,653	128,706,270	21,647
Total	**165,149 030**	**27,776**	**165,149,030**	**27,776**

20. APPROPRIATIONS

Parent company appropriations consist of the accumulated depreciation difference.

In the consolidated accounts the proportion of the depreciation difference accumulated and non-mandatory reserves transferred to shareholders' equity is EUR 49,927,000.

21. DEFERRED TAX LIABILITY AND ASSETS

	GROUP 2000	GROUP 1999
Deferred tax assets		
On consolidation	2,517	2,544
On timing differences	15,093	9,608
	17,610	**12,153**
Deferred tax liability		
On appropriations	30,025	35,212
On consolidation	1,431	2,025
On timing differences	2,080	1,417
	33,536	**38,655**

22. LIABILITIES

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
NON-CURRENT LIABILITIES				
Loans from credit institutions	138,396	99,825	125,248	81,022
Pension loans	6,994	9,792	5,417	7,584
Advance payment	20	0	0	0
Other long-term loans	3,097	4,004	202	0
Total non-current liabilities	**148,507**	**113,621**	**130,867**	**88,606**
Liabilities falling due within a period longer than five years				
Loans from credit institutions	19,040	3 ,823	19,026	2,863
Pension loans	0	0	0	0
Other long-term loans	47	0	0	0
Total	**19,087**	**3,823**	**19,026**	**2,863**
CURRENT LIABILITIES				
Loans from credit institutions	155,734	124,489	114,902	91,120
Pension loans	2,798	2,798	2,167	2,167
Advance payments	1,393	1,286	13	33
Accounts payable	83,902	68,667	18,120	18,808
Notes payable	1,639	1,518	0	0
Liabilities to Group companies				
Accounts payable			563	2,462
Other liabilities			27,409	3,828
Accrued liabilities and deferred income			451	649
			28,423	**6,940**
Liabilities to participating interests companies				
Accounts payable	572	665	7	50
Other liabilities	4,531	0	0	0
Accrued liabilities and deferred income	290	94	7	0
	5,393	**759**	**15**	**50**
Other liabilities	19,196	50,199	11,936	40,500
Accrued liabilities and deferred income	38,534	37,583	12,299	8,594
Total current liabilities	**308,589**	**287,299**	**187,875**	**168,212**

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

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Interest-free debts				
Non-current	33,855	39,139	0	0
Current	131,917	117,767	53,799	32,255
Total	**165,772**	**156,906**	**53,799**	**32,255**

OTHER NOTES TO THE ACCOUNTS

23. SECURITY GIVEN, CONTINGENT AND OTHER LIABILITIES

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
ASSETS GIVEN AS SECURITY				
For the Company				
Mortgages on real estate	67,371	71,690	5,517	2,388
Securities pledged	1,612	0	0	0
Corporate mortgages	56,278	60,650	0	0
Total	**125,261**	**132,340**	**5 ,517**	**2,388**
For Group companies				
Mortgages on real estate			48,468	48,468
Securities pledged			1,612	0
Corporate mortgages			25,060	25,060
Total			**75,140**	**73,528**
For others				
For associated companies				
Mortgages on real estate	**0**	**168**	**0**	**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.

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
CONTINGENT OFF-BALANCE-SHEET LIABILITIES				
Pension liability not recorded as expense or debt				
Pension liability	**0**	**224**	**0**	**224**
Leasing liablilities				
Amounts outstanding on leasing contracts				
Falling due during 2001/2000	3,179	2,967	1,125	1,069
Falling due later	6,265	6,955	1,624	984
Total	**9,444**	**9,922**	**2,749**	**2 ,053**

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

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Contingent liabilities for Group companies				
Guarantees	5,373	4,977	72,702	93,105
Redemption liabilities	0	0	2,853	3,299
	5,373	**4,977**	**75,555**	**96,403**
Contingent liabilities for the Company	**12 ,913**	**10 ,946**	**5 ,550**	**5,550**
Contingent liabilities for associated companies				
Guarantees	**3,691**	**3,919**	**2,972**	**2,987**
Contingent liabilities for others				
Guarantees	**1,273**	**882**	**1,136**	**4,969**

Liabilities arising from derivative contracts

Derivative contracts are used in the Group for hedging.

The nominal amounts stated below for derivative contracts illustrate the extent of hedging measures.

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Raw material futures:				
Value of underlying instruments	14,637	7,182		

The value of raw material futures is the market value of the commodity batches underlying the futures, converted at the exchange rate on the date of closing.

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Currency forward contracts:				
Value of underlying instruments	49,208	111,039		

The value of forward foreign exchange contracts is that of outstanding contracts converted to euros at the exchange rate on the date of closing.

	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Interest-rate swaps:				
Value of underlying instruments	40,000	40,000		

The value stated for interest rate swaps is the nominal value of outstanding contracts.

Financial risk management

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.

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 agreements 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, 74 per cent of the open currency position was hedged, and the average for the whole year was 84 per cent.

In principle, the individual divisions carry the price risks related to commodities. Rapeseed based and soy based raw materials quoted on exchange are an exception, however: from March 2000 the individual divisions are responsible for calculating their risk position, while the Group Financial Department carries out the hedging measures required.

FINANCIAL INDICATORS

	1996	1997	1998	1999	2000
Extension of operations					
Turnover, EURm	661	858	833	763	**800**
change, %	+22	+30	-3	-8	**+5**
Exports from Finland, EURm	124	135	178	145	**131**
Total international turnover, EURm	259	423	421	374	**399**
% of turnover	39.2	49.3	50.5	49.0	**49.9**
Gross investments, EURm	65	73	75	61	**49**
% of turnover	9.9	8.5	9.0	8.0	**6.2**
R & D expenditure, EURm	15	17	18	16	**18**
% of turnover	2.2	1.9	2.1	2.1	**2.3**
Average personnel	2,365	2,817	2,904	2,897	**2,775**
Profitability					
Operating result, EURm	33	41	52	16	**- 32**
% of turnover	5.0	4.8	6.3	2.1	**- 4.0**
Result before extraordinary items, EURm	28	35	42	6	**- 47**
% of turnover	4.2	4.1	5.1	0.8	**- 5.8**
Result before taxes and minority interest, EURm	27	20	39	- 2	**- 47**
% of turnover	4.1	2.3	4.7	- 0.3	**- 5.8**
Return on equity, ROE, %	4.5	7.8	9.2	0.4	**-14.9**
Return on investment, ROI, %	9.2	10.1	11.1	4.0	**- 4.2**
Financial and economical position					
Shareholders' equity and minority interest, EURm	291	298	317	304	**260**
Net interest-bearing liabilities, EURm	119	143	174	233	**251**
Balance sheet total, EURm	619	643	690	744	**750**
Equity ratio, %	47.3	46.6	46.0	41.0	**34.7**
Quick ratio	1.1	0.8	0.7	0.6	**0.7**
Current ratio	1.8	1.5	1.2	1.2	**1.2**
Cash flow from business operations	43*	60*	47*	6	**16**

*According to the previous accounting principles of source and application of funds

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)

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

Cash flow per share

$$\frac{\text{Cash flow from business operations}}{\text{Average number of shares for the year, adjusted for share issues}}$$

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

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

Market capitalization

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

SHARE-SPECIFIC INDICATORS

	1996	1997	1998	1999	2000
Earnings/share (EPS), EUR	0.07	0.14	0.16	0.01	**-0.25**
Cash flow/share, EUR	0.27*	0.37*	0.29*	0.04	**0.10**
Equity/share, EUR	1.61	1.66	1.74	1.69	**1.42**
Dividend/share, EUR	0.034	0.050	0.059	0.034	**0.017**[1)]
Dividend/earnings, %	48.99	36.26	37.47	398.38	**-6.81**
Effective dividend yield, %					
Free shares	0.69	0.46	0.63	0.85	**0.84**
Restricted shares	0.71	0.47	0.65	0.72	**0.76**
P/E ratio					
Free shares	71.2	78.2	59.6	466.9	**-8.10**
Restricted shares	68.6	76.9	57.8	556.5	**-8.99**

Share value

	1996	1997	1998	1999	2000
Adjusted average quotation, EUR					
Free shares	3.83	8.37	13.07	7.70	**2.60**
Restricted shares	3.77	8.23	14.68	8.28	**3.12**
Adjusted lowest quotation, EUR					
Free shares	1.04	4.86	7.82	3.55	**1.71**
Restricted shares	1.01	4.73	7.74	4.00	**2.20**
Adjusted highest quotation, EUR					
Free shares	5.72	10.97	18.16	12.45	**4.34**
Restricted shares	5.55	10.85	18.00	12.10	**5.20**
Adjusted quotation 31.12., EUR					
Free shares	4.89	10.88	9.36	3.94	**2.00**
Restricted shares	4.71	10.70	9.08	4.70	**2.22**
Market capitalization 31.12., EURm					
Free shares	557.0	1,308.7	1,199.3	505.8	**252.3**
Restricted shares	232.8	460.3	336.5	171.3	**81.9**
Total	789.8	1,769.0	1,535.8	677.1	**334.2**

Trading in shares

	1996	1997	1998	1999	2000
Trading, EURm					
Free shares	570.2	735.6	1,286.3	1,419.3	**322.6**
Restricted shares	45.7	48.4	80.6	9.5	**2.6**
Total	615.9	784.0	1,366.9	1,428.8	**325.2**
Number of shares traded					
Free shares, 1000 shares	160,970	87,884	9,429	184,293	**124,213**
%	150.6	75.1	78.4	143.6	**96.5**
Restricted shares, 1000 shares	12,873	5,887	5,493	1,144	**817**
%	24.8	12.7	14.1	3.1	**2.2**

Number of shares

	1996	1997	1998	1999	2000
Average adjusted number of shares, 1 000 shares					
Free shares	106,902	117,090	125,514	128,335	**128,722**
Restricted shares	51,999	46,240	39,052	36,814	**36,427**
Average adjusted number of shares 31.12., 1 000 shares					
Free shares	113,886	120,294	128,072	128,706	**128,742**
Restricted shares	49,444	43,035	37,077	36,443	**36,407**

*According to the previous accounting principles of source and application
[1)]According to the Board proposal 0.10 FIM per share

SHARES AND SHAREHOLDERS

Share capital and types of share

The fully paid up share capital of Raisio Group plc is EUR 27,776,072.91. On December 31, 2000, the stock was divided into 36,407,370 restricted shares (Series K) and 128,741,660 free shares (Series V), each with a book countervalue of EUR 0.17 (rough figure). Under an amendment of the Articles of Association registered on May 12, 2000, nominal value is now quoted for the share. The company's minimum share capital is EUR 25,000,000 and maximum share capital EUR 100,000,000. Share capital can be raised or lowered within these margins without amending the Articles of Association (Article 4). There was no change in share capital during the financial year.

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 respectively.

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 2000, 35,390 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 2,022,330 restricted shares and 506,080 free shares on December 31, 2000. This accounts for 1.53 per cent of the total number of shares and 1.99 per cent of the maximum voting power. They also own 86,250 option rights under the 1998-2003 option programme, i.e. 24.6 per cent of the total.

If the holders of option rights subscribe all the shares they are entitled to, i.e. 862,500 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 2,022,330 restricted shares and 1,368,580 free shares, or 2.01 per cent of the post-subscription stock and 2.08 per cent 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.

Amendment of the articles of association

In its second and final consideration of the matter on April 6, 2000, the Annual General Meeting decided to amend the Articles of Association to the effect that the maximum and minimum amounts of share capital will be expressed in euros, rounding them to full figures, that the nominal value of the share will be given up, and the maximum amounts of the two different share types and the combined amount of shares will be made to correspond to the new maximum and minimum amounts of share capital.

The amendment took effect on May 12, 2000, when it is being entered in the Trade Register.

Authority to raise share capital

The Annual General Meeting held on April 6, 2000 authorized the Board of Directors to decide on a maximum increase of EUR 1,681,879.26 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 12, 2000 and will remain in force up to April 6, 2001. 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.

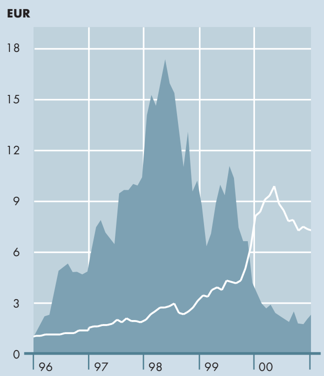
By AGM decision, a total of 350,000 option rights have been issued to members and deputy members of Raisio Group plc's Board of Directors, and under a Board decision based on AGM authorization to members of Group and Group company management and key personnel and to a fully owned Group company. Option 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 began on May 4, 2000 (option right A), May 4, 2001 (option right B), May 4, 2002 (option right C) and May 4, 2003 (option right D). The subscription periods of all lots end on January 30, 2004. These subscriptions may not raise share capital by more than EUR 588,657.74, and the number of shares may not increase by more than 3,500,000 free shares, or 2.12 per cent of the current number. The votes carried by the new shares account for 0.4 per cent 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. EUR 163.48, or EUR 16.35 per current share. This price was raised, making the subscription price EUR 17.02 in the subscription beginning on May 4, 2000, and EUR 17.36, EUR 17.69 and EUR 18.03 respectively for the later lots. 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 book countervalue of the share, however. The new shares entitle their holder to dividend for the financial period during which they are subscribed. No shares were subscribed under option rights during the financial year.

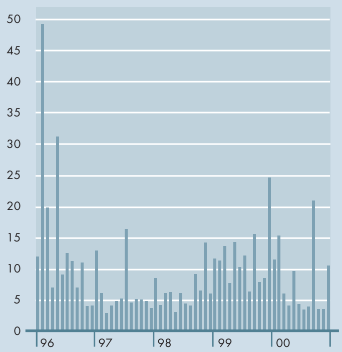
PRICES OF RAISIO GROUP PLC FREE SHARES (SERIES V) ON HELSINKI EXCHANGES MAIN LIST
Change in nominal value and share issues taken into account as an adjustment.

Avarage quotation
HEX All Share Index



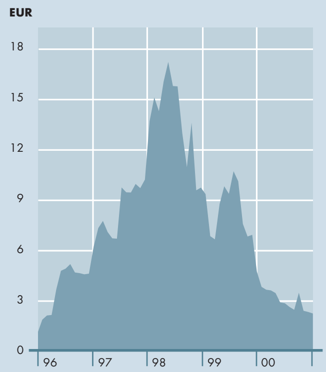
RAISIO GROUP PLC FREE SHARES (SERIES V) PERCENTAGE TRADING ON HELSINKI EXCHANGES MAIN LIST

% of total share series



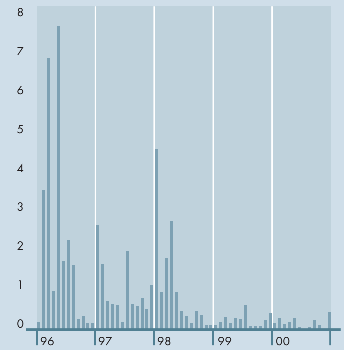
PRICES OF RAISIO GROUP PLC RESTRICTED SHARES (SERIES K) ON HELSINKI EXCHANGES I-LIST
Change in nominal value and share issues taken into account as an adjustment.

Avarage quotation



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

% of total share series



INCREASE IN SHARE CAPITAL

Subscription period	Method	Terms of subscription	Nominal value FIM	Subscription price FIM	Subscription price EUR	Number of new shares	Increase in share capital EURm	New share capital EURm	Right to dividend
13.12.1993–28.1.1994	New issue	5 V or K: 1 V	50	250.00	42.05	405,206	3.41	20.5	Half dividend 1993
12.4.1995	Direct issue for Raision Margariini shareholders	11 RM: 5 V	10	exchange		1,454,630	2.45	22.9	Full dividend 1995
10.6.–10.7.1996	New issue	5 V: 1 V 5 K: 1 K	10	80.00	13.46	2,722,163	4.58	27.5	Full dividend 1996
1.4.–30.4.1998	Direct issue for holders of 1993 bond warrants	–	10	96.75	16.27	181,920	0.31	27.8	Full dividend 1998

BREAKDOWN OF SHARE CAPITAL, DECEMBER 31, 2000

	Number of shares	% of total shares	% of total votes
Free shares	128,741,660	78.0	15.0
Restricted shares	36,407,370	22.0	85.0
Total	165,149,030	100.0	100.0

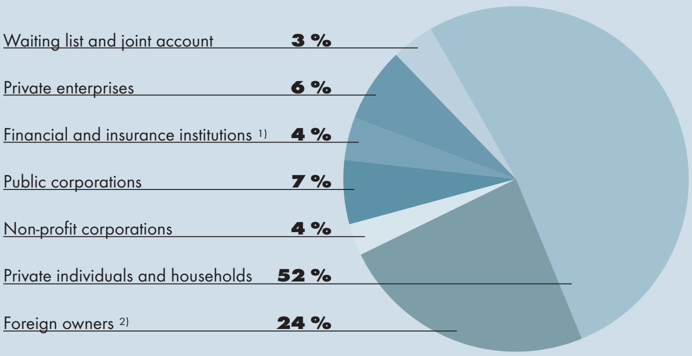
SHAREHOLDERS

25 biggest shareholders on December 31, 2000, according to the shareholders' register.

	Series K No.	Series V No.	Total No.	%	Votes No.	%
Central Union of Agricultural Producers and Forest Owners	3,357,380	175,000	3,532,380	2.1	2,477,235	0.29
Ilmarinen Mutual Pension Insurance Company		3,249,500	3,249,500	2.0	2,477,235	0.29
Tapiola Mutual Pension Insurance Company		2,758,100	2,758,100	1.7	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	2,098,920	2,141,460	1.3	2,477,235	0.29
Local Government Pensions Institution		1,344,000	1,344,000	0.8	1,344,000	0.16
Langh Hans	654,480		654,480	0.4	2,477,235	0.29
LEL Employment Pension Fund		643,600	643,600	0.4	643,600	0.08
Haavisto Maija	393,120	248,280	641,400	0.4	2,477,235	0.29
Haavisto Heikki	519,300	110,100	629,400	0.4	2,477,235	0.29
Medical Investment Trust Oy		567,500	567,500	0.3	567,500	0.07
Mutual Insurance Company Pensions-Fennia		565,000	565,000	0.3	565,000	0.07
Haavisto Antti	382,140	178,740	560,880	0.3	2,477,235	0.29
Haavisto Erkki	379,940	172,260	552,200	0.3	2,477,235	0.29
Sitra, the Finnish National Fund for Research and Development		546,000	546,000	0.3	546,000	0.06
Haavisto Ilkka	380,760	160,080	540,840	0.3	2,477,235	0.29
Myllymäki Erkki	385,820	113,080	498,900	0.3	2,477,235	0.29
Local Government Pensions Institution Varma-Sampo		495,000	495,000	0.3	495,000	0.06
Life and Pension Insurance Verdandi		494,620	494,620	0.3	494,620	0.06
Varsinais-Suomi Union of Agricultural Producrs Support Fund	424,980	16,940	441,920	0.3	2,477,235	0.29
Pohjola Life Insurance Company Ltd		400,000	400,000	0.2	400,000	0.05
Nesteen Eläkesäätiö		390,000	390,000	0.2	390,000	0.05
Kaleva Mutual Insurance Company		345,000	345,000	0.2	345,000	0.04
PT:n Eläkesäätiö		302,200	302,200	0.2	302,200	0.04
Pohjola Non-Life Insurance Company Ltd		300,000	300,000	0.2	300,000	0.04

Shares registered under foreign ownership, including nominee registrations, totalled 38,708,820 on December 31, 2000, or 23.4% of the total.

BREAKDOWN OF SHARES



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

DISTRIBUTION OF SHAREHOLDERS, DECEMBER 31, 2000

	Free shares				Restricted shares			
No.	Shareholders		Shares		Shareholders		Shares	
of shares	No.	%	No.	%	No.	%	No.	%
1 – 1,000	29,847	69.9	14,312,293	11.1	4,503	58.8	1,582,954	4.4
1,001 – 5,000	10,630	24.9	25,208,402	19.6	2,052	26.8	4,867,556	13.4
5,001 – 10,000	1,415	3.3	10,487,887	8.2	576	7.5	4,105,200	11.3
10,001 – 25,000	530	1.3	8,287,521	6.4	357	4.7	5,572,381	15.3
25,001 – 50,000	147	0.3	5,192,520	4.0	114	1.5	3,785,895	10.4
50,001 –	128	0.3	64,869,217	50.4	52	0.7	12,433,520	34.1
waiting list			2,000	0.0			3,362,334	9.2
join account			381,820	0.3			697,530	1.9
Total	42,697	100.0	128,741,660	100.0	7,654	100.0	36,407,370	100.0

On December 31, 2000, Raisio Group plc had a total of 451,562 registered shareholders.

BOARD'S PROPOSAL FOR THE DISPOSAL OF PROFIT

Shareholders' equity according to the consolidated balance sheet at December 31, 2000 is EUR 234,638,000, of which EUR 65,360,000 is distributable. According to the balance sheet, the distributable assets of the parent company at December 31, 2000 total EUR 64,716,126.37, profit for the year accounting for EUR 1,724,686.53.

The Board of Directors proposes that a dividend of FIM 0.10 per share be paid from the parent company's earnings on a total of 165,149,030 shares,

totalling	EUR	2,777,607.29
and that be carried over on the retained earnings account	EUR	61,938,519.08
Total	EUR	64,716,126.37

The dividend will be paid when the matching period ends, i.e. on April 18, 2001.

Raisio, February 21, 2001

Arimo Uusitalo	Matti Linnainmaa
Antti Herlin	Jaakko Ihamuotila
Kaj Lönnroth	Kaarlo Pettilä
Pertti Vuola	Lasse Kurkilahti Chief Executive

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 January 1, 2000 - December 31, 2000. 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.

Raisio, March 5, 2001

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, 2000 – December 31, 2000, and the attached financial statements, and studied the auditors' report, in accordance with the Articles of Association.

The Supervisory Board has decided to propose in its statement to the Annual General Meeting that the income statement and balance sheet and the consolidated income statement and balance sheet be adopted and that the profit shown by the accounts be disposed of as proposed by the Board of Directors.

The members of the Supervisory Board in turn to resign are Hannu Auranen, Juhani Enkovaara, Erkki Haavisto, Juho Koivisto, Erkki S. Koskinen, Vesa Lammela, Hans Langh, Johan Laurén, Pekka Raipala and Ilmo Seppälä.

Helsinki, March 12, 2001
For the Supervisory Board
Vesa Lammela
Chairman

CORPORATE GOVERNANCE

Annual General Meeting

The AGM is the highest organ deciding on corporate issues. It meets annually by the end of April, to discuss and adopt the financial statements and the consolidated financial statements, to decide on discharging those accountable from liability and on the distribution of the profit, to replace the members of the Supervisory Board whose terms are coming to an end, and to elect the auditors. Extraordinary shareholders' meetings may be held when necessary, and are convened by the Board of Directors.

Supervisory Board

The Supervisory Board consists of a minimum of 21 and a maximum of 30 members with a term of three calendar years immediately following their election. A third of the members are replaced each year. The Supervisory Board supervises the corporate administration run by the Board of Directors and the managing director, and decides on issues related to any significant expansion or reduction of operations. It appoints the members of the Board of Directors and appoints and discharges the managing director and his deputy. The Supervisory Board must further give the AGM a statement on the financial statements and auditors' report. It met three times during the year under review. No one over 65 years of age can be elected to the Supervisory Board.

Board of Directors

In accordance with Raisio Group plc Articles of Association, the company has a Board of Directors with a minimum of five and a maximum of eight members, and a minimum of five and a maximum of eight deputy members, all appointed by the Supervisory Board. The term of the members is the two calendar years following their election, and the terms of half of the members come to an end each year. The Board of Directors elects a chairman and vice chairman for one calendar year at a time.

The Board of Directors has the general authority to decide on all issues related to corporate administration and other matters that are not assigned to other organs by law or the Articles of Association. It is the Board of Directors' general duty to see to corporate administration and its proper organization, provision of accounting and asset management control, and corporate representation. It is also the Board of Directors' role to decide on issues with extensive reverberations in respect of the character and scope of operations. The Board of Directors must steer and supervise the day-to-day management of the managing director and give the managing director instructions and orders when necessary. No one over 65 years of age can be elected to the Board of Directors.

Apart from the above general duties, the Board of Directors of Raisio Group plc has the following functions in accordance with an agenda adopted by it in October 2000:

- approves corporate strategy and revises it regularly
- approves corporate performance targets
- approves the annual budget and investment budget and supervises their implementation
- decides on major individual extrabudgetary investments and divestments unless it considers that they fall under the jurisdiction of the Supervisory Board on account of their nature or extent
- approves the dividend policy
- processes and approves interim reports, reports of the board of directors, financial statements and consolidated financial statements
- confirms the Group structure
- following a proposal by the Chief Executive, appoints and discharges the Chief Executive's immediate subordinates, determines their duties and decides on their terms of employment
- decides on incentive and reward systems for the management and personnel and submits them to the AGM when necessary
- approves important cooperation agreements, partnerships and corporate sales and purchases
- approves the composition of the Boards of Directors of major subsidiaries
- reviews key risks related to corporate operations and their management annually
- approves the ethical values and procedures of the company.

The Board of Directors may set up permanent or temporary committees and working groups consisting of either its own members or outsiders. These committees and working groups always report to the Board of Directors. If necessary, separate agendas may be drawn up and approved for them.

The Board of Directors met 15 times during the year under review and held three telephone competences.

Managing director

The managing director, referred to as the Chief Executive at Raisio Group plc, runs and supervises corporate operations in accordance with instructions and orders from the Board of Directors. The managing director must on his own initiative keep the Board of Directors informed of corporate issues and status, and see that the accounts are kept in accordance with the law and that asset management is arranged reliably. He has the right to represent the company by virtue of his standing and within his appointed duties. The Raisio Group's managing director is always a member of the Board of Directors. The managing director is due to retire at the age of 60.

If the Chief Executive is for some reason prevented from seeing to his duties for the period that is not temporary or short, his deputy takes his place.

Management meeting

At its regular monthly meetings, the management concentrates on following up on the budget and operations, specifically reporting on and analysing the previous month's performance. The meeting also handles issues concerning the entire Group, such as various policies. Management meetings are attended by the Chief Executive and the heads of the divisions and service functions.

If necessary, ad hoc management meetings are arranged to handle individual issues. These meetings are attended by any members of the management and experts that are required by the issues at hand.

Auditing

The corporate accounts are audited and handled globally by KPMG, with Thor Nyroos, APA, and Esa Kailiala, APA as the responsible auditors.

The annual areas of auditing focus are planned together with the divisional and financial management. The planning for audits takes into account the fact that the Group has no internal audit processes of its own.
A summary of the corporate audit is submitted to the Board of Directors and the Chief Executive. Apart from this, the auditors of Group companies report separately to the management of each company. The auditors attend Board of Directors meetings at least once a year. The auditors give the shareholders an auditing report on the annual financial statements as required by law.

Insider regulations

On May 1, 2000 the company adopted instructions following the guidelines for insiders issued by Helsinki Exchanges. Statutory insiders are those stipulated by law: the members of the Supervisory Board and the Board of Directors and their deputies and the managing director and his deputy. Insiders by definition, on the other hand, on December 31, 2000, included 41 experts and members of divisional and service function management. The Group's insider administration uses the SIRE system, through which the Raisio Group holdings of insiders and entities under their control, and changes therein, are made public.

SUPERVISORY BOARD

Shareholdings December 31, 2000 — End of term
Raisio Group restricted shares (series K) and free shares (series V)

	End of term
Vesa Lammela, b. 1941 Kiukainen Chairman since 1998 and member since 1996 Lammela Oy holding, series V 6,550	2001
Ola Rosendahl, b. 1939 Pernaja Vice Chairman since 1988 and member since 1987 Series K 2,050 and series V 2,000	2002
Hannu Auranen, b. 1937 Karinainen member since 1987 Series K 31,320 and series V 2,000 Auranen & Manner Ky holding, series V 10,920	2001
Juhani Enkovaara, b. 1945 Helsinki member since 1996 Series K 500 and series V 250	2001
Risto Ervelä, b. 1950 Sauvo member since 1991 Series K 3,000 and series V 3,500	2002
Erkki Haavisto, b. 1968 Raisio member since 1997 Series K 379,940 and series V 172,260	2001
Matti Hakala, b. 1939 Orimattila member since 1987 Series K 800 and series V 300	2003
Mikael Holmberg, b. 1961 Nauvo member since 1998 Series K 1,620 and series V 1,360	2003
Esa Härmälä, b. 1954 Helsinki member since 1996 No Raisio Group shares	2002
Juhani Immala, b. 1935 Askainen member since 1987 Series K 50,340	2002
Timo Järvilahti, b. 1943 Halikko member since 1987 Series K 60	2002
Juho Koivisto, b. 1945 Kurikka member since 1987 Series K 1,080 and series V 180	2001
Taisto Korkeaoja, b. 1941 Kokemäki member since 1992 Series K 10,560 and series V 1,620	2003
Erkki S. Koskinen, b. 1946 Virrat member since 1996 Series V 10,000	2001
Albert Käiväräinen, b. 1940 Mynämäki member since 1987 Series K 6,700 and series V 530	2002
Hans Langh, b. 1949 Piikkiö member since 1990 Series K 654,480	2001
Johan Laurén, b. 1946 Parainen member since 1999 Series K 40,980 and series V 1,360	2001
Antti Lithovius, b. 1950 Lumijoki member since 1994 Series K 900 and series V 3,620	2002
Paavo Myllymäki, b. 1958 Mietoinen member since 1998 Series K 3,660 and series V 2,700	2003
Teemu Olli, b. 1950 Nousiainen member since 1987 Series K 44,500 and series V 1,000	2003
Pekka Raipala, b. 1947 Hämeenkyrö member since 1987 Series K 13,020 and series V 1,500	2001
Juha Saura, b. 1951 Pöytyä member since 1998 Series K 1,200	2003
Nils-Erik Segersven, b. 1936 Kemiö member since 1994 Series K 7,800 and series V 6,180	2002
Ilmo Seppälä, b. 1937 Valkeala member since 1996 Series K 150 and series V 150	2001
Tuula Tallskog, b. 1946 Pertteli member since 1998 Series K 560	2003
Johan Taube, b. 1950 Tenhola member since 1987 Series K 101,180	2003
Juhani Torkkomäki, b. 1939 Somero member since 1987 Series K 8,020 and series V 2,160	2003
Jukka Tuori, b. 1948 Huittinen member since 1998 Series K 100	2003
Simo Vaismaa, b. 1942 Isokyrö member since 1991 Series K 840 and series V 5,000	2002

The members of the Raisio Group plc Board of Directors in 2000: Chairman Heikki Haavisto (centre), Kaarlo Pettilä (left), Vice Chairman Matti Linnainmaa, Kaj Lönnroth and Lasse Kurkilahti (right), Jaakko Ihamuotila, Arimo Uusitalo and Pertti Vuola. The Chairman of the Supervisory Board Vesa Lammela is also in the picture (fourth from the left).

BOARD OF DIRECTORS

Shareholdings and option rights December 31, 2000
Raisio Group restricted shares (series K)
and free shares (series V)

	End of term
Regular members	
Heikki Haavisto, b. 1935	
Raisio	
Chairman and member since 1997	31.12.2000
Series K 519,300 and series V 110,100	
Option right A, 1,250	
Arimo Uusitalo, b. 1942	
Kiikala	
Chairman from 12.1.2001, member since 1991	2002
Series K 18,420	
Option rights A, B, C and D, 1,250 of each	
Matti Linnainmaa, b. 1940	
Pori	
Vice Chairman since 1997 and member since 1995	2002
Series K 4,000 and series V 114,220	
Option rights A, B, C and D, 1,250 of each	
Satabusiness Oy holding, series V 500	
Tor Bergman, b. 1948	
Turku	
member since 1999	31.8.2000
No Raisio Group shares	
Option right A 3,750	
Antti Herlin, b. 1956	2002
Helsinki	
member from 1.1.2001	
Series V 10,000	
No Raisio Group option rights	
Jaakko Ihamuotila, b. 1939	
Helsinki	
member from 1.1.2000	2001
Series V 22,500	
No Raisio Group option rights	
Lasse Kurkilahti, b. 1948	
Turku	
member from 1.9.2000	2001
Series V 20,000	
No Raisio Group option rights	
Kaj Lönnroth, b. 1936	
Kemiö	
member since 1987	2002
Series K 12,000	
Option rights A, B, C and D, 1,250 of each	
Kaarlo Pettilä, b. 1941	
Salo	
member since 1992	2001
Series K 51,400 and series V 2,880	
Option rights A, B, C and D, 1,250 of each	
Pertti Vuola, b. 1935	
Mietoinen	
member since 1987	2001
Series K 33,800 and series V 300	
Option rights A, B, C and D, 1,250 of each	

Deputy members	
Anssi Aapola, b. 1951	
deputy member since 1991	
Series K 17,820	
Option rights A, B, C and D, 3,000 of each	
Kai Hannus, b. 1945	
deputy member since 1999	
No Raisio Group shares	
Option rights A, B, C and D, 3,000 of each	
Kari Jokinen, b. 1948	
deputy member since 1998	31.12.2000
Series K 50	
Option rights A, B, C and D, 3,000 of each	
Juha Järvinen, b. 1946	
deputy member from 1.1.2001	
No Raisio Group shares	
No Raisio Group option rights	
Rabbe Klemets, b. 1953	
deputy member since 1999	
Series V 200	
Option rights A, B, C and D, 3,000 of each	
Kauko Mannerjärvi, b. 1957	
deputy member since 1998	
Series K 180 and series V 240	
Option rights A, B, C and D, 3,000 of each	
Hannu Suominen, b. 1946	
deputy member since 1987	4.9.2000
Series K 6,600	
Option right A 3,000	

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

The Raisio Group management meeting are attended by Satu Mehtälä (sitting, left to right), Anssi Aapola, Lasse Kurkilahti (Chairman), Riitta Savonlahti, Kai Hannus and Kauko Mannerjärvi (standing, left to right), Ilmo Aronen, Juha Järvinen, Tarja Mäkinen (Secretary), Rabbe Klemets and Hannu Maunula.

Chief Executive Officer
Lasse Kurkilahti

Chemicals Division
Kai Hannus

Raisio Chemicals Ltd	Jari Lehmusvaara
Starches	Timo Kasvi
Sizes	Claes Zetter
Coating chemicals	Eero Sarkki
Specialty chemicals	Kari Luukkonen
Nordic business area	Martti Söderström
Europe	Peter Hutton
America	Alan J. Whitehead
Asia	Esko Sarkki
Finance	Jari Lehmusvaara
Technology	Kari Nurmi
Key customer management	Adrian Williams
Material management	Jan-Erik Johansson
Marketing	Olof Malmström

Food Division
Juha Järvinen

Retail sales	Uolevi Nummela
Business to business sales	Jukka Hillukkala
Exports	Esa Wrang
Marketing	Pekka Silvennoinen
Margarine Subdivision:	
Raision Margariini	Kari Jokinen
Carlshamn Mejeri	Jyrki Norkko
Raisio Polska Foods	Kari Körkkö
Milling Subdivision	Teemu Järvinen
Potato Processing Subdivision	Jukka Hillukkala
Business development	Kari Jokinen
Finance	Harri Välimaa
Purchasing and logistics	Pekka Sundman

Benecol Division
Rabbe Klemets

Sales and Marketing	Jukka Lavi
Production	Johan Karlsson
Finance	Heikki Ruska

Animal Feeds Division
Ilmo Aronen

Marketing	Leif Liedes
Sales	Bengt-Erik Rosin
Production	Erkka Hellsten
Finance	Aune Lasonen

Malting Division
Hannu Maunula

Marketing	Juhani Elonheimo
Production	Lauri Laukkanen

Service Functions

Accounting and Finance	Kauko Mannerjärvi
Communications	Satu Mehtälä
Human Resources	Riitta Savonlahti
Purchasing and logistics	Anssi Aapola

SUMMARY OF STOCK EXCHANGE BULLETINS

Summary of the most important stock exchange bulletins in 2000.

January 10, Benecol range expands

Raisio Group adds two cream-cheese type vegetable-oil based cheeses to its Benecol range marketed in Finland.

January 11, Pet foods given up

Raisio Feed Ltd announces it will concentrate increasingly on its main sector, which is the production of farm animal feeds, and give up its loss-producing pet food business.

January 21, Raisio performance down

Raisio Group announces its 1999 profit before extraordinary items will be a good FIM 30 million (some EURm 5), having been FIM 252 million (EURm 42.4) in 1998.

February 10, Letter of intent on establishment of a paper latex company

Raisio Chemicals Ltd signs a letter of intent on the establishment of a joint latex company together with the French Rhodia S.A.

February 17, Tor Bergman to Metso

Chief Executive Officer Tor Bergman is elected Managing Director of Metso plc as from January 1, 2001.

February 21, Annual accounts information on 1999

Turnover amounts to EUR 763 million (EURm 833) and profit before extraordinary items to EUR 6 million (EURm 42). Earnings per share are EUR 0.01 (1998: EUR 0.16). The Board proposes a dividend of EUR 0.034 per share.

February 21, Review of Benecol situation

Raisio Group issues a review of the Benecol situation and the goals set for the Benecol business.

March 17, Raisio Chemicals to invest in latexes

Raisio Chemicals will invest in the production of paper latexes by building a new reactor line at the factory in Anjalankoski at the beginning of 2001.

April 6, Decisions by the AGM

The Annual General Meeting of Raisio Group plc adopts the 1999 accounts and grants release of responsibility to those accountable. In accordance with the Board's decision, it decides to amend the Articles of Association to allow expression of minimum and maximum share capital in rounded euro amounts and to give up a nominal share value. Further, a decision is made to continue the share issue authorization and to pay a dividend of FIM 0.20 per share.

May 2, Strike in the paper sector causes interruptions in chemicals production

A strike in the paper sector interrupted most latex and paper chemicals production at Raisio's Anjalankoski plant.

May 9, WIC business sold

Raisio Chemicals sells its WIC analyser system business related to paper machine process control to ABB Industry as part of the Raisio Chemicals strategy, which emphasizes focus on functional chemicals and chemicals concepts improving paper quality.

May 10, Interim report for January-March/2000

Consolidated turnover is EUR 187 million in the January-March interim report (EURm 192). Operating profit comes to EUR 1.0 million (EURm 16.7). The 1999 figures include EUR 16.8 million worth of one-off income items under the McNeil agreement.

May 29, Kurkilahti new Chief Executive Officer

Lasse Kurkilahti is elected Chief Executive Officer of Raisio Group and a member of the Raisio Group plc Board as from September 1, 2000.

June 15, Raisio and Rhodia establish a paper latex company

In accordance with a letter of intent signed in February, Raisio Chemicals and the French company Rhodia implement their agreement to establish a latex production and marketing company serving the paper industry. This new venture combines the Raisio and Rhodia paper latex operations.

August 16, Interim report January-June/2000

In the January-June interim report, turnover is EUR 376 million as budgeted but EUR 10 million lower than the previous year. The turnover for the comparison period 1999 included a one-off payment of EUR 18.5 million received on the basis of the Benecol cooperation agreement. Turnover excluding the cooperation agreement item up 2.3 per cent. Operating profit also rises EUR 4.7 million and comes to EUR 2.6 million (EURm 16.4).

September 6, FDA allows Benecol to claim health effects

The FDA issues an interim decision allowing a health argument to be used in Benecol marketing. The argument says Benecol products have been shown to reduce cholesterol levels and that Benecol products may reduce the risk of cardiovascular disease when used as part of a diet containing fewer saturated fats and less cholesterol.

September 14, Benecol enters Swedish and Danish markets

Deliveries of Benecol light spreads to retailers begin in Sweden and a little later in Denmark. Distribution is handled by Raisio's subsidiary Carlshamn Mejeri in Sweden and by Raisio in Denmark.

November 6, Interim report January-September/2000

Consolidated turnover totals EUR 585 million (EURm 578). The operating result shows a loss after one-off expense items and is EUR -27.7 million (EURm 21.8). Before the above-mentioned expense items the accounts show an operating profit of EUR 10.2 million. The 1999 comparison figures included the payments received on the basis of Benecol agreements, totalling EUR 18.7 million. The poor performance is primarily due to one-off expenses of EUR 38.0 million recorded in renewing the Benecol sterol strategy.

November 20, Antti Herlin new Board member

Raisio Group plc Supervisory Board elects Vice Chairman of Kone plc Board of Directors and CEO Antti Herlin member of the company Board as from January 1, 2001. Minister Heikki Haavisto resigns having reached the maximum age.

December 5, New cooperation agreement with McNeil

Raisio Group and McNeil Consumer Healthcare conclude their negotiations on a new Benecol cooperation agreement. The companies agree that McNeil will concentrate on the markets in North America, the EU (excluding Finland, Sweden and Denmark), Japan and China. Raisio's market area covers Scandinavia, the Baltic Rim, Eastern Europe, the Near East, Latin America, the Far East and Oceania. Raisio and McNeil further agree that both companies can independently enter into agreements concerning the role of third parties in order to expand their range of cholesterol-reducing Benecol ingredients in their own market areas.

December 12, Benecol ingredients to Argentina

Raisio Benecol Ltd signs an agreement on supplying sterol-based cholesterol-reducing functional food ingredients to Mastellone Hnos in Argentina. This is Raisio's first agreement under the new Benecol strategy and thus an important opening.

December 21, Raisio Benecol starts cooperation with Valio

Raisio and Valio make a cooperation agreement allowing development and marketing of new cholesterol-reducing dairy products. In accordance with the agreement, Raisio will supply Valio with the Benecol stanol ester it has developed and patented and related knowhow, and Valio will be in charge of developing, making, marketing and selling the products. The cooperation covers dairy products but not the spreads and vegetable-oil based cheeses marketed by Raisio.

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

INVESTMENT RESEARCH

At least the following companies can provide more information about Raisio Group as an investment

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Evli Securities Plc
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Raisio Group has production facilities in 26 localities in 13 countries. The addresses and contact information of all our offices and production units are available on the Raisio Group's webpage at www.raisiogroup.com

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