RAISIO

RECIPE FOR A GOOD LIFE.

Annual Report

06

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Information to investors

V SHARES – BASIC INFORMATION

Shares on 31 Dec 2006	130,585,788
of which the company holds	4,930,500
Listed on	The Helsinki Stock Exchange, Mid Cap segment, Consumer Staples sector
Trading code	RAIVV
ISIN code	FI 0009002943

K SHARES – BASIC INFORMATION

Shares on 31 Dec 2006	34,563,242
of which the company holds	41,200
Listed on	The Helsinki Stock Exchange, PreList
Trading code	RAIKV
ISIN code	FI 0009800395

ANNUAL GENERAL MEETING

The Annual General Meeting of Raisio plc will be held on Friday 30 March 2007 at 2:00 p.m. at the Turku Fair and Congress Centre, at the address: Messukentänkatu 9–13, Turku. The right to attendance is restricted to shareholders who have been entered as such by 20 March 2007 in the shareholder list maintained by the Finnish Central Depository and who have registered their participation at the latest on 23 March 2007, at 3:00 p.m. Registration is possible by telephone +358 2 443 2293, fax +358 2 443 2315, e-mail eeva.hellsten@raisio.com or mail to Raisio plc, Shareholders Contact, P.O. Box 101, FI-21201 Raisio, Finland.

Any matter that a shareholder wants to be handled at the Annual General Meeting shall be presented to the Board of Directors in writing, well in advance for it to be included in the call to the meeting.

DIVIDEND PAYMENT

The Board of Directors proposes a dividend of EUR 0.03 per share.

Ex-dividend date	2 April 2007
Record date	4 April 2007
Dividend payment	13 April 2007

Financial reports in 2007	
FINANCIAL REVIEW 2006	12 FEBRUARY
ANNUAL REPORT 2006	WEEK 11
INTERIM REPORTS	3 MAY, 2 AUGUST AND 30 OCTOBER

INVESTOR INFORMATION

The aim of Raisio's Investor Relations is to provide all capital market participants with correct, sufficient and up-to-date information as a basis for the formation of Raisio's share price.

Annual reports, corporate responsibility reports, interim reports, as well as press and stock exchange releases are available on Raisio's website at www.raisio.com. The web pages also offer versatile investor information and the contact information of investment analysts. Information regarding the biggest shareholders is updated monthly on the website, and the pages provide a link to the insider register information that must be made public pursuant to the Securities Market Act. The insider register and the complete list of owners are available at the Finnish Central Securities Depository at Urho Kekkosen katu 5 C, FI-00100 Helsinki.

Raisio has defined a "silent period", which covers the two weeks preceding the publication of the financial review and interim reports. During this time, Raisio does not meet with capital market representatives.

Annual reports and corporate responsibility reports can be ordered from Corporate Communications by e-mail: communications@raisio.com or phone: +358 2 443 2292.

Contents

RAISIO

RECIPE FOR A GOOD LIFE.

Raisio is a forerunner in the food industry and specialist in plant-based foods. The company develops, produces and markets foods and functional food ingredients, feeds and malts. Raisio's familiar brands include Benecol, Elovena, Keiju and Sunnuntai, as well as Maituri, Herukki and Raisio Malt.

Finnish know-how since 1939

Raisio's great competence in plant-based foods and brands and its pioneering approach to them are the company's strength now and in the future. Research and development is a top priority, and customer-oriented practices are increasingly emphasised in product development, sales and marketing.

Raisio uses raw materials – grains, vegetable oils, Benecol stanol ester, soy and fibres – that match the consumers' and experts' views of foods that promote well-being.

The target of food research and development is to increase the share of functional foods and value-added products so that they account for half of the company's product range by 2010. The main target for the development of new foods is to introduce products that meet consumers' requests and add to general health and well-being. Key elements of well-being include healthiness, pleasure, convenience and good flavour.

Summer 2007 will mark 50 years since the first products came off the line at the margarine plant in Raisio. Some of the plant's well-known brands are Benecol, Keiju and Raisio Makuisa. This year is also the 40th anniversary of the Sunnuntai product family. Sunnuntai is the uncontested number one on the flour shelves of shops and stores.

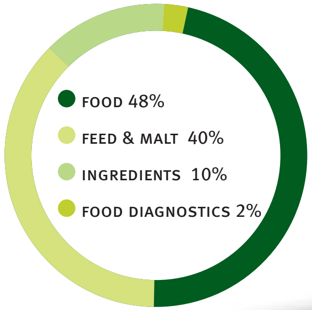
Raisio's Benecol ingredient, stanol ester, is the market leader in the global functional foods segment. In just over a decade, Benecol has developed into the internationally most successful Finnish food brand. To secure future success, the company aims to develop new product applications, find more cooperation partners and expand into new market areas.

As farms continue to grow in size, product development in feeds focuses on cost-effectively produced feeds and feeding solutions. The strong emphasis on R&D in the feed business has resulted in new products and partnerships that provide added value to customers.

The malt business draws its strength from high-quality, domestic raw material and partnerships that aim to develop the competitiveness of the whole malt barley chain.

Group structure

Raisio's business structure was changed on 1 May 2006 by setting up four divisions: Food, Feed & Malt, Ingredients and Diagnostics. R&D activities form part of business operations.



Turnover by Division

▶ BUSINESS, P. 12–27

Key figures, continuing operations

	2006	2005
TURNOVER, EUR MILLION	436.3	434.6
OPERATING RESULT, EUR MILLION	–38.5	–10.9
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	–6.0	9.1
GEARING, %	–19.1	–25.0
EQUITY RATIO, %	75.0	76.8
EQUITY PER SHARE, EUR	1.73	2.06
EARNINGS PER SHARE (EPS), EUR	–0.28	–0.04
EPS EXCLUDING ONE-OFF ITEMS, EUR	–0.03	0.05
MARKET VALUE, EUR MILLION	287.1	365.4
PERSONNEL AT YEAR-END	1,330	1,396

▶ FINANCIAL STATEMENTS, P. 46–98

Food

- Tasty and healthy foods for consumers, the catering business, bakeries and others in the food industry
- Market area: Finland and the Baltic Sea region
- Turnover EUR 211.8 million and operating result EUR –11.9 million, excluding one-off items, in 2006
- 825 employees on 31 December 2006

Feed & Malt

- High-efficiency feeds for farm animals, high-quality malt for breweries
- Market area: Finland, Russia and Baltic countries
- Turnover EUR 186.5 million and operating result EUR 5.6 million, excluding one-off items, in 2006
- 285 employees on 31 December 2006

Ingredients

- Functional ingredients for food industry companies worldwide
- Main product: Benecol ingredient (stanol ester), which has been shown to lower cholesterol up to 10% and harmful LDL cholesterol up to 15%
- Turnover EUR 49.7 million and operating result EUR 7.8 million, excluding one-off items, in 2006
- 72 employees on 31 December 2006

Diagnostics

- Analytical systems and diagnostic tests for European companies and laboratories
- Turnover EUR 9.0 million and operating result EUR –2.1 million, excluding one-off items, in 2006
- 69 employees on 31 December 2006
- Raisio plans to divest its food diagnostics business as part of the Group's strategic policies

▶ FOOD, P. 14–19
▶ FEED & MALT, P. 20–22
▶ INGREDIENTS, P. 24–26
▶ FOOD DIAGNOSTICS, P. 27

Share price development

- Raisio's shares are listed on the Helsinki Stock Exchange
- The price of free shares decreased by 21% and that of restricted shares by 21% from the beginning of 2006

▶ SHARES AND SHAREHOLDERS, P. 28–35

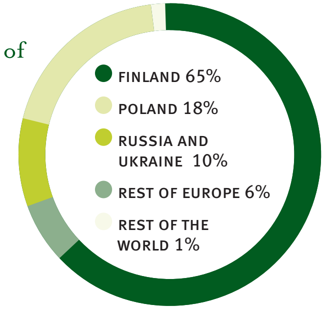
Raisio abroad

- Products sold in some 30 countries
- Strong food brands:
  - Internationally known: Benecol
  - Finland: Elovena, Keiju, Sunnuntai, Torino, Nalle, GoGreen and Raisio Makuisa
  - Sweden: GoGreen and Keiju
  - Russia: Nordic, Voimix and Dolina Skandi
  - Poland: Masmix and Pyszny Duet
  - Baltic countries: Nordic, Keiju and Voimix

Personnel

- On 31 December 2006, Raisio had 1,330 employees, 65% of whom work in Finland
- Emphasis on the development of staff competence, operating culture, management and well-being at work
- Operations in 14 countries, production in 12 locations in 6 countries

Geographic distribution of personnel



▶ CORPORATE RESPONSIBILITY, P. 10–11

Vision

- Raisio is a forerunner and specialist in plant-based nutrition with leading brands
- Raisio offers success and added value to its customers and shareholders by producing groundbreaking products that enhance well-being
- Strategic priorities: profitability focusing, internationalisation and growth
- Operating result at least 5% of turnover after year 2007

▶ VISION, STRATEGY AND TARGETS, P. 8–9

Annual analysis and summary

The annual analysis provides a quarterly review of the developments in Raisio's operations and performance, while the annual summary describes the main events reported in 2006. The full news archive for 2006 is available at www.raisio.com – Media Center.

First quarter

The year 2006 began overshadowed by a weakened market situation. Raisio's operating result fell clearly short of the comparison period, amounting to EUR –1.5 million (EUR 4.1 million). Turnover grew slightly and totalled EUR 99.3 million (EUR 98.1 million).

The factory for soy and oat-based fresh products came on line in Turku. These products are sold under the brand name GoGreen in Finland and Sweden. Raisio's difficulties in the Swedish margarine market became more severe, and competition in the malt markets remained stiff.

The Tax Office for Major Corporations informed Raisio plc that the representative of the tax authority had appealed against the 2004 taxation in which the tax authorities considered the sales profit of the divestment of Raisio Chemicals to be free of tax. Raisio has submitted its reply on the issue.

The Annual General Meeting decided to distribute EUR 0.05 per share in dividend. At the end of the share repurchase programme on 29 March 2006, Raisio held 4,930,500 V shares and 41,200 K shares. In all, the shares acquired by the company represent 3.0% of the company's share capital and 0.7% of overall votes.

Second quarter

The second quarter performance improved over the first quarter in several business areas. The growth of over 4% in the Food Division's turnover was welcomed. However, the profit development was still heavily burdened by substantial inputs in product development and launches of new products. Turnover grew slightly and totalled EUR 115.3 million (EUR 112.9 million). Raisio's operating result totalled EUR 1.5 million (EUR 2.9 million), including a one-off income item of EUR 1.8 million.

Raisio made two significant investment decisions: the company's northernmost feed plant will be transferred from Oulu to Ylivieska. Moreover, Raisio will invest in an oat flake plant to be constructed in Tatarstan, Russia.

Raisio's business structure was changed on 1 May 2006 by setting up four divisions: Food, Feed & Malt, Ingredients and Diagnostics.

Third quarter

Turnover grew from the comparison period and totalled EUR 113.8 million (EUR 110.7 million). The third quarter operating result was back in the black thanks to the good development seen in the Ingredients and Feed & Malt Divisions. The Food Division remained in the red, burdened by the expenses from streamlining measures. Operating result from continuing operations totalled EUR 2.1 million (EUR 3.8 million). A one-off income item of EUR 3.6 million was also recognised in discontinued operations from the indemnity related to the divested Raisio Chemicals business.

The turnover of the Feed & Malt Division increased, although the overall market for farm feeds experienced a slight decrease. Fish feed exports to Russia saw steep growth. The shortage of domestic grain raw material caused price pressures. The project for purchasing a feed plant in Russia fell through as the selling party refused to close the acquisition, already negotiated and approved by the competition authorities.

Raisio initiated the strategic evaluation of its Diagnostics business. Furthermore, Raisio integrated research and development as a part of business operations and centralised the activities in Raisio.

The Nordic OMX Exchange was opened on 2 October 2006. Raisio's V shares are quoted in the Mid Cap segment under Consumer Staples sector and K shares on the PreList.

Fourth quarter

Turnover reduced slightly from the comparison period and totalled EUR 107.8 million (EUR 112.9 million). The operating result reported for the fourth quarter was EUR –40.6 million (EUR –21.6 million), including one-off expenses of EUR 34.3 million (EUR 19.9 million). Excluding one-off items, the fourth-quarter operating result amounted to EUR –6.3 million (EUR –1.7 million).

According to the decision of the Assessment Adjustment Board, the sales profit of the divestment of Raisio Chemicals, totalling approximately EUR 220 million, is free of tax.

In January 2007 Raisio's Board of Directors decided that the company would divest its diagnostics business. As a result of assessment of foreign investment projects started in December 2006, Raisio stated in February 2007 that the company divests its food potato business in Vihanti.

In November, the Supervisory Board cut the number of Board members to five and appointed three new members to the Board. Matti Rihko, formerly head of the Ingredients Division, was appointed Raisio's new CEO.

Key figures, balance sheet, continuing operations

	31.12. 2006	30.9. 2006	30.6. 2006	31.3. 2006	31.12. 2005
RETURN ON INVESTMENT, %	–12.2	1.6	1.0	–0.5	–1.3
EQUITY RATIO, %	75.0	77.9	79.5	76.9	76.8
GEARING, %	–19.1	–21.6	–14.7	–19.7	–25.0
EQUITY PER SHARE, EUR	1.73	2.02	1.99	1.99	2.06

Result and key figures for continuing operations

	10–12/ 2006	7–9/ 2006	4–6/ 2006	1–3/ 2006	2006	2005
TURNOVER						
FOOD	53.6	53.2	54.3	50.7	211.8	210.2
FEED & MALT	46.7	50.9	50.3	38.6	186.5	186.2
INGREDIENTS	10.1	12.6	13.8	13.2	49.7	50.2
DIAGNOSTICS	2.4	2.1	2.3	2.2	9.0	8.8
OTHER OPERATIONS	0.2	0.2	0.1	0.2	0.6	1.3
OTHER INTER-DIVISION	–5.0	–5.2	–5.5	–5.6	–21.3	–22.2
TOTAL TURNOVER	107.8	113.8	115.3	99.3	436.3	434.6
OPERATING RESULT						
FOOD	–5.5	–2.0	–2.4	–1.9	–11.9	–0.4
FEED & MALT	0.5	2.7	1.8	0.5	5.6	8.9
INGREDIENTS	1.5	2.2	2.3	1.8	7.8	9.7
DIAGNOSTICS	–0.6	–0.5	–0.5	–0.5	–2.1	–2.2
OTHER OPERATIONS	–2.3	–0.1	–1.5	–1.4	–5.3	–6.9
ELIMINATIONS	0.1	–0.1	0.0	0.0	0.0	0.0
TOTAL OPERATING RESULT	–6.3	2.1	–0.3	–1.5	–6.0	9.1
% OF TURNOVER	–5.8	1.9	–0.3	–1.5	–1.4	2.1
FINANCIAL INCOME AND EXPENCES, NET	0.7	0.4	0.5	0.6	2.2	2.6
SHARE OF RESULT OF ASSOCIATED COMPANIES	–0.1	–0.2	–0.1	0.0	–0.4	–0.8
RESULT BEFORE TAXES	–5.6	2.3	0.1	–0.9	–4.2	10.9
INCOME TAX	0.2	–0.9	–0.1	0.0	–0.8	–1.5
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	–5.6	1.4	0.0	–0.9	–4.9	9.4
EARNINGS PER SHARE, EUR	–0.03	0.01	0.00	–0.01	–0.03	0.05

EXCLUDING ONE-OFF ITEMS

Summary of the main releases published in 2006

- 19.1. The plant for soy-oat based fresh products came on line
- 7.3. Raisio to reply to the Assessment Adjustment Board
- 22.3. First action for the joint venture of Raisio and Lännen Tehtaat in Russia
- 30.3. Raisio's Annual General Meeting
- 19.4. Raisio to streamline its business structure
- 7.6. Raisio to build a flake mill to Russia
- 29.6. Raisio to build a feed plant in Ylivieska
- 24.8. Feed factory acquisition in Russia cancelled
- 30.8. The Food Division of Raisio to be reorganized
- 15.9. Raisio to downgrade its forecast for the operating result
- 2.10. Raisio shares on the OMX list
- 17.10. Raisio concludes the codetermination talks
- 10.11. Proposal of Raisio's nominating committee for changes in the Board of Directors
- 13.11. Valio and Raisio to start research cooperation
- 17.11. Raisio's CEO to resign
- 21.11. No changes in Raisio's taxation
- 29.11. Matti Rihko appointed Raisio's new CEO
- 28.12. Financial statements show write-downs for EUR 36 million

FINANCIAL REPORTS

9.2. Financial review 2005

4.5., 1.8. and 31.10. Interim reports 2006

PRODUCT RELEASES

New retail products will be launched in Finland in January, May and September. Raisio published releases of its new products accordingly.

All releases published by Raisio are available at www.raisio.com – Media Center.

Chief Executive's review

Raisio experienced numerous changes in 2006. The main target for 2007 is to improve profitability. Structural measures to sreamline business operations include clarifying the organisation structure, focusing on clear, measurable targets and enhancing operations.

Raisio experienced numerous changes in 2006. We started the year satisfied, expecting our wide range of new products and the roll-out of new investments to bring us growth and ended it amid efforts to improve a dwindling profitability. Big changes also took place in the management and Board of Directors in 2006. Thanks go once again to our employees, who have all this time remained committed and worked for the company's benefit; day-to-day work has been the backbone that has kept operations going through all the changes.

As a Group, Raisio is scattered, which made it difficult to manage performance. Exceptions to this are the Feed and Ingredients businesses, which are clearly structured and performed well. Other operations showed a need for structural streamlining and further definition of targets. The starting point is favourable: Raisio has good products, but their consumer image needs to be clarified and their availability on store shelves improved. Raisio also benefits from a lot of top expertise and many professionals, whose contribution through more efficient processes can be made to better serve improvement of profitability, as well as future growth.

According to estimates, as many as half a billion people will raise from poverty to higher income levels. This will result in a great deal of pressure for change, especially in the global grain trade. We can talk about the China phenomenon in grain. Strong growth in demand is predicted to make the increase in grain prices a permanent trend, although characterised by big fluctuations. The phenomenon may get a further boost from the increasing use of bioethanol and biodiesel. Under these circumstances, farmer-owners and contract farmers are an important strength to Raisio, comparable to loyal customers. Renewing and enhancing our grain exchange operations might open the door to superior price competitiveness in Finland.

Structural changes in the food industry are already underway, and the need for these changes becomes clearer day by day. Bigger units are needed for companies to be able to offer interesting and efficiently-made products to increasingly international trade and more demanding consumers. Raisio is an active player during these changes thanks to its strong balance sheet, top skills in the grain chain and experience in international business. It is often overlooked that the Benecol brand, for example, is the global market leader in functional foods that lower cholesterol levels.

Raisio's main target for 2007 is to improve profitability through streamlining, focusing and enhancing operations. After – and while – we sharpen our operations, we also need to focus on growth. Since changes happen slowly, Raisio must get started without delay.

Matti Rihko


Keiju
TORINO
KAURA
PASTA

Vision, strategy and targets

Raisio's vision is to be a forerunner and a specialist in plant-based nutrition with leading brands. A strong balance sheet provides Raisio with a solid foundation for developing itself as a financially sound, credible listed company.

Raisio's management and Board of Directors initiated an analysis in early 2007 to further specify the company's strategy. This work aims at ensuring the positive development of profitable businesses and finding solutions to improve businesses that are currently in a weak condition.

Strategic priorities and key measures

IMPROVING PROFITABILITY

- Giving up on non-profitable businesses
- Strengthening the key product groups' market position on the home markets
- Increasing the plants' production capacity
- More efficient grain chain management

STREAMLINING BUSINESS OPERATIONS

- Clarifying the organisational structure
- Focusing on clear, measurable targets
- Focusing on the key brands
- Enhancing processes

WELL-BEING FROM A CUSTOMER AND CONSUMER-ORIENTED APPROACH

- Anticipating consumer trends
- Provider of the best food experiences and pleasure from food
- Developing customer-specific special expertise based on partnerships
- Developing healthy value-added products and comprehensive solutions that respond to the needs of consumers and other customers
- Acquiring high-quality, traceable raw materials on the basis of contract farming development

INTERNATIONALISATION AND GROWTH

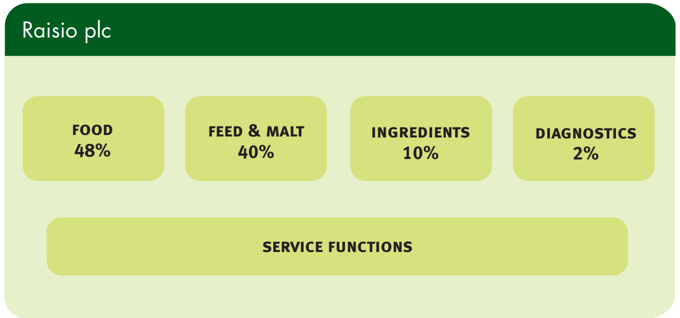
- Active operator in the structural change in the food industry
- Anticipating changes in grain trade
- Expanding to new markets
- Expanding the partner network

The strategic priorities of different business areas are described on pages 14, 20 and 24.

Strengths	Threats
SYNERGIES BETWEEN BUSINESSES	SECURING PROFITABLE GROWTH
PIONEER AND SPECIALIST IN THE FIELD OF GRAINS, OIL PLANTS AND PLANT STEROL-BASED INGREDIENTS	CLARIFYING THE BRAND STRATEGY
SOLID MARKET POSITION IN FINLAND	SUCCESSFUL LAUNCH OF NEW PRODUCTS
INNOVATIVE RESEARCH AND PRODUCT DEVELOPMENT	CHANGES IN THE GLOBAL GRAIN AND OIL PLANT MARKETS
STRONG BALANCE SHEET	
CONTRACT FARMING	

Group structure

Raisio's organisational structure was renewed in the spring of 2006 by establishing four divisions: Food, Feed & Malt, Ingredients and Diagnostics. Research and Development was made part of other businesses. Service functions support the business areas.



% OF CONSOLIDATED TURNOVER

Financial targets

Raisio's operating result for 2007, excluding one-off items, is expected to improve and to be clearly profitable. The turnover of continuous operations is expected to grow slightly compared to 2006.

Raisio's target is that the operating result after year 2007 is at least 5% of the turnover.

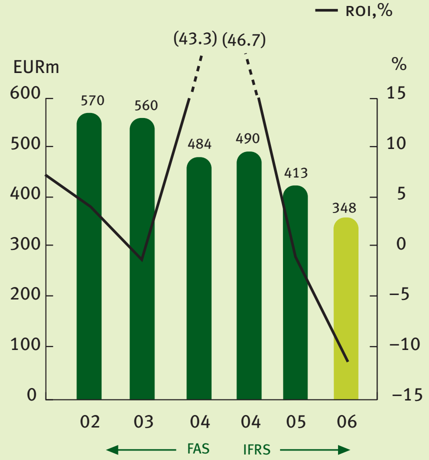
Key geographical areas

- Food Division: Finland, Sweden, Poland, Russia and the Baltic countries
- Feed & Malt Division: Finland, Russia and the Baltic countries
- Ingredients Division: Europe and the new market areas in Asia and South America

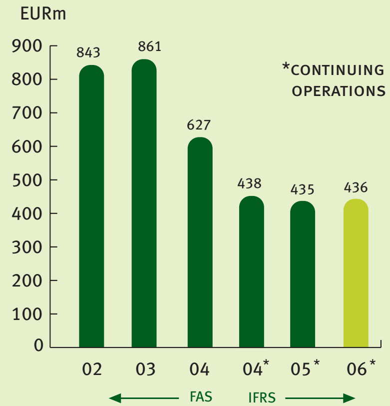
Strategic steps

- Rationalisation of the food business and group administration
- Inauguration of a soy-oat based fresh product plant in Turku
- Capacity expansion of the stanol ester plant in Raisio
- Rationalisation of the plant in Charleston, USA
- Significant investments in the Benecol brand
- Construction of a feed plant in Ylivieska was initiated
- Ongoing work to expand the Feed business in Russia
- Withdrawal from the flake mill project in Russia, but not from the market
- Developing the capital structure by means of share buy-backs
- Decision in January 2007 to divest the diagnostics business
- Decision in January 2007 to divest the food potato business

Invested capital on the average and the return on investment



Turnover



Corporate responsibility

Responsibility is one of Raisio's core values. Raisio is committed to taking responsibility for its operating environment. The target is for the company's operations to stand on an ecologically, socially and financially solid basis now and in the future.

Raisio's operations comply with the principles of social, financial and environmental responsibility. The Group's key targets are profitability, customer satisfaction and well-being, and its main values are expertise, responsibility and open co-operation. Raisio develops its corporate responsibility reporting based on its position as a forerunner in the food industry.

Areas of corporate responsibility

CORPORATE RESPONSIBILITY

- FINANCIAL RESPONSIBILITY
- ENVIRONMENTAL RESPONSIBILITY
- SOCIAL RESPONSIBILITY

Financial responsibility

Raisio's business operations generate financial well-being for various stakeholders. The company's financial responsibility implies meeting the expectations of shareholders and promoting social well-being. Other important parties obtaining financial benefits include customers, product suppliers and the personnel.

The efficiency, renewal and continuous improvement of Raisio's operations enable profitability and, consequently, growth. Financially profitable and competitive operations also enable the company to care for its social responsibility and the environment.

Environmental responsibility

To achieve its environmental targets, Raisio focuses on the efficient and economic use of natural resources as well as on the protection of air, water and soil. Raisio supports primary production based on the principles of sustainable development and takes responsibility for environmental impacts spanning the whole product life cycle. The environmental load caused by operations is monitored using environmental indicators.

Raisio's production processes use mainly renewable, plant-based raw materials, which, as a rule, are consumed in their entirety. The resulting waste flows are small, and the options for their recovery are studied continuously. The demands of the best available technology are taken into account when dealing with changes in production processes and environmental technology.

The most significant environmental impacts resulting from the procurement of the Group's main raw materials – grains and oil plants – are related to the use of farming inputs in primary production, as well as to transports. Increasingly more emphasis is put on the assessment of external raw material and service providers and on the traceability of raw materials and products. The Quality Grain® system developed by Raisio also takes environmental aspects into consideration as part of procurement and quality control.

Social responsibility

Raisio's social responsibility is based on the ethical principles approved by the company's Board of Directors. Raisio puts special emphasis on the development of staff competence and well-being at work, the safety of the work environment and reliable stakeholder cooperation in the immediate surroundings and society in general.

On 31 December 2006, Raisio had 1,330 employees (1,396 in 2005), of whom 35% (33%) worked abroad. The company has operations in 14 countries. Professional, skilled, motivated and committed personnel are essential for Raisio to carry out its vision and strategy.

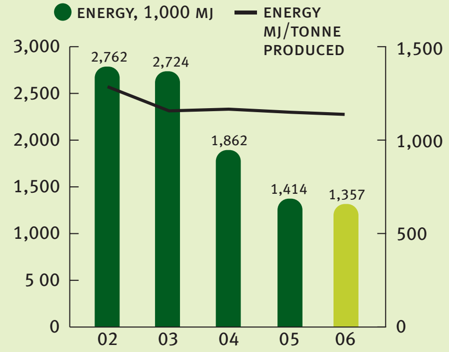
Year 2006

- Raisio's R&D activities were decentralised to form part of other business operations. Product development will continue to emphasise the healthiness and safety, besides pleasure and good flavour of products in order to meet the needs of consumers and customers. Product development has especially focused on developing products that contain Camelina oil and are rich in fibre.
- Raisio's soy-oat plant obtained the BRC certificate in 2006. It was Raisio's first BRC product safety certification. BRC is an internationally well-known food safety certificate that is widely recognised in Europe.
- Monäs Feed Oy Ab's feed plant and Melia Ltd's mill in Nokia received environmental certificates in 2006. The environmental permit applications for the wastewater pre-treatment plant, located in Raisio, were submitted in late 2006. Most of Raisio's environmental permit applications, which are still under review, were submitted by the end of 2003.
- The company participates in the odour panel project at the facilities in Raisio with Finnfeeds Finland Ltd, Neste Oil Corporation and the neighbouring municipalities of Naantali, Raisio and Turku. The target is to study outdoor odours and their source in a limited survey area, as well to determine how the measures adopted by the company after 1991have affected odours in the area. The panel's first survey period took place in autumn 2006, and studies will continue in spring 2007. The results will be compiled into a report after project completion.
- Raisio will increase its feed production capacity in Finland's main milk production region by constructing a feed plant in Ylivieska, slated for completion by the end of 2008. The construction site was selected on the basis of its good location, logistics solutions and grain resources, as well as the municipality's activity and favourable attitude to businesses.
- Fish farming is expanding rapidly in north-western Russia. Fish feeds and feeding play a key role in minimising environmental impacts. Raisio's feed products emphasise environmental friendliness, and the environmental load caused by feeds has seen a considerable decrease in the past decade.
- To improve cost-effectiveness, Raisio initiated a streamlining programme that resulted in the layoff of the whole staff at the Finnish margarine plant and the loss of 41 jobs in other operations in Finland. In addition, 15 jobs were cut in the USA.
- New recruits boosted competence, especially in food sales and marketing.

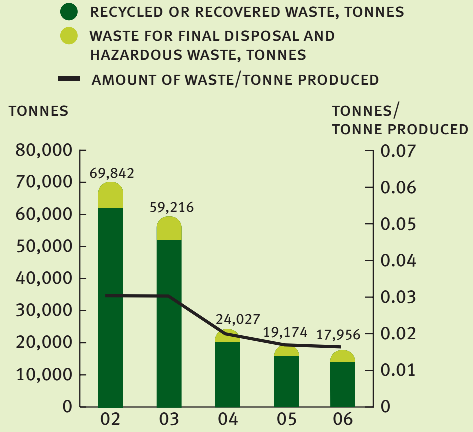
Raisio will publish a separate Corporate Responsibility Report. The report can be ordered by email from communications@raisio.com or by phone from +358 2 443 2292. The report is also available at www.raisio.com.

Raisio's ethical principles, policies and targets are described in the Corporate Responsibility Report and on the company's website.

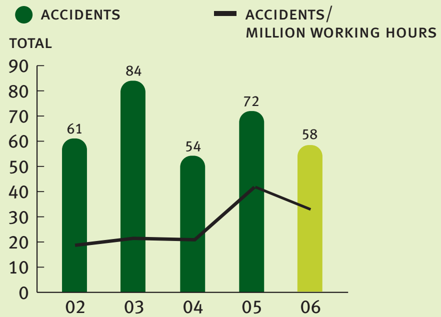
Energy consumption



Waste



Accidents



REPORTS UP TO 2002 INCLUDE ACCIDENTS RESULTING IN A MINIMUM OF THREE DAYS OF ABSENCE. REPORTS FOR 2003–2006 INCLUDE ALL ACCIDENTS.

THE FIGURES HAVE BEEN REPORTED ACCORDING TO THE GROUP STRUCTURE VALID AT THE TIME.

Business areas

Raisio has four divisions: Food, Feed & Malt, Ingredients and Diagnostics.

Food Division processes and markets pleasing, healthy and tasty foods for consumers, the catering business, bakeries and other food industry players. The division focuses on identifying and applying consumer trends as well as developing the cooperation with customers.

Feed & Malt Division produces highly-processed feed mixes for farm animals and special feeds. The malt business makes high-quality malt for breweries. The division focuses on high quality products and customer-specific expertise through partnerships.

Ingredients Division develops, produces and markets safe, health-promoting ingredients for food companies worldwide. The division focuses on strengthening the Benecol brand and ensuring future growth.

Diagnostics Division develops, produces and sells analytic systems and diagnostics tests used to monitor the quality and safety of food and animal feed. Based on the Group's strategic policies, Raisio has decided to divest its Diagnostics business.

Food

Raisio's Food Division processes and markets pleasing, healthy and tasty foods for consumers, the catering business, bakeries and other food industry players in its home market: Finland and the Baltic Sea region.

Vision

The food business is a consumer-oriented, profitably-growing producer of food enjoyment and a sought-after partner in selected product and market areas.

Strategic priorities

PROFITABILITY

Raisio will strengthen its market position in the main product groups and brands in its home market – Finland and the Baltic Sea region – and will develop customer relationship management and partnership. Profitability will be improved by introducing new plant-based, upgraded products.

CONSUMER-ORIENTED AND PIONEERING APPROACH

Raisio focuses on identifying and applying consumer trends in product development, marketing and customer relationship management. Raisio aims to be the best developer of cooperation and the top consumer expert in the sector.

PROVIDER OF SUPERIOR FOOD ENJOYMENT

High-quality and traceable raw materials are mainly obtained through the Raisio's own contract farming. Product development makes use of Raisio's expertise in oil plants and grains.

Year 2006

- Operations were rationalised and enhanced, and work was carried out to pave the way for future profitability. Production at the margarine plant in Finland was adjusted through staff lay-offs.
- Business and supply chain management was developed in all operations.
- The plant for soy-oat based fresh products came on line in Turku. The products are marketed in Finland, Sweden, Norway and Estonia under the GoGreen brand.
- Keiju margarines were upgraded, and the Raisio Makuisa butter-vegetable oil mixture was launched on the Finnish market. Successful product launches boosted Raisio's market position in yellow fats.
- Higher raw material costs increased pressures to raise product prices, but increases could not be carried out in full.
- Raisio and Finn Cereal initiated joint production of the Provena pure oats products in Kokemäki.
- Raisio and Valio agreed on cooperation related to nutrition research.
- Raisio has initiated negotiations on a withdrawal from a currently planned project concerning the construction of a flake mill in Russia.

Financial performance in 2006

The turnover of Raisio's Food Division was up 0.8% on the previous year, amounting to EUR 211.8 million (EUR 210.2 million). Turnover increased in the milling business and in Russia. Raisio's margarine and potato sales continued to decrease in Finland. The same was true of margarine sales in Sweden and Poland.

The Food Division's operating result, excluding one-off items, amounted to EUR –11.9 million (EUR –0.4 million). It was strained by a weak control process and underused production capacity. The division's reported operating result amounted to EUR –39.3 million (EUR –7.9 million), including a total of EUR 27.4 million (EUR 7.5 million) in write-downs. The write-downs resulted from poor business profitability.

Key figures

	2006	2005
TURNOVER, EUR MILLION	211.8	210.2
OPERATING RESULT, EUR MILLION*	–11.9	–0.4
CAPITAL INVESTED, EUR MILLION	90.7	114.7
RETURN ON INVESTMENT, %*	–13.1	–0.3
PERSONNEL 31.12.2006**	825	762

* EXCLUDING ONE-OFF ITEMS

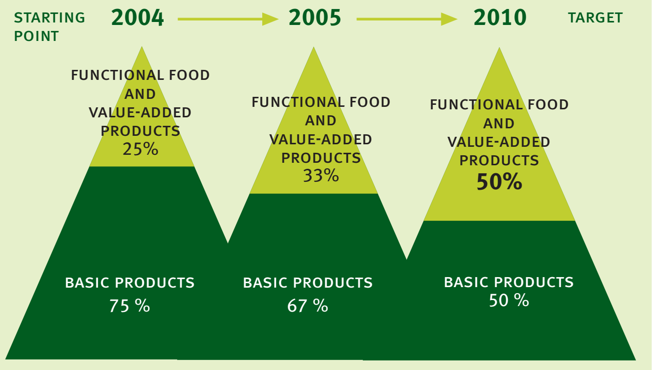
** 2006 FIGURE INCLUDES PEOPLE WORKING IN R&D WHILE 2005 FIGURE EXCLUDES PEOPLE WORKING IN R&D

Research and development

HEALTHY VALUE-ADDED PRODUCTS WITH THE CONSUMER IN MIND

Raisio's target is to take a consumer-oriented approach and develop value-added products based on the fibres of oat and rye, as well as on healthy fats, for its home markets. Nutritionally healthy, value-added products are characterised, among other things, by a high fibre content and fat composition, low fat content, slow absorption and friendliness on the heart and intestines.

Differentiation as a target



% OF TURNOVER OF FOODS AND INGREDIENTS

CUSTOMISED PRODUCTS AND SERVICES FOR INDUSTRIAL AND BAKERY CUSTOMERS

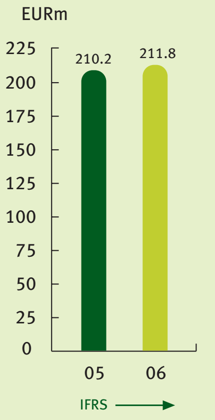
Raisio aims to develop its products and services to meet the needs of industrial and bakery customers. Customised products, cooperation carried out jointly with customers, as well as flexible logistics create opportunities for profitable growth.

Patents

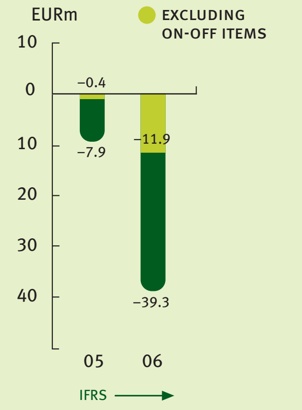
Raisio exercises close and careful consideration in its patent activities, always assessing the utilisation opportunities in its own productisation. The patent portfolio will be developed so that it supports business operations as well and cost-effectively as possible.

Raisio's Food Division has 15 patent families, 14 patents and 24 patent applications currently under consideration.

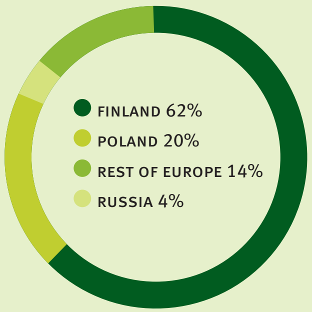
Turnover



Operating result



Geographic distribution of the turnover



Operating environment
Position on the Finnish food market

The value of retail products in the product groups represented by Raisio was some EUR 645 million in 2006.

The overall market for yellow fats grew in 2006, its value totalling EUR 185 million. Raisio had a market share of 16% and its growth was faster than the market. In margarines, Raisio's market share was 32%. Raisio upgraded its Keiju product family in 2006 by adding Camelina oil, containing substantial amounts of omega-3 fatty acids, to the products and introduced the Raisio Makuisa butter-vegetable oil mixture.

The market for flakes grew more than 4%, its value amounting to EUR 22 million. With a market share of 74%, Raisio grew at a faster pace than the market. Flakes have been developed into a modern category that meets consumer demands for tasty and healthy products. This made for a successful expansion of the Elovena product family into other product groups such as cereals and cookies.

The value of the flour market decreased, amounting to EUR 27 million. Raisio preserved its market share at 33%. Sunnuntai is the uncontested market leader in flour products.

The market for soy-oat based products is growing at an annual rate of over 20% in terms of value. The sales of GoGreen fresh products grew by more than 50% and their market share was 11%.

The sales of pasta products increased over 6%, reaching a value of EUR 24 million. Raisio had a market share of 20% and outpaced general market growth. Particularly strong growth was seen in the sales of value-added Torino special pasta products.

In 2006, Raisio lost market shares in oils, frozen potato products and cream cheeses.

Private labels account for approximately 3% of the product volumes that Raisio's Food Division produces in Finland. This figure differs widely depending on the product group. In the product groups represented by Raisio, private labels figured most prominently in frozen potato products, pasta products and cream cheeses.

Raisio stated in February 2007 that the company divests its food potato business in Vihanti. The transaction is to be completed in the first half of 2007.

OUTLOOK

Raisio will clarify its brand structure by pruning its product range and focusing on core products and key brands. The target is to clarify the consumer and customer offering and to enable focused brand emphasis.

The demand for yellow fats, flakes, pasta products, as well as breakfast and snack products, will continue to grow. These products provide a good match for current consumer trends: pleasure, well-being, healthiness and convenience. The raw material base of Raisio's products provides a good foundation for further developing a consumer-oriented product range.

The Finnish retail trade is clearly centralised. To improve its service offering, Raisio develops all aspects of its operations with the consumer and customer in mind; the target being to ensure satisfaction to customers and offer enjoyable food experiences to consumers.

HORECA AND INDUSTRIAL MARKETS

Raisio's market share in its product groups in the HoReCa market was on average over 40% and approximately 50% in the bakery and industrial markets.

The sales of HoReCa products are handled by Ateriamestarit Oy, a joint venture of Raisio and Lännen Tehtaat. The company has established itself as a cooperation partner for wholesale companies and the catering business.

Centralisation will continue in bakeries and the rest of the food industry. Big industry players enhanced operations by pruning their product ranges, offering new opportunities to subcontractors and producers of special products. Price competition continued to be stiff.

OUTLOOK

The number of catering businesses continues to decrease in the HoReCa sector. However, the number of portions is growing, as increasingly more meals are consumed outside the home. Competition grows tougher in the HoReCa sector due to the heavy centralisation of procurement, the increasing share of private labels and increasing imports.

The bakery industry faces challenges from increased imports and stiffer competition caused by overcapacity in the sector. The decrease in the number of bakeries is expected to continue. Raisio develops customised products for bakery and other industrial customers. Factors for Raisio's future success include closer cooperation and partnerships, familiarity with customer businesses and a cost-effective "from field to table" chain.

Position on the Polish food market

The Polish market for yellow fats grew slightly and totalled EUR 450 million in value. The market share in yellow fats, held by Raisio's Polish subsidiary, Raisio Polska Foods, dropped to approximately 8%. Raisio's share of the margarine markets decreased to some 13%. Raisio was still the market leader in the functional margarines segment.

Raisio owns a 25% share of Obory, a Polish dairy company. The market for yoghurt drinks is growing at an approximate annual rate of 20%. The sales of Raisio's Benecol yoghurt drinks grew slower than the market and did not meet the targets.

Polish margarine exports grew, as products were exported, for example, to Hungary, Greece, Macedonia and Slovenia.

OUTLOOK

The Polish market continues to be characterised by strong centralisation and increasing chain operations. As a result, the Polish food market will be heavily contested. Raisio has, however, reached an established position on the Polish market in the past decade, and product recognition is good in the country.

Raisio Polska Foods will focus on its core competence in 2007. The sales organisations of Raisio and Obory will be separated at the beginning of this year. Raisio will launch its GoGreen products and margarines enhanced with Camelina oil in Poland in autumn 2007.

Position on the Russian food market

In terms of value, the Russian margarine market totals EUR 670 million. Retail trade has a 60% share of the market, translating to 300 kilograms in terms of volume. In tub margarines, Raisio's market share was nearly 4%, while the overall market amounted to some 100 million kilograms.

The margarine plant near Moscow produces all of Raisio's margarines for the Russian market. In 2006, Raisio's margarine production increased by over 10%. Trial marketing of Russian-produced Benecol margarine was launched in St. Petersburg and Moscow in autumn 2006. Benecol is the first cholesterol-lowering food product on the Russian market. Raisio also introduced the Dolina Skandi margarine, with Camelina oil, in the country. The company commands approximately 10% of the market for yellow fats in St. Petersburg and Moscow.

Outlook in the Food Division

Denis Mattsson, President

"The Baltic Sea region has established itself as the home market of Raisio's Food Division. Raisio has achieved a solid market position in Finland, as well as Poland and Estonia. The target in 2007 is to strengthen our market position in other Baltic States, Sweden and Russia.

Business centralisation will continue in the Baltic Sea region, and competition will grow even stiffer. Raisio also aims to be a sought-after cooperation partner in international circles. This calls for a new consumer-oriented product image and removal of overlapping operations. Work based on our offering and consumer needs will be put into practice this year.

The centralisation of operations will also pose new challenges to our organisation. We have begun to set up customer relationship management (CRM) in Finland and will continue the work in the Baltic countries and Poland. The CRM organisation will be strengthened in Poland and Sweden.

In Poland, the sales and marketing operations of Raisio's associate, Obory, will be separated. The aim is to provide Raisio Polska Foods with the necessary conditions for profitable growth. The GoGreen product range will be launched in Poland this year.

The main target for Raisio's Food Division in 2007 is to improve profitability."

The flake markets of Russia's biggest cities grew by some 15%, and their value was around EUR 100 million. The sales of Raisio's premium-class Nordic flakes outpaced marked growth. The Russian market for cereal flakes is divided into two segments: instant cereals and traditional cereals. According to surveys in seven large Russian cities, Raisio holds fifth position in instant cereals and second in traditional cereals. The Nordic product range was expanded with millet flakes. The Nordic flakes sold in Russia are produced in Finland.

OUTLOOK

Cardiovascular diseases have a significant impact on the average age of men, in particular, falling in Russia. The sales of cholesterol-lowering functional foods are expected take off in Russia in the next few years. The country's margarine market will remain challenging. While competition will increase in flakes, Raisio aims to maintain the strong market position of Nordic-branded products.

Another focal region is Ukraine, where the TOV Raisio Ukraine sales company imports Raisio's margarines and flakes.

Position on the Swedish food market

The value of the Swedish markets for yellow fats is over EUR 285 million. The overall market decreased by approximately 1%. Raisio's margarine sales dropped, mainly due to the decrease in private label sales. The market share in retail trade also decreased notably.

Raisio launched the Keiju product family in Sweden to simplify the great variety of brands on the Swedish margarine market. The sales of soy-oat based fresh products made by Raisio grew clearly faster than the rest of the market in Sweden.

OUTLOOK

Raisio's target is to put together a good range of profitable product solutions in cooperation with its partners and to develop partnerships with trade.

Strengths	Threats
• WELL-KNOWN, LOCAL BRANDS AND A STRONG MARKET POSITION IN MAIN PRODUCTS IN FINLAND AND THE BALTIC SEA REGION • LONG-TERM CONTRACT FARMING • HEALTHY PRODUCTS APPROVED BY CONSUMERS • GOOD PRODUCT DEVELOPMENT RESOURCES • VERSATILE AND EXPANDING CUSTOMER STRUCTURE • SOUGHT-AFTER COOPERATION PARTNER	• BIG SHARE OF LOW-MARGIN PRODUCTS IN THE PRODUCT RANGE • INCONSISTENT PRODUCT RANGE • CENTRALISATION OF TRADE IN THE BALTIC SEA REGION • CONTROL AND MANAGEMENT OF SUBCONTRACTING

Food

FOOD TURNOVER EUR 211.8 MILLION, 48% OF RAISIO'S TURNOVER (RETAIL 65%, CATERING 10%, BAKERIES/INDUSTRY 20% AND EXPORT 5%)			
	MILLING TURNOVER EUR 78.1 MILLION	**MARGARINE AND SOY-OAT PRODUCTS** TURNOVER EUR 118.6 MILLION	**FOOD POTATO** TURNOVER EUR 15.6 MILLION
PRODUCTS	• FLAKES, FLOUR, PASTA	• MARGARINE, BUTTER-VEGETABLE OIL MIXTURES, CREAM CHEESES, EDIBLE OILS, SOY-OAT BASED FRESH PRODUCTS	• FROZEN AND DRIED POTATO PRODUCTS, READY FOOD COMPONENTS AND SPECIAL POTATO PRODUCTS
GEOGRAPHIC DISTRIBUTION OF TURNOVER	• FINLAND 89% • RUSSIA 7% • BALTIC COUNTRIES 4%	• FINLAND 41% • POLAND 36% • SWEDEN10% • RUSSIA 3% • OTHERS 10%	• FINLAND 98% • OTHERS 2%
BEST-KNOWN BRANDS	• FINLAND: ELOVENA, SUNNUNTAI, TORINO AND NALLE • RUSSIA: NORDIC	• FINLAND: BENECOL, KEIJU, MAKUISA, SUNNUNTAI, GOGREEN • SWEDEN: KEIJU AND GOGREEN • POLAND: MASMIX, PYSZNY DUET AND BENECOL • RUSSIA: VOIMIX AND DOLINA SKANDI	• KOKIN PARHAAT AND MESTARI
MARKET SHARE MARKET SHARES HAVE BEEN CALCULATED ON THE BASIS OF THE VALUE OF FOOD SOURCE FOR DAILY CONSUMER GOODS: AC NIELSEN	• RETAIL PRODUCTS IN FINLAND –FLAKES 74% –FLOUR 33% –PASTA 20% • RETAIL PRODUCTS IN RUSSIA –FLAKES 7%	• RETAIL PRODUCTS IN FINLAND –MARGARINE 32% –EDIBLE OIL 18% –YELLOW FATS 16% –SOY-OAT BASED FRESH PRODUCTS 11% • SWEDEN –SOY-OAT BASED FRESH PRODUCTS 10% –MARGARINE 5% –YELLOW FATS 2% • POLAND –MARGARINE 13% –YELLOW FATS 8% • RUSSIA (MOSCOW AND ST. PETERSBURG) –YELLOW FATS 10%	• RETAIL PRODUCTS IN FINLAND –FROZEN POTATO PRODUCTS 5%
	• CATERING SECTOR IN FINLAND 40%	• CATERING SECTOR IN FINLAND 40%	• CATERING SECTOR IN FINLAND 40%
	• BAKERIES/INDUSTRY IN FINLAND 50%	• BAKERIES/INDUSTRY IN FINLAND 40%	• BAKERIES/INDUSTRY IN FINLAND 25%
PRODUCTION PLANTS	• FINLAND: RAISIO (FLOUR, PASTA) AND NOKIA (FLOUR, FLAKES)	• FINLAND: RAISIO AND TURKU • POLAND: KARCZEW • RUSSIA: ISTRA	• FINLAND: VIHANTI

Feed & Malt

Raisio's feed business produces highly-processed feed mixes for farm animals and special feeds. The malt business makes high-quality malt for breweries. The oil milling business processes oil plant seeds and soybeans to produce meals and oils, mainly for Raisio's own use. It plays an important role in ensuring a safe quality chain from field to table.

Vision

Raisio's feed business will develop into the most efficient and highly-valued expert in the Finnish feed sector and into a significant player in the Russian feed market. The malt business is a leading Finnish producer of brewing malts and an important raw material supplier in the Russian and Baltic breweries.

Strategic priorities

GROWTH IN FINLAND

Growth will be sought through a broader customer base and the development of new competitive products and feeding solutions.

STRONGER MARKET POSITION IN RUSSIA

Raisio will strengthen its market position by starting production of feed mixes in north-western Russia.

EFFECTIVENESS AND PIONEERING APPROACH

The high domestic degree of grain raw materials and oil plants obtained through contract farming contributes to the high quality and traceability of end products. Product development combines the latest knowledge in the field and individual customer needs to produce good products and comprehensive solutions. Customer-specific expertise will be developed through partnerships. The high utilisation rate of production plants and efficient processes ensure cost-effective operations. Reliable deliveries and clean transports are at the core of operations.

Year 2006

- ZAO Scandic Feed, the fifty-fifty owned joint venture of Raisio and Lännen Tehtaat, was not able to carry through its plans to start production in Russia as the owner of ZAO Tosno Feed Factory withdrew from the deal.
- The overall market for farm feeds experienced a slight decrease in Finland, most of it in cattle feeds.
- Raisio will invest in a new feed factory in Ylivieska. The plant in a key milk production area will be completed in 2008.
- Fish feed exports to Russia saw steep growth.
- Finnish grain crops fell short of the previous year's volumes, which raised the price of grain at the end of the year. Raisio was unable to fully transfer the rise in expenses to the prices of end products.
- Malt markets were still characterised by intense price competition in the early part of the year. Bankruptcies and close-downs of malting plants eliminated overcapacity in the field, which had a favourable impact on malt prices.
- A weak malt barley crop contributed to an increase in malt prices throughout the EU region, underscoring the importance of the availability of high-quality raw material until the next crop season.

Financial performance in 2006

The Feed & Malt Division's turnover totalled EUR 186.5 million (EUR 186.2 million). The feed business accounted for EUR 165.3 million (EUR 163.6 million) and malt business for EUR 20.0 million (EUR 21.4 million).

Operating result, excluding one-off items, amounted to EUR 5.6 million (EUR 8.9 million). The reported operating result was EUR 6.3 million (EUR 0.5 million), including a write-down of EUR 1.1 million (EUR 8.4 million) and a one-off income item of EUR 1.8 million.

Key figures

	2006	2005
TURNOVER, EUR MILLION	186.5	186.2
OPERATING RESULT, EUR MILLION*	5.6	8.9
CAPITAL INVESTED, EUR MILLION	65.3	52.6
RETURN ON INVESTMENT, %*	8.5	16.9
PERSONNEL 31.12.2006**	285	292

* EXCLUDING ONE-OFF ITEMS

** 2006 FIGURE INCLUDES PEOPLE WORKING IN R&D WHILE 2005 FIGURE EXCLUDES PEOPLE WORKING IN R&D

Research and development

LIVESTOCK FEEDING

The feed business focuses on increasing profitability and efficiency in livestock production, ensuring the health and well-being of animals, developing feed and feeding technologies, as well as developing the nutritional quality of livestock products.

The strong emphasis on R&D in the feed business has resulted in new products and partnerships that provide added value to customers. The development of new, cost-effectively produced feeds and feeding solutions is key to ensuring future competitiveness in the feed business.

MALT

The malt business focuses on developing the competitiveness of the malt barley chain. This will be achieved by enhancing malt barley cultivation and the malting process, as well as by carrying out research and development jointly with customers to produce customised service concepts.

Operating environment

Position on the Finnish feed market

The overall volume of the Finnish farm and fish feed markets is some 1.4 million tonnes, while their value totals approximately EUR 350 million. Raisio commands approximately 37 per cent of the domestic farm feed market and over 50 per cent of the fish feed market. The company is one of the two biggest animal feed producers in Finland. The sector also supports several small, local producers.

The market for farm feeds decreased slightly in 2006, most of the decrease taking place in cattle feeds. An exceptionally large number of milk farms closed down operations in 2006, leading, in part, to Finland's milk quota not being reached. The record-dry summer affected grass feeds in particular, and the second silage crop was nearly left unharvested. The situation was alleviated by the third harvest, enabled by the warm autumn. Fish feed sales were at the previous year's levels in Finland, as permit stipulations do not allow for significant growth.

OUTLOOK

The Finnish market for farm feeds will grow tougher due to the additional capacity constructed in the field. Raisio will also increase its capacity by constructing a new feed plant in Ylivieska, a key milk procuction area. The investment totals EUR 15 million, and the plant will come on line in 2008. The feed plant in Oulu will be closed down, and the site will become available for residential construction in summer 2009.

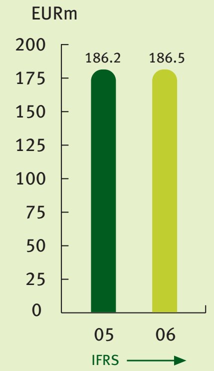
Meat, milk and egg production is expected to remain at current levels despite a considerable decrease in the number of farms. The growth in farm size is likely to increase the demand for industrial feeds and will challenge the industry in its role as a developer of feeding solutions. Competence and expertise will be emphasised, leading to closer partnership between the industry and farms.

Ethanol production will have a considerable impact on the future operating environment through by-products of feeds and the grain balance. Raisio has also studied the profitability of ethanol production and its suitability for the company's business.

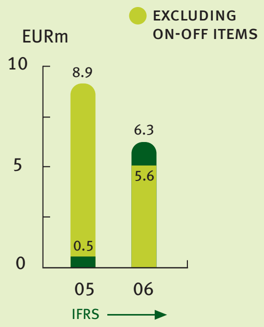
Position in the Russian feed market

The overall volume of the Russian farm and fish feed markets is some 10 million tonnes, while their value totals approximately EUR 2 billion. Raisio focuses on north-western Russia, where the market size nearly equals that of Finland.

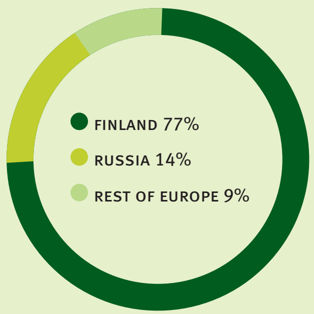
Turnover

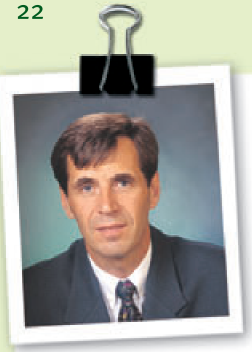


Operating result



Geographic distribution of the turnover





Outlook for the Feed & Malt Division

Leif Liedes,
President

"The Ylivieska feed plant project is the largest single investment in the field in the past 25 years. As a result of structural changes, over half of Finland's milk production will be located in the delivery area of this modern and efficient plant. Pig farming is also seeing strong growth in the region. I believe that this extensive project and the new plant serving all of the region's producers will boost confidence in versatile livestock production and farming being preserved in the region.

No significant changes are to be expected in the overall volume of livestock production. Nevertheless, structural changes and rapid technological development, along with a continuous need for enhancements, will pose challenges to our product development, competence and cost-effectiveness.

The failure of the Russian feed plant deal in summer 2006 did not affect our objective to create a strong presence in the country's growing market. We are the market leader in trout breeding feeds in north-western Russia and a well-known partner in farm feeds.

Our emphasis in the oil milling business is on increasing domestic oil plant cultivation. We will also focus strongly on developing contract farming of other plants.

After a few weak years, the malt business is also showing signs of recovery. Nearly all of the production for 2007 has been sold, and the price for quality malt has risen in both Finland and the keenly contested export markets."

ZAO Scandic Feed, the fifty-fifty owned joint venture of Raisio and Lännen Tehtaat, was not able to carry through its plans to start production in Russia in 2006 as the owner of ZAO Tosno Feed Factory withdrew from the deal. As a result, Raisio and Lännen Tehtaat no longer find justification for the joint venture and have decided to dissolve it.

Fish feed exports increased substantially in north-western Russia and especially in the Republic of Karelia in 2006, with Raisio as the clear market leader.

OUTLOOK

Raisio will continue its efforts to expand in north-western Russia where both the milk and meat processing industries suffer from raw material shortages. Russia's administration offers different forms of support to increase self-sufficiency in livestock production, which increases the need for industrial feed.

As fish farming expands in the country, the demand for fish feeds will also continue to increase.

Strengths	Threats
• EXPERTISE IN FEEDING • MODERN PRODUCTION PLANTS AND EFFICIENT PRODUCTION PROCESSES • ADVANCED QUALITY AND HYGIENE CONTROL • GOOD RESEARCH AND DEVELOPMENT RESOURCES • STRONG FEED BRANDS IN FINLAND AND GOOD RECOGNITION IN NORTH-WESTERN RUSSIA	• CHANGES IN THE EU AGRICULTURAL SUBSIDY SYSTEM AND THEIR IMPACT ON LIVESTOCK PRODUCTION • DEVELOPMENT OF RUSSIAN LIVESTOCK PRODUCTION

Position in the Finnish, Russian and Baltic malt markets

The overall volume of the Finnish malt market is some 55,000 tonnes, while its value totals approximately EUR 14 million. Raisio is one of the two significant malt producers in Finland, both commanding nearly equal market shares.

Approximately 70 per cent of Raisio's malt production was exported in 2006, mainly to Russia and the Baltic countries. The volume of Russia's malt market totals some 1.5 million tonnes and that of the Baltic region 80,000 tonnes.

The European malt market is beginning to pick up as overcapacity falls off. However, price increases were influenced more by the globally weak malt barley crop. The availability of raw materials will play a key role until the next crop. The Finnish malt barley crop was of good quality and will cover the needs of domestic malting plants.

OUTLOOK

Beer consumption has dropped slightly in Western Europe, while the East European and Russian beer markets have grown at an annual rate of 4 to 6 per cent. However, big differences exist between countries.

A considerable amount of new malting capacity has been constructed in Russia, and the country is nearly self-sufficient in this respect. Full utilisation of capacity is limited by the quality and availability of malt barley.

Strengths	Threats
• EXPERTISE IN NORTHERN MALT BARLEY CULTIVATION AND THE MALTING PROCESS • PURITY AND TRACEABILITY OF RAW MATERIALS	• GROWTH IN RUSSIA'S OWN MALT PRODUCTION • AVAILABILITY AND PRICE OF RAW MATERIALS

Feed & Malt

	TURNOVER EUR 186.5 MILLION, OR 40% OF RAISIO'S TURNOVER	
	FEEDS TURNOVER EUR 165.3 MILLION	MALT TURNOVER EUR 20.0 MILLION
PRODUCTS	• CATTLE, PIG, POULTRY AND SPECIAL FEEDS	• MALTS FOR BREWERIES
GEOGRAPHIC DISTRIBUTION OF TURNOVER	• FINLAND 90% • RUSSIA 9% • OTHERS 1%	• FINLAND 29% • RUSSIA 62% • BALTIC COUNTRIES 5% • OTHERS 4%
BEST-KNOWN BRANDS	• FARM FEEDS: HERKKU, MAITURI AND MELLI • FISH FEEDS: ROYAL AND NUTRA	• RAISIO MALT
MARKET SHARE IN TERMS OF VOLUME	• FINLAND: –FISH FEEDS OVER 50% –FARM FEEDS 37%	• FINLAND: 45%
PRODUCTION PLANTS	• FEED PLANTS: RAISIO, ANJALANKOSKI, OULU AND UUSIKAARLEPYY • OIL MILLING PLANT: RAISIO	• RAISIO

Raw materials and contract farming

Raisio is Finland's biggest processor of cultivated products and a forerunner in contract farming. Contract farming is used for all types of domestic grains, oil plants and potato. It is based on the Quality Grain system that Raisio developed to ensure that its raw material meets the industry's and consumers' quality requirements and that it is clean, safe and traceable and has been produced in an environmentally friendly way.

Grain crop in 2006

After a dry and warm summer, the Finnish grain crop was of good quality and satisfactory in terms of volume, although big regional differences were also found. The crop totalled 3,700 million kilograms, which was about 10 per cent less than the year before. This amount will satisfy domestic needs, except for rye, which will have to be imported to cover some 60 per cent of demand. For the first time, oil plant cultivations exceeded 100,000 hectares.

The market for plant-based raw materials has been characterised by scarcity, and global grain stores, for example, have been on the decrease for five consecutive years. This has been caused by weak crops and by feeds used increasingly for meat production as the standard of living rises. In addition, bio energy production uses more and more grain and oil plants, which has raised the prices of raw material.

In Europe the trend has been similar. The dryness during the last summer exacerbated the situation in that amount that the grain prices have been unprecedented high. In Finland the trend has been followed with a certain delay.

Position in the Finnish market

Raisio processes nearly 40 per cent of all of the grain used for industrial purposes in Finland. In 2006, Raisio used some 530 million kilograms of grain, over 90 per cent of which was of domestic origin. The company purchased nearly 50 million kilograms of Finnish potato for its food potato plant and some 110 million kilograms of oil plants. Soybean extraction is being replaced by rapeseed, whose imports increased. Soybean accounted for slightly over one-fifth of the 145 million kilograms of extracted oil plants. Raisio had Camelina cultivated on an area of approximately 5,000 hectares.

Raisio aims to promote the cultivation of domestic rye in order to improve self-sufficiency. The company has initiated the cultivation of high-yield hybrid varieties, the goal being a substantial increase in hectare yields.

Primary production and contract farming

Contract farming and the development of the primary production supporting it is one of Raisio's core competence fields. The target is to meet the quantitative and qualitative development targets set for the Group's businesses by carrying out plant breeding and plant cultivation research and by developing contract farming.

Contract farming is an important form of cooperation when developing yield, quality and logistics solutions, as well as other cooperation. The goal is to deliver the grain from farms to Raisio without intermediate storage.

Raisio has put special emphasis on hygiene during grain storage and transport. A new regulation that defines limit values for certain mycotoxins in food grains used in foodstuffs took effect in July 2006. Systematic monitoring is in place in Finland.

Changes in agricultural policies, such as subsidies, pose new challenges to the grain chain. Raisio has developed a new IT system for grain procurement, which enables versatile pricing in which the price is not bound to the time at which the grain is received.

Ingredients

Raisio's Ingredients Division develops, produces and markets safe, health-promoting ingredients for food companies worldwide. Raisio produces sterol-based ingredients, the most important of which is the Benecol ingredient, stanol ester. Benecol products are sold in over 20 countries.

Vision

Raisio's Ingredients Division is a sought-after partner and a leading global player in the rapidly growing market for functional foods. One of the focal areas consists of ingredients designed for heart health management.

Strategic priorities

PROFITABLE GROWTH

Further strengthening of the Benecol brand, development of cooperation with customers and partners and expansion of the market area for the Benecol ingredient.

FORERUNNER IN THE FIELD

Market launch of brand new functional ingredients and product applications that enhance the competitiveness of the Benecol ingredient, stanol ester. Studies to prove Benecol's effectiveness in different product applications.

Financial performance in 2006

The Ingredients Division's turnover decreased to EUR 49.7 million (EUR 50.2 million). While the volume of ingredients sales increased, the sales prices in some geographic areas were lower than those in the comparison period.

Operating result dropped to EUR 7.8 million (EUR 9.7 million). The large input of resources into jointly strengthening the Benecol brand with partners led to weaker profitability but will strengthen the brand's position in the future.

Key figures

	2006	2005
TURNOVER, EUR MILLION	49.7	50.2
OPERATING RESULT, EUR MILLION*	7.8	9.7
CAPITAL INVESTED, EUR MILLION	44.5	46.2
RETURN ON INVESTMENT, %*	17.4	21.0
PERSONNEL 31.12.2006**	72	69

* EXCLUDING ONE-OFF ITEMS

** 2006 FIGURE INCLUDES PEOPLE WORKING IN R&D WHILE 2005 FIGURE EXCLUDES PEOPLE WORKING IN R&D

Year 2006

- The significant expansion to the capacity of the stanol ester plant in Raisio was completed.
- Benecol products were launched in Turkey.
- Trial marketing of Benecol margarine started in Russia.
- The Frost & Sullivan research institute gave Benecol the "Brand Strategy Leadership Award" for high-quality development of the Benecol brand.
- Activities focused on ensuring Benecol brand.
- Rationalisation measures at the Charleston plant.

Research and development

The Ingredients Division focuses on promoting health and well-being using nutritional methods.

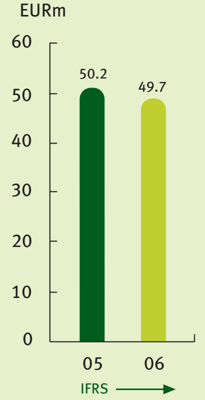
- The use of stanol ester is advanced in new product applications by creating new types of products.
- Development of the production process will be continued.
- The accuracy of research methods used to prove the effectiveness of the Benecol ingredient will be further enhanced.

Patents

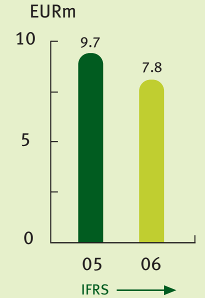
Raisio exercises close and careful consideration in its patent activities, assessing the opportunities for use in its own productisation and possible licensing. Raisio's patent portfolio will be developed so that it supports business operations as well and cost-effectively as possible. Protecting new technology and product innovations in line with Raisio's business strategy will secure competitiveness and create growth potential.

Raisio has some 190 patents, most of them related to the Benecol business. In 2006, Benecol had 18 (18) patent families, 149 (126) patents and 95 (78) patent applications. In the review period, the Benecol business was awarded 23 new patents and it submitted three patent applications.

Turnover

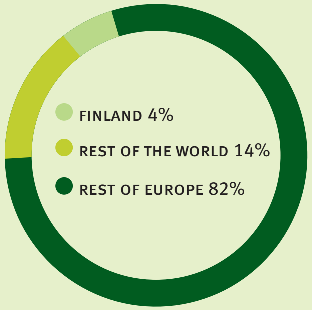


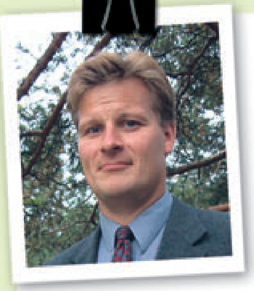
Operating result



The Raisio plc Benecol market

Geographic distribution of the turnover





Outlook for the Ingredients Division

Heikki Ruska,
COO

"The Ingredients Division had an exceptional year in 2006 due to the rationalisation measures at the Charleston plant in the USA and the organisation changes carried out in the division. Raisio also put more emphasis on strengthening the Benecol brand in co-operation with partners. This weakened the division's profitability but will help us reach the growth target in the future.

Activities focused on ensuring growth in Europe, South America and especially in Asia, where processes for obtaining sales permits are underway. We are making progress in our search for new partners familiar with local consumer habits and markets.

The increase in heart and cardiovascular diseases, driven by higher standards of living, creates the foundation for growth in the functional foods market, especially in Asia.

Raisio will continue to develop the Benecol ingredient, the target being to enhance its functioning in new product applications. The focus in 2007 will be on improving efficiency by developing our own processes."

Operating environment

MARKET FOR STEROL-BASED INGREDIENTS

The worldwide markets for cholesterol-lowering, sterol-based ingredients have a total value of approximately EUR 180 million. Raisio estimates the market for end products containing these ingredients to total some EUR 1 billion. Raisio commands around one-third of the market for sterol-based ingredients.

Market growth has especially continued in Europe where it has been boosted by the consumers' increasing awareness for health-related issues and the increasing popularity of new, user-oriented products, such as the yoghurt drink.

Raisio will focus on developing future growth outside Europe, especially in Asia and South America.

MARKET OUTLOOK

The market for sterol-based ingredients is expected to grow at an annual rate of 10%. The demand for functional products is on the increase, among other things, because of increased consumer awareness of health-related issues and the increase in lifestyle diseases. For example, some 70% of the working age population in the Western world has higher than recommended cholesterol levels. The increase in cardiovascular diseases is predicted to be some 20% over the next five years.

In Europe, the market for cholesterol-lowering products is fairly well established, while in Asia and South America they are only getting started. Raisio has begun to prepare for future growth in both regions. Heart and cardiovascular diseases are quickly becoming more common, especially in industrialized Asian countries. The number of people suffering from these ailments in China and India has already exceeded that of industrialized countries as a whole.

In the future, the marketing of functional foods will emphasise pleasure, well-being and health. Also brand strength will be more important than ever.

Benecol products lower total cholesterol levels up to 10% and LDL cholesterol up to 15%.

Strengths	Threats
• INCREASINGLY BETTER RECOGNITION OF THE BENECOL BRAND • PARTNER NETWORK MODEL AND SEVERAL END PRODUCT APPLICATIONS • FORERUNNER IN THE MARKET FOR FUNCTIONAL FOODS • EFFECTIVENESS OF STANOL ESTER PROVED IN THOROUGH SCIENTIFIC STUDIES • COMPETENCE IN PROCESS TECHNOLOGY AND STEROL AND FATTY ACID CHEMISTRY • WIDE-RANGING BENECOL PATENT FAMILIES	• STIFFER COMPETITION, ESPECIALLY IN EUROPE • SLOW ENTRY INTO NEW MARKETS, REGULATORY APPROVALS IN PARTICULAR

Market position

Ingredients	
	TURNOVER EUR 49.7 MILLION, OR 10% OF RAISIO'S TURNOVER
PRODUCTS	• BENECOL-INGREDIENT, STANOL ESTER • OTHER STEROL-BASED INGREDIENTS
END PRODUCTS	• MARGARINE, SPREADS, PASTA, CEREAL, YOGHURT AND YOGHURT DRINKS, BUTTERMILK, MILK, CAPSULES, DRINKS
KEY GEOGRAPHICAL AREAS	• EUROPE • GROWTH SOUGHT IN ASIA AND SOUTH AMERICA
BEST-KNOWN BRAND	• BENECOL
MARKET SHARE	• GLOBAL MARKETS FOR CHOLESTEROL-LOWERING, STEROL-BASED INGREDIENTS OVER 30%
PRODUCTION PLANTS	• FINLAND, RAISIO AND USA, SUMMERVILLE, SC

Diagnostics

Raisio's Diagnostics Division develops, produces and sells analytic systems and diagnostics tests used to monitor the quality and safety of food and animal feed worldwide. Based on its new strategic policies, Raisio decided in January 2007 to divest its Diagnostics business, which had only minor synergies with Raisio's other business areas.

Financial performance in 2006

The Diagnostics Division's turnover increased, amounting to EUR 9.0 million (EUR 8.8 million). The operating result of the Diagnostics Division, excluding one-off items, amounted to EUR –2.1 million (EUR –2.2 million). The reported operating result was EUR –7.9 million (EUR –7.3 million), including a goodwill write-down of EUR 5.8 million (EUR 5.1 million).

Operating environment

MARKET FOR FOOD DIAGNOSTICS

The overall value for global markets in food diagnostics microbiology exceeds EUR 1 billion. The market on the whole is growing by nearly 10% annually. Considerably faster growth has been recorded in the food diagnostics markets for modern DNA and rapid testing. This is also what Raisio has focused on. Raisio's customers in food diagnostics include producers and commercial businesses in the food industry, commercial and public laboratories, as well as laboratory chains that offer analysis services. Raisio has a notable position in pathogen diagnostics.

RESEARCH AND DEVELOPMENT

The focus of R&D in Raisio's Diagnostics Division is on the development of innovative pathogen screening methods using new technologies. The division also develops comprehensive analytical solutions used to ensure product safety and quality by optimising the entire sample treatment and testing process and adapting and combining new technologies.

Raisio especially invests on new technologies and product rights in industrial and food diagnostics, as well as on development projects carried out with strategic partners.

MARKET OUTLOOK

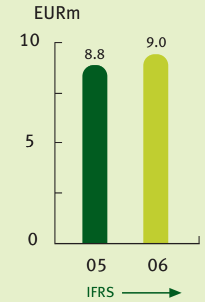
Growing consumer interest in the safety and purity of their food increases the need for food diagnostics. Contributing factors include animal diseases, the increase in different types of allergies, threat of bioterrorism, international trade and changes in consumer habits resulting from developments in the structure of population. Stricter authority requirements, as well as technologies that are both faster and easier to use, also have a positive effect on market growth.

Raisio's specialities have been innovative food diagnostics methods that provide added value to customers. The first of these were launched at the end of 2006. User-friendly methods that satisfy customer needs lead to a considerable reduction in the duration of testing processes and, consequently, to answers being ready in less time. This enables industrial companies to enhance the safety and quality assurance of their products, which, in turn, speeds up production processes and reduces capital tied to operations. New rapid tests help food companies to improve both consumer safety and their own competitiveness.

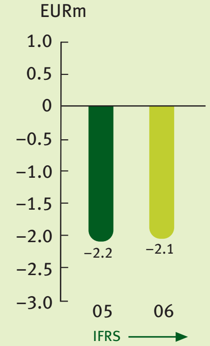
Market position

Diagnostics	TURNOVER EUR 9.0 MILLION, OR 2% OF RAISIO'S TURNOVER
PRODUCTS	• TESTING METHODS RELATED TO THE SAFETY AND QUALITY ASSURANCE OF FOODS • WIDE RANGE OF REPRESENTED PRODUCTS
KEY GEOGRAPHICAL AREAS	• EUROPE, SEVEN SALES COMPANIES • DISTRIBUTOR NETWORK • GROWTH ESPECIALLY OUTSIDE EUROPE
BRANDS	• TRANSIA®, MAGDA™, ENZYPLUS™
PRODUCTION PLANTS AND PRODUCT DEVELOPMENT UNITS	• LYON, FRANCE (R&D, PRODUCTION) • ROME, ITALY (R&D, PRODUCTION) • TURKU, FINLAND (R&D)

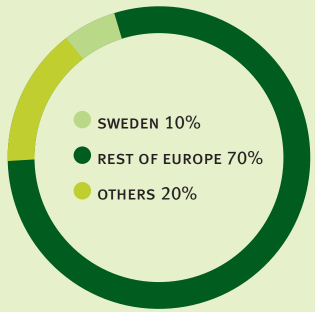
Turnover



Operating result



Geographic distribution of the turnover

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RAISIO

Shares and shareholders

Raisio's shares are listed on the Helsinki Stock Exchange. In 2006 the prices of Raisio's free and restricted shares decreased by 21%. The company had 40,822 registered shareholders at the end of 2006. Foreign ownership amounted to 15.5%. Raisio's market value amounted to EUR 287.1 million at the end of 2006 excluding the shares owned by the company itself.

Shares and shareholders

- Raisio's market value amounted to EUR 287.1 million on 29 December 2006.
- The closing price of free shares on 29 December 2006 was EUR 1.79, while the average price over the year was EUR 1.88. The price of series V shares decreased by 21% from the beginning of the year.
- The closing price of restricted shares on 29 December 2006 was EUR 1.80, while the average price over the year was EUR 1.91. The price of the series K shares decreased by 21% from the beginning of the year.
- Overall trading totalled EUR 123.9 million.
- The Board of Directors will propose a dividend of EUR 0.03 at the Annual General Meeting in spring 2007.

Share capital and share classes

The fully paid-up share capital of Raisio plc is EUR 27,776,072.91, which on 31 December 2006 was divided into 34,563,242 restricted shares (series K) and 130,585,788 free shares (series V), each with a book counter value of EUR 0.17 (rough figure). No nominal value is quoted for the shares. The company's minimum share capital is EUR 25,000,000 and maximum share capital EUR 100,000,000. The share capital can be raised or lowered within these limits without amending the Articles of Association. There was no change in share capital during 2006.

Raisio plc's shares are listed on the Helsinki Stock Exchange. The company's free shares are quoted in the Mid Cap segment under Consumer Staples sector, and its restricted shares on the PreList. The stock exchange code for free shares is RAIVV and the ISIN code FI 0009002943, and for restricted shares RAIKV and FI 0009800395, respectively. The company's shares have been entered into the book-entry system.

Free and restricted shares have an equal entitlement to equity and profits. At Annual General Meetings, each restricted share entitles the holder to 20 votes and each free share to one vote. No shareholder is entitled to exercise more than 1/10 of the total number of votes represented at the Meeting.

Acquisition of restricted shares 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.

The Board may also convert restricted shares into free shares on request and likewise give advance information on whether the applicant will be granted permission to acquire restricted shares. No restricted shares were converted into free shares during 2006.

In the book-entry system, restricted shares for which the approval procedure is in progress, or for which approval has not been sought, will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. The waiting list had 5.05 million restricted shares on 31 December 2006.

Trading in Raisio's shares

The price of Raisio's free shares decreased by 21% in 2006, while the OMX Helsinki Index increased by 18%. The highest price of the series V share was EUR 2.44 and the lowest EUR 1.35. The average price was EUR 1.88. The year-end price of the V share was EUR 1.79. The number of Raisio V shares traded in 2006 totalled 64.3 million (2005: 109.6 million), which equals some 49% of the total volume. The value of share trading was EUR 121.1 million (EUR 250.4 million).

The price of Raisio's restricted shares decreased by 21%. The highest price of the K share was EUR 2.44 and the lowest EUR 1.42. The average price was EUR 1.91. The year-end price of the K share was EUR 1.80. Trading in K shares remained at the previous year's level, totalling 1.5 million shares (1.5 million). The value of K share trading was EUR 2.8 million (EUR 3.5 million).

The share capital had a market value of EUR 287.1 million at the end of 2006 (EUR 365.4 million) excluding the shares owned by the company itself.

Ownership structure

Raisio plc had 40,822 registered shareholders at the end of 2006 (42,953). With a share of 61.7%, households made up the largest owner group (60.0%).

Foreign ownership decreased slightly during the review period, amounting to 15.5 per cent at the end of 2006 (16.2%). Approximately 0.5% of the shares remain outside the book-entry system.

No disclosures of ownership changes, required from shareholders under Chapter 2, section 9, of the Securities Market Act, were made in the review period.

Dividend policy and dividend

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

Raisio plc's Annual General Meeting, held on 30 March 2006, decided that a dividend of EUR 0.05 per share be paid. The dividend was paid on 11 April 2006 to all shareholders included in the shareholder register on 4 April 2006. No dividend was paid on the shares held by the company.

The Board of Directors will propose a per-share dividend of EUR 0.03 at the Annual General Meeting in spring 2007. The proposed record date is 4 April 2007 and the dividend payment date 13 April 2007.

Stock-based incentive systems

Raisio had no stock-based incentive systems in the review period.

Company management shareholdings

The members of the company's Supervisory Board, the members of the Board of Directors and the CEO, as well as associations and foundations under their control, owned 1,339,990 restricted shares and 406,750 free shares on 31 December 2006. This accounts for 1.06% of all shares and represents 3.31% of the maximum voting power.

Shareholder agreements

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

Authorization for the Board of Directors to raise share capital

The Board of Directors did not request authorization to decide on a share capital increase, option rights issues or convertible bond issues from the Annual General Meeting held in spring 2006 and thus had no such authorization in the review period. No corresponding authorization had been requested from the previous year's Annual General Meeting either.

Share repurchase and disposal authorization for the Board of Directors

The spring 2005 Annual General Meeting authorized the Board of Directors to repurchase shares amounting to a maximum of 5% of the company's share capital and company votes and to dispose all repurchased shares. The authorizations ended at the spring 2006 Annual General Meeting. The authorization allowed shares to be repurchased in order to develop the capital structure of the company, to finance or carry out acquisitions or other arrangements, or to be otherwise further assigned or cancelled. A review of repurchases based on this authorization is included in the Report of the Board of Directors on page 52.

The spring 2006 Annual General Meeting gave the Board of Directors new authorization to dispose of all of the company shares held by Raisio. Based on the disposal authorization, the Board of Directors is entitled to decide to whom and in which order company shares are disposed. Disposal may take place in a proportion other than that of the shareholders' pre-emptive right to company shares, provided that significant financial grounds thereto exist from the company's perspective. The strengthening of the company's capital structure, as well as financing or implementing acquisitions or other arrangements, may be considered significant financial grounds. The Board of Directors may also decide to dispose of company shares through public trading arranged by the Helsinki Stock Exchange in order to obtain funds to finance investments and possible acquisitions. The disposal authorization is in force until the 2007 Annual General Meeting. The authorization to dispose of company shares was not exercised in the review period.

Share repurchases in 2005–2006 made Raisio the largest owner of the company. Raisio plc owned 4,930,500 free shares and 41,200 restricted shares on 31 December 2006. Other Group companies did not have holdings in Raisio plc. Shares belonging to the company or its subsidiaries do not entitle the holder to participate in the Annual General Meeting.

IR principles

The aim of the Investor Relations function at Raisio is to provide all capital market participants with correct, sufficient and up-to-date information to be used as the basis for share price determination.

Raisio publishes annually a Financial Statements Review, Annual Report and three Interim Reports, as well as a Corporate Responsibility Report. Important news and matters are communicated to investors through stock exchange and press releases. In addition to the publications mentioned above, other material used at investor meetings is also published on the company's website. Information about the major shareholders, as well as the company's public insider register, is available on the website, as is the contact information for the analysts following Raisio. Raisio's website can be found at www.raisio.com.

Raisio has defined a "silent period", which covers the two weeks preceding the publication of financial releases. During this time, Raisio does not meet with capital market representatives.

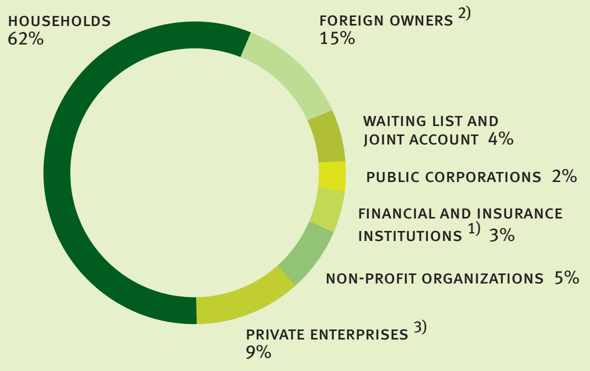
Structure of share capital on 31 December 2006

	NUMBER OF SHARES	% OF TOTAL SHARES	% OF TOTAL VOTES
FREE SHARES	130,585,788	79.1	15.9
RESTRICTED SHARES	34,563,242	20.9	84.1
TOTAL	165,149,030	100.0	100.0

Increase in share capital

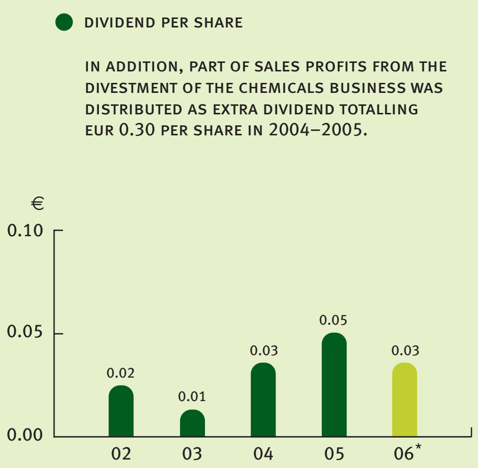
SUBSCRIPTION PERIOD	METHOD	TERMS OF SUBSCRIPTION	NOMINAL VALUE, FIM	SUBSCRIPTION PRICE, FIM	SUBSCRIPTION PRICE, EUR	NUMBER OF NEW SHARES	INCREASE IN SHARE CAPITAL, EUR MILLION	NEW SHARE CAPITAL, EUR MILLION	RIGHT TO DIVIDEND
13.12.1993–28.1.1994	NEW ISSUE	5 V OR K: 1 V	50	250.00	42.05	405,206	3.41	20.5	HALF DIVIDEND 1993
12.4.1995	TARGETED ISSUE TO RAISION MARGARIINI (RM) 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	TARGETED ISSUE TO HOLDERS OF 1993 BOND WARRANTS	–	10	96.75	16.27	181,920	0.31	27.8	FULL DIVIDEND 1998

Shareholders on 31 December 2006



1) EXCLUDING NOMINEE-REGISTERED
2) INCLUDING NOMINEE-REGISTERED
3) INCLUDING THE COMPANY'S OWN SHARES OWNED BY RAISIO

Dividend



*ACCORDING TO THE BOARD PROPOSAL

Market value

Split of shareholdings on 31 December 2006

	FREE SHARES				RESTRICTED SHARES			
SHARES	SHAREHOLDERS		SHARES		SHAREHOLDERS		SHARES	
NO.	NO.	%	NO.	%	NO.	%	NO.	%
1–1,000	24,531	64.1	12,081,409	9.3	4,032	58.6	1,422,133	4.1
1,001–5,000	10,702	28.0	26,376,196	20.2	1,849	26.8	4,378,688	12.7
5,001–10,000	1,874	4.9	14,169,309	10.9	525	7.6	3,748,239	10.8
10,001–25,000	805	2.1	12,695,877	9.7	330	4.8	5,083,481	14.7
25,001–50,000	189	0.5	6,612,737	5.1	102	1.5	3,337,029	9.7
50,001–	146	0.4	58,288,140	44.6	47	0.7	10,909,920	31.6
WAITING LIST			0	0.0			5,050,172	14.6
JOINT ACCOUNT			362,120	0.2			633,580	1.8
TOTAL	38,247	100.0	130,585,788	100.0	6,885	100.0	34,563,242	100.0

31 December 2006 Raisio plc had a total of 40,822 registered shareholders.

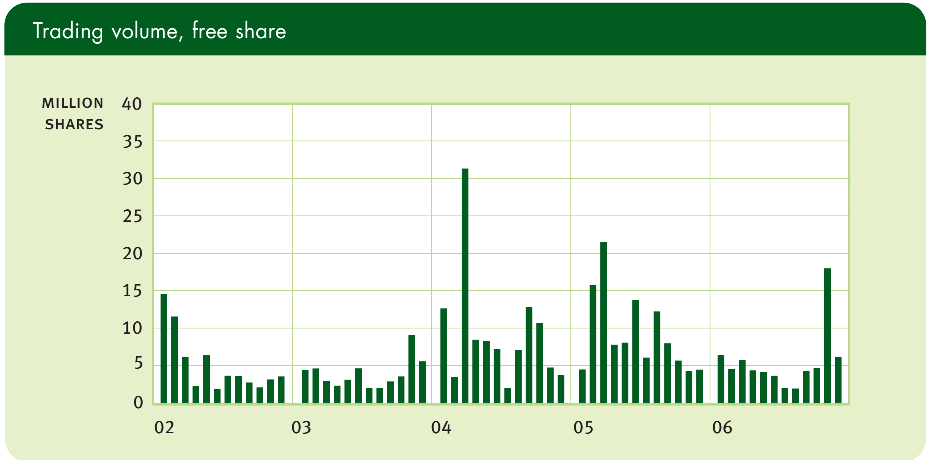
Shareholders

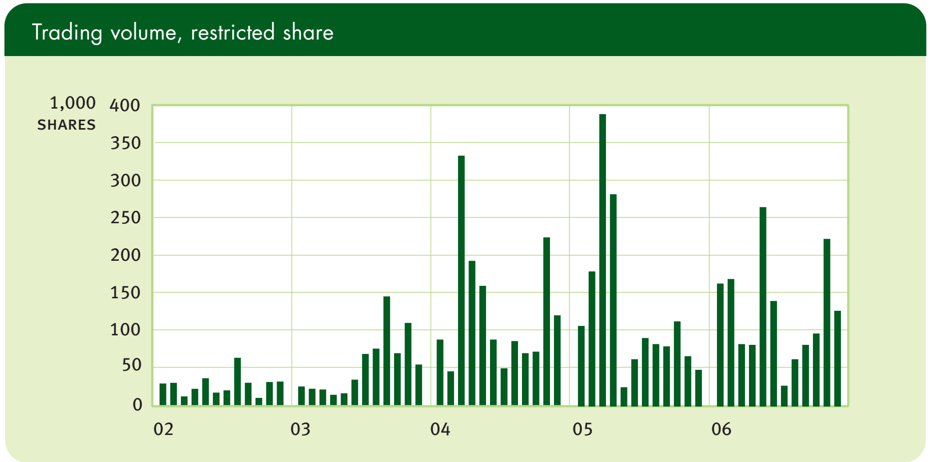
25 major shareholders on 31 December 2006, according to shareholders register

	SERIES K, NO.	SERIES V, NO.	TOTAL, NO.	%	VOTES, NO.	%
CENTRAL UNION OF AGRICULTURAL PRODUCERS AND FOREST OWNERS	3,733,980	199,000	3,932,980	2.38	74,878,600	9.11
NIEMISTÖ KARI		3,600,000	3,600,000	2.18	3,600,000	0.44
OP-FINLAND VALUE FUND		1,434,800	1,434,800	0.87	1,434,800	0.17
ILMARINEN MUTUAL PENSION INSURANCE COMPANY		1,016,966	1,016,966	0.62	1,016,966	0.12
DALLAS OF SWEDEN AKTIEBOLAG		1,000,000	1,000,000	0.61	1,000,000	0.12
ETRA INVEST OY AB		1,000,000	1,000,000	0.61	1,000,000	0.12
MUTUAL INSURANCE COMPANY PENSION-FENNIA		1,000,000	1,000,000	0.61	1,000,000	0.12
MAA- JA VESITEKNIIKAN TUKI R.Y.		1,000,000	1,000,000	0.61	1,000,000	0.12
BROTHERUS ILKKA	42,540	784,500	827,040	0.50	1,635,300	0.20
NORDEA NORDIC SMALL CAP FUND		795,920	795,920	0.48	795,920	0.10
SVENSKA LANTBRUKSPRODUCENTERNAS CENTRALFÖRBUND R.F.	659,500	113,000	772,500	0.47	13,303,000	1.62
HAAVISTO MAIJA	393,120	287,770	680,890	0.41	8,150,170	0.99
AKTIA CAPITAL FUND		674,000	674,000	0.41	674,000	0.08
HAAVISTO HEIKKI	542,300	119,590	661,890	0.40	10,965,590	1.33
LANGH HANS	654,480		654,480	0.40	13,089,600	1.59
KESKITIEN TUKISÄÄTIÖ	100,000	500,000	600,000	0.36	2,500,000	0.30
ARVO ASSET MANAGEMENT LTD ARVO FINLAND VALUE		600,000	600,000	0.36	600,000	0.07
LILJESTRÖM ULF MIKAEL		570,000	570,000	0.35	570,000	0.07
NORVESTIA PLC		551,900	551,900	0.33	551,900	0.07
HAAVISTO ERKKI	364,940	172,260	537,200	0.33	7,471,060	0.91
HAAVISTO ANTTI	382,140	140,740	522,880	0.32	7,783,540	0.95
ETERA MUTUAL PENSION INSURANCE COMPANY		518,400	518,400	0.31	518,400	0.06
MYLLYMÄKI ERKKI	374,320	113,080	487,400	0.30	7,599,480	0.92
VARMA MUTUAL PENSION INSURANCE COMPANY		472,000	472,000	0.29	472,000	0.06
HAAVISTO ILKKA	350,160	108,480	458,640	0.28	7,111,680	0.87

Shares registered under foreign ownership, including nominee registrations, totalled 25,549,872 on 31 December 2006, or 15.5% of the total and 19.6% of free shares.
At the end of the year, Raisio plc owned 4,971,700 company shares, which represents 3.0% of the total.

Raisio plc's share price development and trading volume





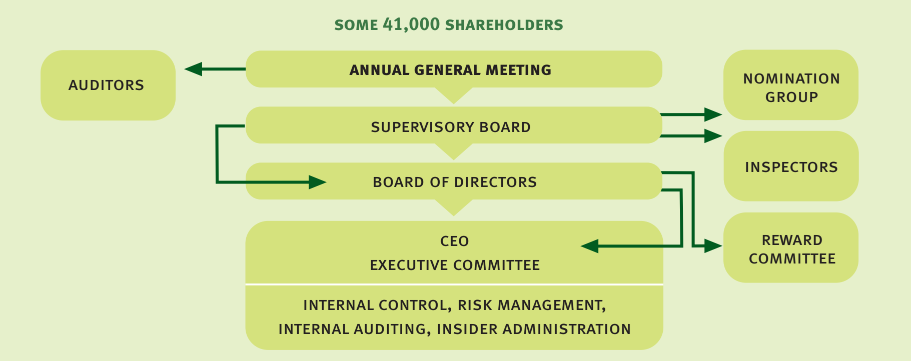
Corporate governance

Finnish legislation and the Articles of Association form the framework for Raisio's corporate governance. Raisio has applied the revised insider guidelines issued by the Helsinki Stock Exchange as of 1 January 2006.

In November 2006, the Supervisory Board cut the number of Board members to five and appointed three new members to the Board.

Corporate governance

Raisio's corporate governance system



- In November, the Supervisory Board cut the number of Board members to five and appointed three new members to the Board. The Board of Directors is presented on pages 42 and 43.
- The Annual General Meeting will be held on Friday, 30 March 2007 in Turku.
- At the beginning of 2007, the Supervisory Board was expanded with three representatives elected by personnel groups formed by Raisio's employees working in Finland.

Annual General Meeting

The shareholders' meeting, held at least once a year, is the company's highest decision-making body. The Annual General Meeting is held annually by the end of April to take care of matters pertaining to it, such as approving the financial statements and consolidated financial statements, deciding on the distribution of dividend, discharging those accountable from liability, electing the Supervisory Board members and auditors, as well as determining the fees paid to them. Extraordinary shareholders' meetings may be held, if necessary, and these will be called by the Board of Directors.

Annual General Meetings are called no earlier than two months prior to the advance registration date indicated in the call to the meeting and no later than seventeen days before the meeting. The call for the Annual General Meeting on 30 March 2007 has been published in the newspapers Helsingin Sanomat, Turun Sanomat, Maaseudun Tulevaisuus, Hufvudstadsbladet and Landsbygdens Folk.

In 2006, Raisio's Annual General Meeting was held on 30 March 2006 in Turku. The meeting was attended by 2,579 shareholders or their representatives. This corresponded to 21.9 million shares, or 13.3 per cent of the overall share capital. The CEO, Chairman of the Board and five Board members also attended the meeting.

Supervisory Board

Raisio plc is run by a two-tiered corporate governance system where the Annual General Meeting elects a Supervisory Board and the Supervisory Board elects the Board of Directors. The Supervisory Board consists of a minimum of 15 and a maximum of 25 members, whose term begins at the shareholders' meeting at which the election took place, and it ends at the end of the third Annual General Meeting following the election. One-third of the members are replaced every year.

A person who has turned 65 years before the beginning of the term cannot be elected as member of the Supervisory Board. The Supervisory Board elects a Chairman and Vice Chairman among its members for one term that begins at the first Supervisory Board meeting following the Annual General Meeting and ends at the first Supervisory Board meeting held after the following Annual General Meeting.

The Supervisory Board supervises the corporate administration run by the Board of Directors and Managing Director, appoints the members of the Board of Directors and determines the compensation paid to them. The Supervisory Board gives the Annual General Meeting a report on the financial statements and auditor's report. Members of the Supervisory Board received a fee of EUR 260 per meeting in 2006. They were also reimbursed for travel expenses and received a daily allowance for travel to meetings in accordance with Raisio's travel compensation policy. The annual fee of the Chairman of the Supervisory Board was EUR 10,000 in 2006.

The Annual General Meeting in spring 2006 set the number of members in Raisio plc's Supervisory Board at 22. The Supervisory Board convened three times in the review period, with an attendance of 88.1 per cent. At the beginning of 2007, the Supervisory Board was expanded, with three representatives elected by personnel groups formed by Raisio's employees working in Finland. This raised the number of members to 25.

The members of the Supervisory Board are presented on page 45.

Supervisory Board committees

The Supervisory Board has set up a nominating committee to prepare matters concerning the appointment of Board members and proposals made to the Annual General Meeting on possible Supervisory Board members, which will be handled by the Supervisory Board. The committee consists of the Chairman and Vice Chairman of the Supervisory Board, as well as three members elected by the Supervisory Board from among its members. The committee met four times during the review period.

The Supervisory Board elects four of its members to inspect the corporate administration run by the Board of Directors and Managing Director. The inspectors report on their observations to the Supervisory Board. In the review period the inspectors carried out two inspections in the company.

Board of Directors

The Board of Directors consists of a minimum of five and a maximum of eight members elected by the Supervisory Board. The term of Board members is one calendar year following their election. A person who has turned 65 years before the beginning of the term cannot be elected as member of the Board of Directors. The Board elects a Chairman and a Deputy Chairman among its members for one year at a time.

The Board of Directors is in charge of corporate governance and the proper management of the company's operations. It controls and supervises the company's operative management, approves strategic objectives and risk management principles and ensures that the management systems are fully functional.

The Board of Directors works and makes its decisions at its meetings, which are quorate when more than half of the Board members are present. If necessary, a meeting can also be held as a teleconference.

The Chairman calls a Board meeting when necessary or if requested by a Board member or the Managing Director. The Chairman decides on the agenda of each meeting based on the proposals made by the Managing Director or Board members. The agenda and any possible advance material related to the matters to be dealt with shall be delivered to the Board members at the latest four business days prior to the meeting, unless otherwise required by the nature of the issue. The issues that the Board of Directors are to decide on are presented by the Managing Director, a member of the Executive Committee or an expert.

The secretary of the Board prepares minutes on the matters that the meeting has dealt with and made decisions on, which are approved and signed by all the members that were present at the following meeting.

IN ACCORDANCE WITH THE MAIN POINTS OF THE CHARTER ADOPTED BY THE BOARD OF DIRECTORS OF RAISIO PLC, THE MAIN DUTIES OF THE BOARD ARE TO:

- Approve corporate strategy and revise it regularly
- Approve the annual budgets and supervise their implementation
- Decide on major investments and divestments
- Process and approve financial statements and interim reports
- Appoint and discharge the Chief Executive and, following the Chief Executive's proposal, the Chief Executive's immediate subordinates, determine their duties and decide on the terms of their employment
- Decide on incentive and reward systems for the management and personnel and submit proposals concerning them to the shareholders' meeting if necessary
- Review key operational risks and their management on an annual basis
- Ensure that the company's planning, information and monitoring systems are fully functional
- Approve the company's ethical values and principles

In 2006, the Board of Directors had seven members through 29 November 2006 when the Supervisory Board dropped the number to five for the remainder of 2006 as well as for 2007.

In the review period, all of the members of the Board of Directors were independent of the company and its major shareholders.

The Board met 16 times during the review period and held two teleconferences. Attendance at the meetings was 91.7 per cent.

The Chairman of the Board received a monthly fee of EUR 2,550 until 29 November 2006 and EUR 16,810 a month thereafter. Other members received a monthly fee of EUR 1,700. Members of the Board also received a daily allowance for meetings and were reimbursed for travel expenses in accordance with Raisio's travel compensation policy.

The Board of Directors conducted an assessment of its operations and working methods in September 2006.

The members of the Board of Directors are presented on pages 42 and 43.

Board committees and workgroups

Raisio's Board of Directors has appointed a reward committee to prepare proposals for the appointment of senior management, to present the proposals for management and personnel rewards and incentives to the Board of Directors, as well as to prepare significant organisational changes. Until 29 November 2006, the committee consisted of the Chairman of the Board and two other Board members. Thereafter, the committee has consisted of the Chairman and Vice Chairman of the Board. The committee convened four times in 2006. The Board of Directors has not set up other committees.

The purpose of the grain workgroup appointed by the Board of Directors is to promote the conditions for Raisio's grain, oil plant and potato businesses and to ensure domestic raw material supplies by producing and distributing information about the production and use of these plants to administrative bodies and stakeholders. The workgroup consists of the Chairman of the Supervisory Board, one member of the Board of Directors, the Presidents of Raisio Nutrition and Raisio Feed, as well as the Vice President of the Purchasing & Logistics group.

Managing Director

The tasks of Raisio plc's Managing Director are determined in compliance with the law, Articles of Association and any instructions and regulations issued by the Board of Directors.

Rabbe Klemets was Raisio plc's Chief Executive Officer from April 2001 to November 2006. His salaries, fees and fringe benefits in 2006 totalled EUR 638,050.

Matti Rihko took over as CEO on 29 November 2006. He also remains in charge of the Ingredients Division. In 2006, Rihko received a total of EUR 36,321 in salaries, fees and fringe benefits for his duties as CEO.

The company did not offer Raisio plc's shares or securities entitling to shares to the CEOs in 2006.

The contract stipulates that the Managing Director has the right and obligation to retire at the age of 62. The Managing Director's contract may be terminated by either the company or the Managing Director with six months' notice. If the contract is terminated by the company, the Managing Director is entitled to compensation corresponding to 12 months' pay, in addition to the pay for the period of notice.

No deputy CEO was appointed.

Executive Committee

The Executive Committee is chaired by the Chief Executive Officer and consists of the management of the three business divisions and three service functions. The Executive Committee coordinates the Group's operations and defines Group-level operating policies and processes. It formulates corporate strategy, supervises its implementation and assists the Managing Director in preparing proposals subjected to the Board of Directors that concern the entire Group. The Group's Executive Committee meets once a month, or more often if necessary. The retirement age of the members of the Executive Committee is 62 years.

Denis Mattsson was appointed President of Raisio's Food Division and member of the Executive Committee in May 2006. Similarly, Leif Liedes, President of the Feed & Malt Division, was appointed member of the Executive Committee in May. Matti Rihko was appointed President of the Ingredients Division and member of the Executive Committee in August. Matti Rihko was elected Raisio plc's CEO in November.

Olavi Kuusela, Executive Vice President and Deputy CEO, left Raisio in April 2006, Jukka Lavi, Executive Vice President, in September 2006 and Taru Narvanmaa, Executive Vice President, in December 2006.

The Executive Committee is presented on page 44.

Management reward systems

Raisio has separate reward systems for management, middle management and the rest of the personnel. Decisions on reward systems are made by the Board of Directors based on the reward committee's proposals.

The reward systems in 2006 were based on continuous improvement. Their key indicators were operating result and turnover. The company had no stock-based reward systems during the period under review.

Internal control, risk management and internal auditing

Internal control of the Group is regular and ongoing. Regular weekly, monthly and quarterly reporting presents deviations from the targets of annual planning and forecasts, as well as compares the results to the previous year's figures. Any special concerns and non-recurring matters noted during supervision are reported to the management. Internal supervision reports are regularly synchronized with external accounting. The Board of Directors is provided with corresponding reports on a monthly basis.

Risk management is an integral part of Raisio's control system. The company follows a risk management policy adopted by the Board of Directors. Annual risk evaluations are carried out in conjunction with annual planning and budgeting. Risk management is coordinated by the Vice President of Finance and Treasury, who reports to the Chief Financial Officer.

Raisio has not considered it to be necessary to form a separate function for internal auditing. Instead, the duties are included in those of the financial organisation in charge of internal control. The business controllers of each business area and the financial managers of the business units report to the Chief Financial Officer on matters related to risk management, internal control and auditing. The auditors have taken this into account in their audit plans.

Business risks are described in business sector reviews and other financial risks on page 78.

Insider regulations

Owing to the amendments made to the Securities Markets Act in 2005, the Helsinki Stock Exchange, the Confederation of Finnish Industries and the Central Chamber of Commerce revised the insider guidelines issued by the Stock Exchange in 1999 to comply with the new legislation. Raisio plc's Board of Directors decided to adopt the revised insider guidelines issued by the Stock Exchange (2006) for Raisio as of 1 January 2006.

The company's insider group consists of insiders with a duty to declare ("public insiders") and permanent insiders, in addition to which the company may have project-specific insiders from time to time.

Insiders with a duty to declare include the members of the Supervisory Board and the Board of Directors, the Managing Director, the members of the Executive Committee and auditors. Permanent insiders at Raisio include members of the business area management groups, certain directors and experts in financial administration, as well as executive secretaries. Permanent company-specific insiders numbered 28 on 31 December 2006.

Raisio plc's insiders are not allowed to trade in company shares or securities entitling to shares during the 14 days preceding the publication of the company's interim report and financial statements review.

Raisio's insider administration has adopted the SIRE system of the Finnish Central Securities Depository, which makes the information about insiders with a duty to declare, their holdings and close associates, as well as any changes in these, public to the extent required by the Securities Market Act. Information that must be published pursuant to the Securities Market Act concerning Raisio's insiders with a duty to declare, as well as the holdings of insiders and their close associates and changes therein, is available on Raisio's website at www.raisio.com (Investors – Corporate Governance – Insiders).

Auditing

Johan Kronberg and Mika Kaarisalo, authorised public accountants, acted as regular auditors for the financial year 2006. PricewaterhouseCoopers Oy and Kalle Laaksonen, authorised public accountant, acted as deputy auditors. The 2006 Annual General Meeting elected the same auditors for the financial year 2007.

The auditors give the Board of Directors and the Chief Executive Officer a summary of the corporate audit. In addition, the auditors for the Group companies submit separate reports to the management of each company. The auditors attended the Board of Director's meetings two times in 2006. They give the shareholders an annual auditing report on the financial statements as required by law.

Fees for statutory auditing in 2006 amounted to EUR 261,000. Raisio also purchased other services from PricewaterhouseCoopers Oy and its associates for a total of EUR 209,600.

Recommendation on corporate governance

The Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers (currently known as the Confederation of Finnish Industries EK) issued a new recommendation on corporate governance for listed companies in December 2003. The recommendation took effect in July 2004.

Raisio follows the Corporate Governance recommendation with the sole exception that the members of the Board of Directors are elected by the Supervisory Board. Raisio considers it to be logical that the Supervisory Board appoints the Board members, as the Supervisory Board's key duty is to supervise the company's administration.

The Board of Directors has not considered it to be necessary to set up an audit committee (recommendation 27) because the whole Board is well able to discuss financial reporting, taking into consideration the size of the Group's business and the fact that the auditors report on their activities and observations to the Board at least twice a year. The Board of Directors has not set up a nomination committee (recommendation 31) because the Supervisory Board appoints a nominating committee among its members to prepare, among other things, the appointment of members to the Board of Directors. Since Raisio does not have share based incentive systems, Board members' fees or parts thereof are not paid in the form of company shares (recommendation 44).

Board of Directors

Chairman of the Board

Simo Palokangas

Year of birth: 1944

Domicile: Säkylä, Finland

Education: M.Sc. (Agr. & Forestry)

Principal employment history:
HK-Ruokatalo Group plc 1994–2006: CEO, Lännen Tehtaat plc 1987–1994: CEO; Munakunta 1979–1987: CEO

Raisio Board membership:
member from 29 November 2006

Other simultaneous positions of trust:
Domus Group Ltd: Chairman of the Board of Directors;
Fund of Jenny and Antti Wihuri: Deputy Chairman of the Board of Directors

Fees in 2006: EUR 17,930

Holdings in Raisio: series V 80,000

Deputy Chairman

Michael Ramm-Schmidt

Year of birth: 1952

Domicile: Espoo, Finland

Education: B.Sc. (Econ. & Bus. Adm.)

Principal employment history:
Oy Executive Leasing Ab 2004–: Chairman of the Board of Directors;
Hackman Oyj Abp 2004: President & CEO;
Hackman Metos Oy Ab 1995–2004: CEO;
Hackman Designor Oy Ab 1989–1994: CEO;
International Masters Publishers Inc. 1986–1989: CEO;
Skandinavisk Press AB 1984–1986: President & CEO

Raisio Board membership:
member since 2005, Deputy Chairman from 29 November 2006

Other simultaneous positions of trust:
Huurre Group Oy: Chairman of the Board of Directors;
International Masters Publishers A/S: Member of the Board of Directors;
Karelia Corporation: Member of the Board of Directors;
Levanto Oy: Member of the Board of Directors;
Stala Oy: Member of the Board of Directors;
Stalatube Oy: Chairman of the Board of Directors;
Stiftelsen för Svenska Handelshögskolan: Member of the Board of Directors

Fees in 2006: EUR 20,400

Holdings in Raisio: series V 27,000

Anssi Aapola

Year of birth: 1951

Domicile: Kustavi, Finland

Education: M.Sc. (Agr. & Forestry)

Principal employment history:
E. Virta & Co Oy 2003–: Marketing Director and Chairman of the Board of Directors;
Raisio plc 1983–2002: Managerial duties;
farm owner 1987–

Raisio Board membership:
member from 29 November 2006

Other simultaneous positions of trust:
Finn Sammutin Oy: Chairman of the Board of Directors;
Vakka-Suomen Osuuspankki: Member of the Board of Directors

Fees in 2006: EUR 1,813

Holdings in Raisio: series K 4,320 and series V 10,000

Erkki Haavisto

Year of birth: 1968

Domicile: Raisio, Finland

Education: M.Sc. (Agr. & Forestry)

Principal employment history:
Farm owner 1993–

Raisio Board membership:
member since 2004

Other simultaneous positions of trust:
Turku District Cooperative Bank: Member of the Supervisory Board

Fees in 2006: EUR 20,400

Holdings in Raisio:
series K 364,940 and
series V 172,260

Satu Lähteenmäki

Year of birth: 1956

Domicile: Turku, Finland

Education: D.sc. (Econ.)

Principal employment history:
Turku School of Economics 2006–: Vice President;
Turku School of Economics 1999–: professor of Management and Organisation

Raisio Board membership:
member from 29 November 2006

Other simultaneous positions of trust:
Alko Inc: Member of the Board of Directors;
Neste Oil Corporation: Member of the Supervisory Board;
OKO Bank plc: Member of the Board of Directors;
OP-group Kyösti Haataja Foundation: Member of the Board of Directors;
OP-group Research Foundation: Member of the Board of Directors;
Raisio plc Research Foundation: Member of the Board of Directors;
SITRA: Member of the Board of Directors;
Turku School of Economics: Member of the Board of Directors

Fees in 2006: EUR 1,813

Holdings in Raisio: –

The secretary of the Board of Directors and the Supervisory Board is Janne Martti, Master of Laws, Vice President, Finance and Treasury.

Shareholdings of the Board of Directors on 12 February 2007 (date of signing the financial statements).

In 2006 the Board of Directors also comprised Christoffer Taxell, who resigned 10 November 2006 as well as Arimo Uusitalo (Chairman), Kaarlo Pettilä (Deputy Chairman), Jörgen Grandell and Seppo Paatelainen until 29 November 2006.

Executive Committee

Matti Rihko

Year of birth: 1962

Domicile: Kaarina, Finland

Education: M.Sc. (Econ.),
M.A. Psychology

Occupation in Raisio: Chief Executive Officer from 29 November 2006

Principal employment history:
Raisio plc from 1 August 2006–;
President of the Ingredients Division;
Altadis SA, Paris 2004–2006: Regional Director Europe;
Altadis Finland Oy 1999–2004: CEO

Positions of trust: –

Holdings in Raisio: series V 60,000

Mikko Korttila

Year of birth: 1962

Domicile: Turku, Finland

Education: Master of Laws,
Master of Laws with court training, eMBA

Occupation in Raisio:
Executive Vice President, Legal Affairs

Principal employment history:
Raisio plc 1997–,
Attorney-at-Law 1990–1997

Positions of trust:
Central Chamber of Commerce: Member of Law Committee;
International Chamber of Commerce, Finnish Committee: Member of working groups;
Turku Chamber of Commerce: Member of Law Committee and Vice Member of Board of Arbitration

Holdings in Raisio: –

Leif Liedes

Year of birth: 1953

Domicile: Naantali, Finland

Education: Business College Graduate

Occupation in Raisio: President of the Feed and Malt Division

Principal employment history:
Raisio plc 1978–

Positions of trust:
Finnish Food and Drink Industries Federation: Deputy Chairman of Feed Industry Association

Holdings in Raisio: series V 1,000

Denis Mattsson

Year of birth: 1953

Domicile: Halikko, Finland

Education: eMBA

Occupation in Raisio:
President of the Food Division

Principal employment history:
Raisio plc from 1 May 2006–;
Atria Group plc 1999–2006: Managerial duties;
Nestlé Finland Ltd 1993–1999: Managerial duties

Positions of trust:
ECR Finland: Deputy Chairman of the Board of Directors;
Finfood – Finnish Food Information: Member of the Board of Directors;
Finnish Food and Drink Industries Federation: Member of the Board of Directors;
Kavli Oy: Member of the Board of Directors

Holdings in Raisio: series V 10,000

Merja Lumme

Year of birth: 1961

Domicile: Lieto, Finland

Education: Engineer

Occupation in Raisio: Executive Vice President, Human Resources

Principal employment history:
Raisio plc 2003–;
PerkinElmer/Wallac: 1992–2003: Quality management, HR management and administration;
Aimo Virtanen Oy 1991–1992, Saloplast Oy 1988–1992,
Treston Oy 1987–1988: Quality management

Positions of trust:
Turku School of Economics Association: Member of the Board of Directors

Holdings in Raisio: –

Jyrki Paappa

Year of birth: 1965

Domicile: Naantali, Finland

Education: M.Sc. (Econ.)

Occupation in Raisio:
Chief Financial Officer

Principal employment history:
Raisio plc 1995–: Financial risk management and financial administration;
Turku District Cooperative Bank 1989–1995: Finance expert

Positions of trust:
Turku Chamber of Commerce: Member of Audit Committee

Holdings in Raisio: series V 3,000

Shareholdings of Executive Committee on 12 February 2007 (date of signing the financial statements).

The Executive Committee has also comprised Rabbe Klemets, Olavi Kuusela, Jukka Lavi and Taru Narvanmaa in 2006.

Supervisory Board

Juha Saura
born 1951
Pöytyä
Chairman since 2004 and member since 1998***
series K 7,010
Juha Saura attends the meetings of the Board of Directors as Chairman of the Supervisory Board.

Juhani Enkovaara, born 1945
Helsinki
Member since 1996*
series K 500 and
series V 250

Risto Ervelä, born 1950
Sauvo
Member since 1991*
series K 3,000 and
series V 3,500

Holger Falck, born 1957
Sipoo
Member since 2006***
series K 540 and
series V 2,120

Mikael Holmberg, born 1961
Nauvo
Member since 1998***
series K 1,620 and
series V 1,360

Esa Härmälä, born 1954
Belgium
Member since 1996**
series V 1,500

Pentti Kalliala, born 1948
Turku
Member from 30 March 2006**
series V 8,280

Hans Langh, born 1949
Piikkiö
Member since 1990*
series K 654,480

Johan Laurén, born 1946
Parainen
Member since 1999***
series K 40,980 and
series V 1,360

Asko Leinonen, born 1960
Anjalankoski
Member since 2002*
series K 500 and
series V 1,500

Antti Lithovius, born 1950
Lumijoki
Member since 1994***
series K 900 and
series V 3,620

Pirkko Lönnqvist, born 1955
Staff representative from 1 January 2007***
No Raisio shares

Paavo Myllymäki, born 1958
Mietoinen
Member since 1998**
series K 3,660 and
series V 2,700

Yrjö Ojaniemi, born 1959
Lapua
Member since 2002**
series K 780 and
series V 660

Teemu Olli, born 1950
Nousiainen
Member since 1987**
series K 43,500 and
series V 2,500

Janne Pinomäki, born 1969
Staff representative from 1 January 2007***
No Raisio shares

Heikki Pohjala, born 1959
Harjavalta
Member from 30 March 2006***
Series K 2,340 and
series V 900

Raine Rekikoski, born 1971
Kiukainen
Member from 30 March 2006**
series K 200 and
series V 240

Jari Sankari, born 1957
Staff representative from 1 January 2007***
series V 350

Urban Silén, born 1959
Perniö
Member since 2003*
series K 80,000 and
series V 22,000

Tuula Tallskog, born 1946
Pertteli
Member since 1998*
series K 2,060

Hannu Tarkkonen, born 1950
Helsinki
Member from 30 March 2006**
No Raisio shares

Johan Taube, born 1950
Tammisaari
Member since 1987*
series K 101,180

Rita Wegelius, born 1960
Hattula
Member from 30 March 2006***
series V 4,500

Tapio Ylitalo, born 1955
Turku
Member from 30 March 2006***
series K 27,480 and
series V 500

Deputy members of staff representatives in the Supervisory Board are Anne Leppänen, Heikki Neulanen and Jyrki Nurmi.

Shareholdings of the Supervisory Board on 12 February 2007 (date of signing the financial statements).

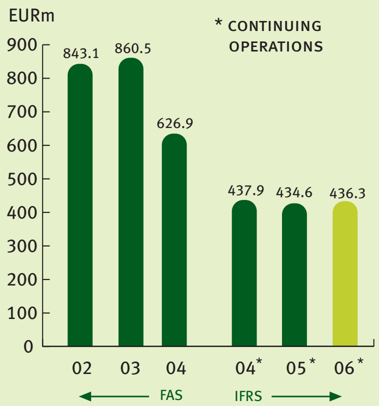
Series K = Raisio plc restricted shares
Series V = Raisio plc free shares

The Supervisory Board also comprised Timo Järvilahti, Taisto Korkeaoja, Erkki S. Koskinen, Juhani Torkkomäki, Jukka Tuori and Simo Vaismaa in 2006.

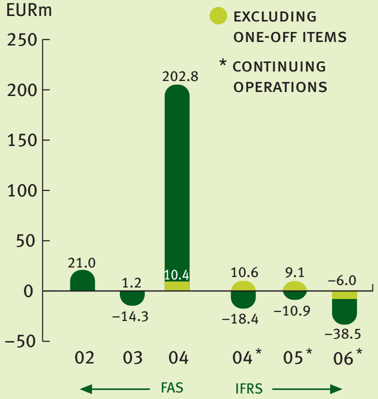
* End of term 2007
** End of term 2008
*** End of term 2009

Report of the Board of Directors and Annual Accounts

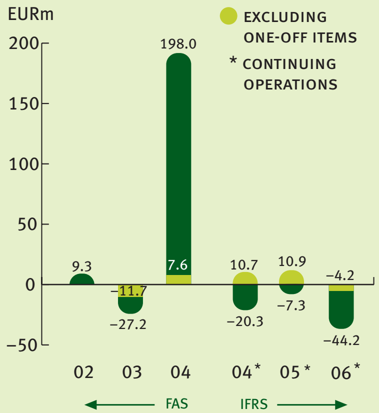
Turnover



Operating result



Result before taxes



Report of the Board of Directors

Raisio's vision is to be a forerunner and specialist in plant-based nutrition with leading brands. The Group's priorities are profitability, focusing, internationalisation and growth. The home market in foods consists of Finland and the Baltic Sea region, while in feeds and malt it includes Finland, Russia and the Baltic countries. Functional ingredients have global markets.

Year 2006 was characterised by slight growth in turnover and a steep downturn in profitability, despite the enhancing measures adopted in the company. Turnover decreased in all other operations except the feed, milling and diagnostics businesses. Raisio's most important investment decision in 2006 was to build a feed plant to Ylivieska. After taking the new plant into use the production will be closed down in Oulu. The joint venture of Raisio and Lännen Tehtaat, aiming to initiate production in north-western Russia, fell through due to the vendor withdrawing from the deal. Raisio will continue to study different alternatives to establish feed business in Russia. Raisio strengthened its market position in the Finnish retail trade, but its market position weakened, especially in Sweden and Poland. The shortage of domestic grain raw material caused price pressures for Raisio.

A strong balance sheet, good products and well-known brands provide a good ground to develop Raisio as a forerunner and specialist in plant-based nutrition.

Turnover

The Group's turnover from continuing operations in 2006 was EUR 436.3 million (EUR 434.6 million). Turnover increased in the Food, Diagnostics and Feed & Malt Divisions, while the Ingredients Division fell short of the comparison period.

Turnover from outside Finland represented 38.5% (37.3%) of the total, or EUR 168.1 million (EUR 162.0 million).

Result

The Group's operating result from continuing operations, excluding one-off items, amounted to EUR –6.0 million (EUR 9.1 million). The Food Division's operating result, excluding one-off items, was deep in the red. The operating results of both the Ingredients and Feed & Malt Divisions were down on the comparison period. The Diagnostics Division remained in the red. Research and development expenses increased. Other operations were burdened, for example, by one-off items resulting from changes in management, as well as expenses of external specialists.

Depreciation, allocated to operations in the income statement, totalled EUR 22.5 million (EUR 24.5 million), excluding the one-off depreciation generated by write-downs.

The Group's result from continuing operations before taxes, excluding one-off items, totalled EUR –4.2 million (EUR 10.9 million), while earnings per share amounted to EUR –0.03 (EUR 0.05).

The reported result does not lend itself well to comparisons due to the considerable one-off items in the financial statements for both 2005 and 2006. The operating result from continuing operations in the review period was EUR –38.5 (EUR –10.9 million) and cash flow from business operations was EUR 15.1 million (EUR 5.6 million). The Group's net financial items, excluding one-off items, totalled EUR 2.2 million (EUR 2.7 million), and EUR –3.1 million (EUR 4.4 million) including one-off items. The associates' performance was strained by depreciation of goodwill totalling EUR 2.2 million.

Reported result after taxes for the period from continuing operations totalled EUR –44.7 million (EUR –5.4 million), while earnings per share amounted to EUR –0.28 (EUR –0.04). The period's taxes were EUR –0.5 million. No significant tax assets are recognised for write-downs. Return on investment amounted to –12.2% (–1.3%).

One-off items in the financial statements

Raisio's balance sheet items have been measured in compliance with the IFRS, using updated business plans and forecasts based on them. The measurements resulted in write-downs totalling EUR 31.8 million of which EUR 19.4 million involved tangible assets and EUR 11.3 million goodwill. The most significant write-downs concerned the goodwill of the Diagnostics business and margarine businesses in Finland, Sweden and Russia, as well as the machinery and equipment of the Finnish and Russian margarine plants, the soy-oat plant in Turku and the pure oats plant in Kokemäki. Write-downs resulted from poor business profitability and weakened future forecasts with the exception that in soy-oat products' market is expected to grow.

As a result of assessment of foreign investment projects started in December 2006, Raisio stated in February 2007 that the company has initiated negotiations on a withdrawal from a currently planned project concerning the construction of a flake mill in Burunduk, Russia. To cover the probable risks related to changes to be made to the project agreements, Raisio included a write-down of EUR 5.8 million in the financial statements for 2006. The write-down is based on a considerable increase in investment costs, which is expected to result in the project no longer meeting the original revenue requirements.

The financial result includes one-off items consisting of a partial composition arrangement amounting to EUR 4.3 million concerning interest-bearing receivables related to the previously ceased sterol project, as well as EUR 1.0 million in write-downs concerning a stock investment and loan receivable related to the Diagnostics business.

The write-downs were split among the divisions as follows: Food EUR 23.9 million, Feed & Malt EUR 1.1 million, Diagnostics EUR 5.8 million.

One-off items (EUR million)

	2006	2005
CONTINUING OPERATIONS		
FOOD		
WRITE-DOWNS	–21.7	–7.5
WITHDRAWAL FROM THE INVESTMENT PROJECT	–5.8	–
FEED & MALT		
WRITE-DOWNS	–1.1	–8.4
ONE-OFF INCOME ITEM	1.8	
INGREDIENTS	–	–
DIAGNOSTICS		
WRITE-DOWNS	–5.8	–5.1
OTHER OPERATIONS	–	1.0
IMPACT ON THE OPERATING RESULT OF CONTINUING OPERATIONS	–32.5	–19.9
PERFORMANCE OF ASSOCIATES	–2.2	–
FINANCIAL ITEMS	–5.3	1.7
IMPACT OF ONE-OFF ITEMS ON THE RESULT FROM CONTINUING OPERATIONS BEFORE TAXES	–40.0	–18.2

In addition to these one-off expense items, Raisio recognised a one-off income item of EUR 1.8 million resulting from the contractual lease transfer of the plot that Raisio's feed plant in Oulu is currently located on. A one-off income item of EUR 3.6 million was also recognised in discontinued operations from the compensation related to Raisio's divested Chemicals business.

Investments

The Group's gross investments in 2006 totalled EUR 30.3 million (EUR 49.3 million), or 7.0% (11.3%) of turnover. Gross investments in the Food Division were EUR 16.2 million (EUR 31.2 million), in Feed & Malt EUR 5.5 million (EUR 5.0 million), Ingredients EUR 4.3 million (EUR 5.3 million), Diagnostics EUR 1.5 million (EUR 1.1 million) and other operations EUR 3.2 million (EUR 10.3 million).

Balance sheet and financial position

Raisio's balance sheet total was EUR 387.4 million (EUR 452.5 million) and shareholders' equity totalled EUR 290.4 million (EUR 347.3 million).

The Group's interest-bearing debt at the end of the financial period was EUR 23.2 million (EUR 36.1 million). The net interest-bearing debt totalled EUR –55.6 million (EUR –86.6 million). The equity ratio at the end of the year was 75.0% (76.8%), and the gearing ratio –19.1% (–25.0 %).

Working capital increased to EUR 96.7 million (EUR 86.6 million) due to an increase in inventory volumes.

Divisions

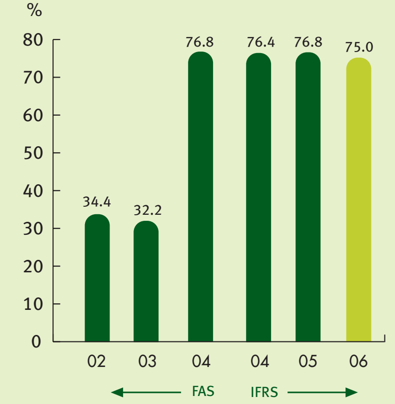
FOOD

The turnover of Raisio's Food Division was up 0.8% on the previous year, amounting to EUR 211.8 million (EUR 210.2 million). Turnover increased in the milling business and in Russia. Raisio's margarine and potato sales continued to decrease in Finland. The same was true of margarine sales in Sweden and Poland.

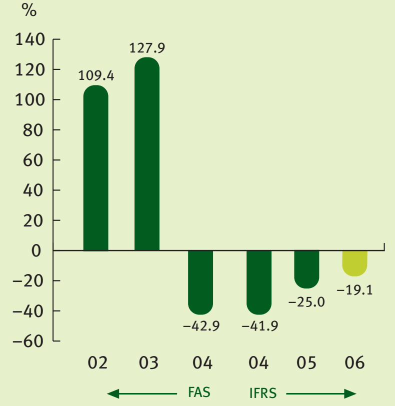
The plant for soy-oat based fresh products came on line in Turku in January. The sales of GoGreen products did not reach targets outside the Nordic countries in the first year, but the segment's sales in Finland and Europe are growing faster than sales in retail trade, at an approximate annual rate of 20%. In retail products, Raisio increased its market share, especially in yellow fats, flakes and pasta products. Raisio and Finn Cereal initiated joint production of Provena pure oats products in Kokemäki.

Operations were rationalised to pave the way for future profitability. Production at the margarine plant in Finland was adjusted through staff lay-offs. Business and material flow control was developed in all operations.

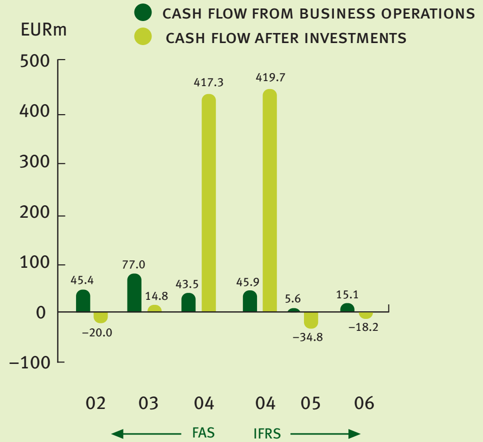
Equity ratio



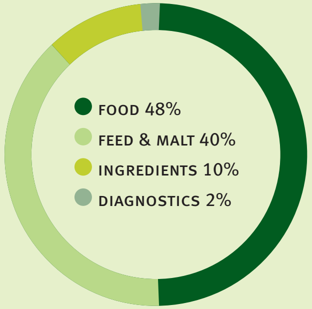
Gearing



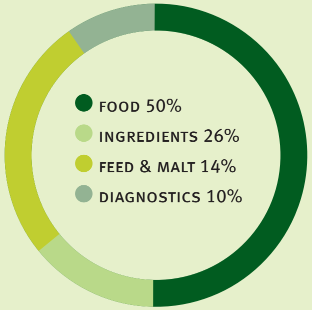
Cash flow



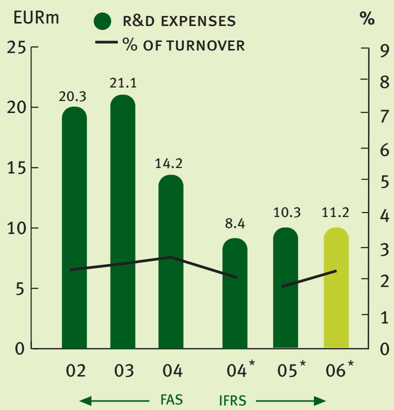
Distribution of turnover



Distribution of R&D expenses



R&D expenses



* CONTINUING OPERATIONS

Turnover, EUR million	2006	2005
FOOD	211.8	210.2
MARGARINES AND SOY-OAT PRODUCTS	118.6	117.9
MILLING PRODUCTS	78.1	77.0
POTATO PRODUCTS	15.6	18.5
OTHER	–	–
INTERNAL SALES	–0.4	–3.1

The Food Division's operating result, excluding one-off items, amounted to EUR –11.9 million (EUR –0.4 million). It was strained by a weak steering process and underused production capacity. The division's reported operating result amounted to EUR –39.3 million (EUR –7.9 million), including a total of EUR 27.4 million (EUR 7.5 million) in write-downs. The most significant write-downs concerned the goodwill of margarine businesses in Finland, Sweden and Russia as well as the machinery and equipment of the soy-oat plant, the margarine plants in Finland and Russia, as well as pure oats production. The write-downs resulted from poor business profitability. In addition Raisio has initiated negotiations on a withdrawal from a currently planned project concerning the construction of a flake mill in Burunduk, Russia.

Raisio was not able to transfer the steep price increase in grain- and plant-based raw materials to consumer prices in the latter half of 2006. In Poland Raisio's market position weakened in yellow fats, and the commission sales of yoghurt drinks produced by Raisio's associate Obory did not meet the targets set for which reason the commission sales will be ceased during spring 2007.

In November, Raisio and Valio agreed on cooperation related to nutrition research.

FEED & MALT

The Feed & Malt Division's turnover totalled EUR 186.5 million (EUR 186.2 million). The feed business accounted for EUR 165.3 million and malt business for EUR 20.0 million. The overall market for farm feeds experienced a slight decrease in Finland, most of it taking place in cattle feeds. Fish feed exports to Russia saw steep growth. Malt markets were still characterised by intense price competition in the early part of the year. Bankruptcies and close-downs of malting plants did away with overcapacity in the field, which had a favourable impact on malt prices.

Turnover, EUR million	2006	2005
FEED AND MALT	186.5	186.2
FEEDS	165.3	163.6
MALT	20.0	21.4
OTHER	1.7	2.0
INTERNAL SALES	–0.5	–0.8

Operating result, excluding one-off items, amounted to EUR 5.6 million (EUR 8.9 million). The reported operating result was EUR 6.3 million (EUR 0.5 million), including a write-down of EUR 1.1 million (EUR 8.4 million) and a one-off income item of EUR 1.8 million.

ZAO Scandic Feed, the 50/50 owned joint venture of Raisio and Lännen Tehtaat, was not able to carry through its plans to start production in Russia as the owner of ZAO Tosno Feed Factory withdrew from the deal.

Raisio invested in a new feed plant in Ylivieska. The construction work of the new plant in a key milk production area has started and the factory is expected to be completed in 2008.

Finnish grain crops fell short of the previous year's volumes, which raised the price of grain raw material at the end of the year. Raisio was unable to fully transfer the rise in expenses to the prices of the end products. A weak malt barley crop contributed to an increase in malt prices throughout the EU region, underscoring the importance of the availability of high-quality raw material up to the next crop season.

INGREDIENTS

The Ingredients Division's turnover decreased to EUR 49.7 million (EUR 50.2 million). While the volume of ingredients sales increased, the sales prices in some geographic areas were lower than those in the comparison period.

Turnover, EUR million	2006	2005
INGREDIENTS	49.7	50.2

Operating result dropped to EUR 7.8 million (EUR 9.7 million). The large input of resources into jointly strengthening the Benecol brand with partners led to weaker profitability but will strengthen the brand's position in the future. Additional capacity was completed in Raisio and rationalisation measures were carried out at the Charleston plant.

Activities focused on ensuring future growth in Europe, South America and especially in Asia, where processes for obtaining sales permits are underway. The market for sterol-based ingredients is growing over 10% annually.

Raisio's partner, Ülker, launched Benecol products in Turkey. Raisio also began a trial marketing of Benecol margarine in Russia. The Frost & Sullivan research institute granted Benecol the "Brand Strategy Leadership Award" for high-quality development work of the Benecol brand.

DIAGNOSTICS

The Diagnostics Division's turnover increased, amounting to EUR 9.0 million (EUR 8.8 million).

Turnover, EUR million

	2006	2005
DIAGNOSTICS	9.0	8.8

The operating result of the Diagnostics Division, excluding one-off items, amounted to EUR –2.1 million (EUR –2.2 million). The reported operating result was EUR –7.9 million (EUR –7.3 million), including a goodwill write-down of EUR 5.8 million (EUR 5.1 million). As a separate unit and with current size Diagnostics has limited preconditions for profitable operation which constituted the reason for write-down.

The overall market for food diagnostics is growing by nearly 10% annually. Considerably faster growth has been recorded in the focal areas of food diagnostics: the markets for modern DNA and rapid testing. Raisio's speciality has been innovative food diagnostics methods that provide added value to customers. The first of these were launched at the end of 2006.

Research and development

Research and development is one of Raisio's strategic priorities. In 2006, the Group focused on increasing the share of value-added products in its food range and on developing new, competitive products and feeding solutions for feed customers.

Raisio decentralised research and development last year, making R&D activities part of other businesses. The new operating model meets the needs of business areas better than before and offers cost savings. The company gave up its research centre in Viikki, and all research and development activities are now centrally located in Raisio.

The Group's research and development expenses in 2006 totalled EUR 11.2 million (EUR 10.3 million), or 2.6% (2.4%) of turnover.

Research and development expenses in the Food Division were EUR 5.6 million (EUR 2.8 million), in Feed & Malt EUR 1.5 million (EUR 1.0 million), in Ingredients EUR 2.9 million (EUR 2.1 million) and in Diagnostics EUR 1.1 million (EUR 1.2 million). The Group's strategic R&D, the expenses of which were recorded for other operations, amounted to EUR 0.1 million (EUR 3.2 million).

Corporate responsibility

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

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

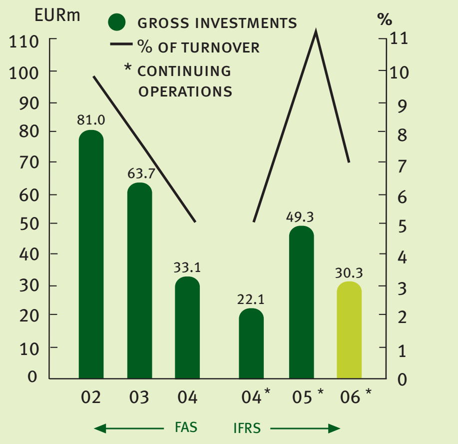
Governance, management and personnel

In 2006, the Board of Directors had seven members until 29 November 2006 when the Supervisory Board dropped the number to five and renewed the composition for the remainder of 2006, as well as for 2007. The Board of Directors consists of Simo Palokangas (Chairman), Anssi Aapola, Erkki Haavisto, Satu Lähteenmäki and Michael Ramm-Schmidt. The Board members are independent of the company and of significant shareholders.

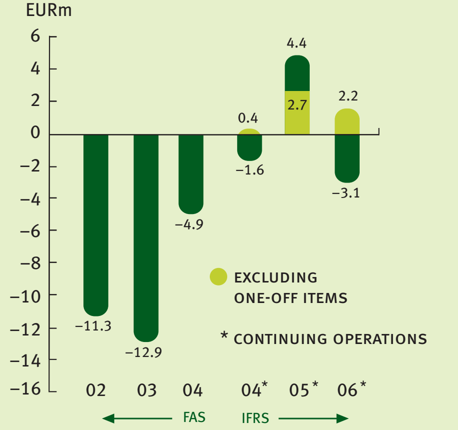
The Chairman of Raisio's Supervisory Board is Juha Saura and its Vice Chairman is Holger Falck.

Rabbe Klemets acted as Raisio plc's Chief Executive Officer until November 2006. Matti Rihko, who took up the post as President of the Ingredients Division in August 2006 was appointed CEO of the Group as of 29 November 2006. He also continues to be in charge of the Ingredients Division. No deputy CEO was appointed.

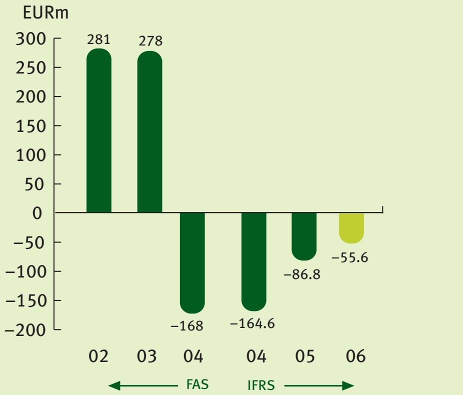
Investments



Net financial expenses/income



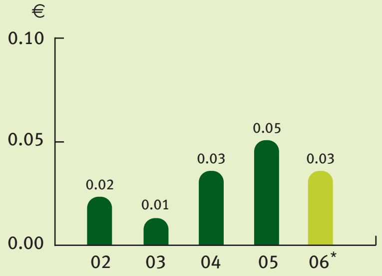
Net interest-bearing debt



Dividend

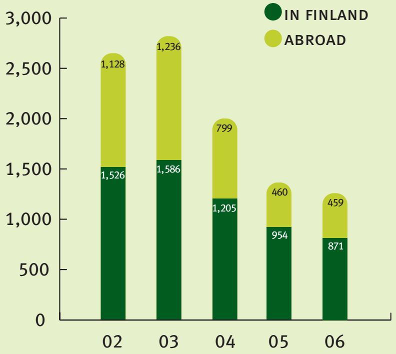
DIVIDEND PER SHARE

IN ADDITION, PART OF SALES PROFITS FROM THE DIVESTMENT OF THE CHEMICALS BUSINESS WAS DISTRIBUTED AS EXTRA DIVIDEND TOTALLING EUR 0.30 PER SHARE IN 2004–2005

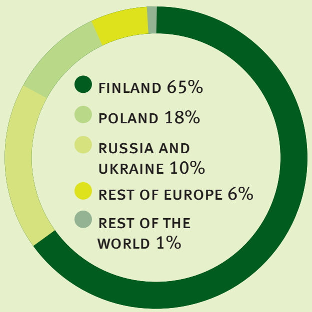


*ACCORDING TO THE BOARD PROPOSAL

Average personnel



Personnel by geographical area



Denis Mattsson was appointed President of Raisio's Food Division and member of the Executive Committee in May. Similarly, Leif Liedes, President of the Feed & Malt Division, was appointed member of the Executive Committee in May.

On the Executive Committee, three members left Raisio: Olavi Kuusela, Executive Vice President and Deputy CEO, in April 2006; Jukka Lavi, Executive Vice President, in September 2006; and Taru Narvanmaa, Executive Vice President, in December 2006.

On 31 December 2006, Raisio had 1,330 employees (1,396 in 2005 and 1,412 in 2004). Employees working abroad accounted for 34.5% (33.0%) of the personnel at the end of the year. The headcount was reduced by the streamlining programmes in the Food Division and service functions. At the end of the year, the Food Division had 825 employees, the Feed & Malt Division 285 employees, the Ingredients Division 72 employees, the Diagnostics Division 69 employees and Group administration 79 employees.

The wages and fees in 2006 totalled EUR 48.2 million (EUR 46.5 million in 2005 and EUR 48.2 million in 2004).

Personnel matters are reported in greater detail in Raisio's Corporate Responsibility Report.

Shares and shareholders

The number of Raisio V shares traded in 2006 totalled 64.3 million (109.6 million), which equals some 49% of the total volume. The value of share trading was EUR 121.1 million (EUR 250.4 million). The closing price of free shares on 29 December 2006 was EUR 1.79, while the average price over the year was EUR 1.88 (EUR 2.28). The price of the series V shares decreased by 21% from the beginning of the year.

A total of 1.5 million of Raisio's restricted shares (1.5 million) were traded over the year. The value of share trading was EUR 2.8 million (EUR 3.5 million). The closing price of the K shares on 29 December 2006 was EUR 1.80, while the average price over the year was EUR 1.91 (EUR 2.33). The price of the Series K shares decreased by 21% from the beginning of the year.

The share capital, including the company shares held by Raisio, had a market value of EUR 296.0 million at the end of 2006 (EUR 373.9 million).

At the end of the year, Raisio had 40,822 registered shareholders (42,953 registered shareholders). Approximately 0.5% of the shares remain outside the book-entry system.

Share repurchases made Raisio the largest owner of the company.

Raisio has no share-based incentive systems at the moment.

A description of the factors that are likely to have a material effect on a public offer to acquire the shares of the company, as provided in Chapter 2, section 6b of the Securities Market Act, is included in the notes to the Financial Statements.

Repurchase of company shares

In August 2005, the Board of Directors initiated share repurchases based on the authorisation given by the Annual General Meeting. Share repurchases ended in March 2006 at the expiry of the authorisation.

Shares were repurchased in order to develop the capital structure of the company, to fund or implement corporate acquisitions or other arrangements, or to be otherwise further assigned or cancelled.

The maximum number of shares the Board was authorised to repurchase corresponded to 5% of the company's share capital and votes. Share repurchasing was carried out at the price determined in the open market on the Helsinki Stock Exchange and did not follow the shareholders' holding ratios.

Repurchases in January–March 2006 accounted for a total of 1,192,500 free shares at an average price of EUR 2.20 and 11,000 restricted shares at an average price of EUR 2.23. The trade price totalled EUR 2,645,080.

From 10 August 2005 to 29 March 2006, share repurchases accounted for a total of 4,930,500 free shares at an average price of EUR 2.28 and 41,200 restricted shares at an average price of EUR 2.32. The number of repurchased free shares accounts for 3.78% of all free shares and the votes they represent, while the corresponding percentage for restricted shares is 0.12%. In all, the shares acquired by the company represent 3.01% of the company's share capital and 0.70% of overall votes. The book counter value of repurchased free shares is EUR 829,251 and that of restricted shares EUR 6,929, or a total of EUR 836,180. The trade price for free shares was EUR 11,256,303 and for restricted shares EUR 95,643, or a total of EUR 11,351,946.

Prior to these purchases, the company and its subsidiaries did not hold Raisio plc's shares. A share in Raisio or its subsidiary does not entitle the holder to participate in the Annual General Meeting.

According to estimates, the share repurchases have not had a significant impact on the distribution of share holdings or voting rights in the company. Since the shares were repurchased in the open market on the Helsinki Stock Exchange with no information about the vendors, it is impossible to determine the portion that any shares purchased from insiders, as defined in Section 8:6.2 of the Companies Act, may represent of the company's share capital and voting rights.

The Annual General Meeting held in March 2005 authorised the Board of Directors to dispose of repurchased shares. This authorisation was not exercised during its period of validity, which ended on 29 March 2006.

The Annual General Meeting held in spring 2006 granted the Board of Directors new authorisation to dispose of all of the company shares held by Raisio, that is, 4,930,500 free shares and 41,200 restricted shares. This authorisation was not exercised in the review period, and it is valid until the Annual General Meeting of 2007.

Dividend proposal

The Board of Directors will propose a dividend of EUR 0.03 per share at the Annual General Meeting on 30 March 2007.

Events after the review period

In January 2007, Raisio's Board of Directors decided that the company would divest its Diagnostics business. Raisio has started a process to find a new owner that can ensure the growth of Diagnostics business. The aim is to complete the transaction in the first half of 2007.

According to the resolution made by the Assessment Adjustment Board of the Tax Office for Major Corporations in November 2006, the sales profit from the divestment of Raisio Chemicals, totalling some EUR 220 million, are free of tax. In January 2007, Raisio was requested to submit a rejoinder to the appeal filed by the tax agent concerning the said resolution. Raisio's stand, supported by the expert statements obtained by the company, remains the same: the sales profit is free of tax.

Raisio stated in February 2007 that the company divests its food potato business in Vihanti. The transaction is to be completed in the first half of 2007.

As a result of assessment of foreign investment projects started in December 2006, Raisio stated in February 2007 that the company has initiated negotiations on a withdrawal from a currently planned project concerning the construction of a flake mill in Burunduk, Russia. The decision is based on a considerable increase in investment costs, which is expected to result in the project no longer meeting the original revenue requirements. To cover the probable risks related to changes to be made to the project agreements, the company will include a write-down of approximately EUR 5.8 million in the financial statements for 2006.

Outlook for 2007

Raisio's main target in 2007 is to improve profitability. Structural measures to streamline business operations have also been adopted. These include clarifying the organisation structure, focusing on clear, measurable targets and enhancing operations.

Competition in the food markets around the Baltic Sea is expected to increase stiff as centralisation continues in trade. New bioethanol projects and other changes in the competition environment will set new challenges for the feed market. The European malt market is beginning to pick up as overcapacity falls off. Competition on the European market for functional foods will increase, and product launches in new market areas will be slowed down, for example, by the different permit procedures of various countries. Increased costs of grain raw material and energy put pressure for price increases. The collective agreements in the food industry are about to expire and the new agreements under negotiations are expected to raise salaries in the sector.

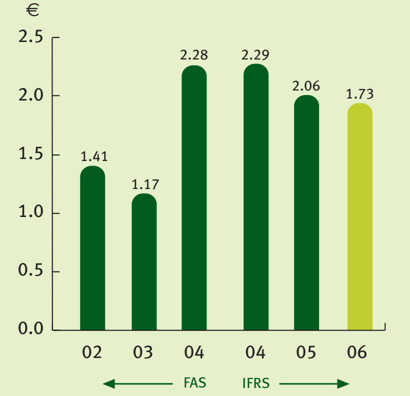
Operating result for 2007, excluding one-off items, is expected to improve and to be clearly profitable thanks to the implemented streamlining and rationalisation measures and structural policies. The first-quarter operating result, however, will still be slightly negative. Turnover is expected to grow slightly compared to 2006.

Raisio, 12 February 2007

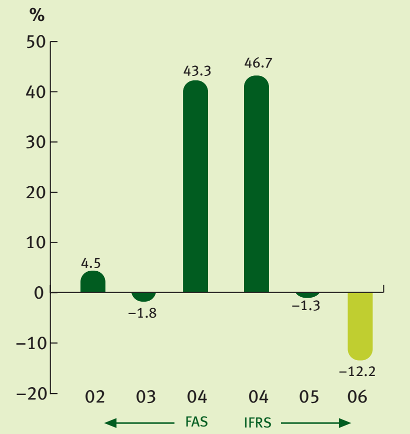
Raisio plc

Board of Directors

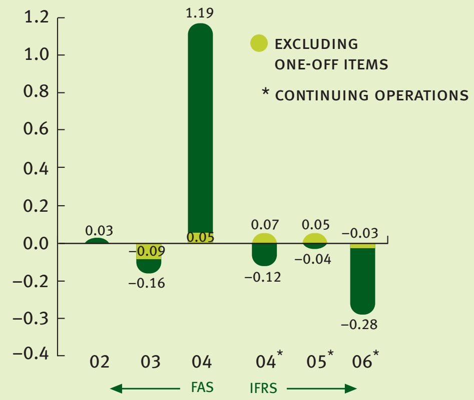
Equity per share



Return on investment



Earnings per share



Consolidated income statement

(EUR million)	1.1.–31.12.2006	1.1.–31.12.2005
CONTINUING OPERATIONS:		
TURNOVER (1)	436.3	434.6
Cost of sales	–385.2	–363.4
Gross profit	51.1	71.2
Sales and marketing expenses	–41.4	–39.3
Administration expenses	–24.5	–30.0
Research and development expenses	–11.2	–10.3
Other income and expenses from business operations (3)	–12.4	–2.4
OPERATING RESULT (4, 5)	–38.5	–10.9
Financial income (6)	4.9	6.3
Financial expenses (6)	–8.0	–2.0
Share of the result of associates and joint ventures	–2.7	–0.8
RESULT BEFORE TAXES	–44.2	–7.3
Income taxes (7)	–0.5	1.9
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS	–44.7	–5.4
DISCONTINUED OPERATIONS (2):		
Result for the financial period for discontinued operations	3.6	0.0
RESULT FOR THE FINANCIAL PERIOD	–41.1	–5.4
ATTRIBUTABLE TO:		
Parent company shareholders	–41.7	–6.0
Minority interest	0.5	0.6
	–41.1	–5.4
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF PARENT COMPANY SHAREHOLDERS (8)		
Earnings per share from continuing operations (EUR)		
Undiluted earnings per share	–0.28	–0.04
Diluted earnings per share	–0.28	–0.04

Figures in brackets refer to the notes to the statements.

Consolidated balance sheet

(EUR million)	31.12.2006	31.12.2005
ASSETS		
NON-CURRENT ASSETS		
Intangible assets (9)	13.0	13.4
Goodwill (9, 10)	2.6	11.6
Tangible assets (9)	117.7	130.5
Shares in associated companies and joint ventures (11)	2.4	4.9
Financial assets available for sale (12)	1.5	2.2
Long-term receivables (13)	3.1	6.2
Deferred tax assets (19)	10.7	12.3
	151.0	181.0
CURRENT ASSETS		
Inventories (14)	82.1	73.9
Accounts receivables and other receivables (15)	75.4	74.7
Financial assets through profit or loss at fair value (16)	64.4	117.0
Cash in hand and at banks (17)	14.5	5.8
	236.4	271.5
TOTAL ASSETS	387.4	452.5

(EUR million)	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY (18)		
Equity of parent company shareholders		
Share capital	27.8	27.8
Premium fund	2.9	2.9
Reserve fund	88.6	88.6
Company shares	−11.4	−8.7
Translation differences	−1.2	1.3
Fair value fund	0.0	0.0
Retained earnings	170.4	220.1
	277.1	332.0
Minority interest	13.3	15.3
TOTAL SHAREHOLDERS' EQUITY	290.4	347.3
LIABILITIES		
Non-current liabilities		
Deferred tax liability (19)	7.9	8.7
Pension contributions (20)	0.2	0.4
Interest-bearing liabilities (22)	1.4	12.9
Other liabilities (23)	1.0	0.0
	10.4	22.0
Current liabilities		
Accounts payable and other liabilities (23)	59.7	60.4
Tax liability based on the taxable income for the period	0.1	0.0
Reserves (21)	5.1	0.0
Current interest-bearing liabilities (22)	21.6	22.8
	86.6	83.2
TOTAL LIABILITIES	97.0	105.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	387.4	452.5

Figures in brackets refer to the notes to the accounts.

Changes in shareholders' equity in the financial period ended 31 December 2006

(EUR million)	Share capital	Premium fund	Reserve fund	Other funds	Company shares	Translation differences	Fair value fund	Retained earnings	Equity of parent company shareholders	Minority interest	Total sharehol-ders' equity
Shareholder' equity 31.12.2004	27.8	2.9	88.6	0.0	0.0	−2.2	0.0	261.0	378.1	14.7	392.8
Impact of the adoption of IAS 32 and IAS 39							0.3	−0.3	0.0		0.0
Adjusted shareholders' equity 1.1.2005	27.8	2.9	88.6	0.0	0.0	−2.2	0.3	260.7	378.0	14.7	392.7
Exchange rate differences from a receivable, considered a net investment, from a foreign entity						−0.4			−0.4		−0.4
Cash flow hedges:											
Gains or losses recorded in shareholders' equity							0.0		0.0		0.0
Transferred to the profit or loss for the year							−0.1		−0.1		−0.1
Investments available for sale:											
Transferred to the profit or loss for the year							−0.2		−0.2		−0.2
Taxes related to items entered in or transferred from shareholders' equity						0.1	0.1		0.2		0.2
Translation differences, generated in the financial period						3.8			3.8	0.0	3.8
Other changes								0.1	0.1	0.0	0.1
Net income recorded directly in shareholders' equity	0.0	0.0	0.0	0.0	0.0	3.5	−0.3	0.1	3.3	0.0	3.4
Result for the financial period								−6.0	−6.0	0.6	−5.4
Net profit for the financial period	0.0	0.0	0.0	0.0	0.0	3.5	−0.3	−6.0	−2.7	0.6	−2.1
Dividends								−34.7	−34.7		−34.7
Repurchase of company shares					−8.7				−8.7		−8.7
Total other changes	0.0	0.0	0.0	0.0	−8.7	0.0	0.0	−34.7	−43.4	0.0	−43.4
Shareholders' equity 31.12.2005	27.8	2.9	88.6	0.0	−8.7	1.3	0.0	220.1	332.0	15.3	347.3
Exchange rate differences from a receivable, considered a net investment, from a foreign entity						0.1			0.1		0.1
Cash flow hedges:											
Gains or losses recorded in shareholders' equity							0.0		0.0		0.0
Transferred to the profit or loss for the year							0.0		0.0		0.0
Taxes related to items entered in or transferred from shareholders' equity						0.0	0.0		0.0		0.0
Translation differences, generated in the financial period						−2.6			−2.6	0.0	−2.6
Other changes								0.0	0.0		0.0
Net income recorded directly in shareholders' equity	0.0	0.0	0.0	0.0	0.0	−2.6	0.0	0.0	−2.6	0.0	−2.6
Result for the financial period								−41.7	−41.7	0.5	−41.1
Net profit for the financial period	0.0	0.0	0.0	0.0	0.0	−2.6	0.0	−41.7	−44.2	0.5	−43.7
Dividends								−8.0	−8.0	−2.5	−10.5
Repurchase of company shares					−2.6				−2.6		−2.6
Total other changes	0.0	0.0	0.0	0.0	−2.6	0.0	0.0	−8.0	−10.7	−2.5	−13.2
Shareholders' equity 31.12.2006	27.8	2.9	88.6	0.0	−11.4	−1.2	0.0	170.4	277.1	13.3	290.4

Consolidated cash flow statement

(EUR million)	2006	2005
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	–33.7	–10.9
Adjustments to operating result:		
Depreciation and impairment	51.0	45.5
Other income and expenses not involving disbursement	3.4	0.1
Other adjustments [1]	–0.1	–0.2
Cash flow before change in working capital	20.8	34.5
Change in current receivables	0.8	–9.7
Change in inventories	–8.8	–16.7
Change in current non-interest-bearing liabilities	0.7	–0.6
Change in working capital	–7.3	–27.0
Cash flow from business operations before financial items and taxes	13.4	7.4
Interest paid	–1.6	–2.0
Dividends received	0.2	0.5
Interest received	1.6	2.8
Other financial items, net	2.8	0.0
Income taxes paid	–1.4	–3.1
CASH FLOW FROM BUSINESS OPERATIONS	15.1	5.6

(EUR million)	2006	2005
CASH FLOW FROM INVESTMENTS		
Acquisition of associated companies and joint ventures	–0.1	–4.2
Investments available for sale	–0.2	–0.5
Investments in tangible and intangible assets	–31.8	–43.9
Divestment of subsidiaries less liquid assets at the time of divestment	0.0	0.0
Income from investments available for sale	0.0	7.4
Income from tangible and intangible assets	0.3	0.8
Loans granted	–1.5	0.0
Repayment of loan receivables	0.1	0.0
CASH FLOW FROM INVESTMENTS	–33.3	–40.3
Cash flow after investments	–18.2	–34.8
CASH FLOW FROM FINANCIAL OPERATIONS		
Non-current loans taken out	1.0	0.0
Repayment of non-current loans	–13.6	–14.0
Change in current loans	0.8	–0.3
Dividends paid	–10.5	–34.5
Repurchase of own shares	–2.6	–8.6
CASH FLOW FROM FINANCIAL OPERATIONS	–24.9	–57.4
Change in liquid funds according to statement	–43.1	–92.2
Adjustment to translation difference	0.1	–0.3
Change in liquid funds	–43.0	–92.4
Liquid funds at the beginning of the period	122.9	214.1
Impact of change in market value on liquid funds	–1.0	1.2
Liquid funds at the end of the period [2]	78.8	122.9

[1] Adjustments resulting from divestment of working capital and investments.

[2] Liquid funds include investments of EUR 50.1 million in short-term interest funds (EUR 51.1 million in 2005).

Accounting principles of the consolidated accounts

Basic information

Raisio develops, produces and markets foods, functional ingredients in foods, food diagnostics, feeds and malts. The Group operates in 14 countries. Raisio's organisation consists of four divisions – Food, Feed & Malt, Ingredients and Diagnostics – and service functions that support the Group's business areas.

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

Copies of the financial statements are available on the company's website at www.raisio.com or from the parent company's headquarters in Raisio.

These consolidated financial statements were authorised for issue by Raisio plc's Board of Directors on 12 February 2007.

Basis of presentation

Raisio's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and following the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2006. In the Finnish Accounting Act and related rules and regulations, the International Accounting Standards refer to the standards and their interpretations approved for application within the EU according to the procedure governed by EU Regulation (EC) No. 1606/2002. Notes to the consolidated financial statements also comply with the Finnish Accounting and Community legislation. The currency used in the financial statements is the euro, and the statements are shown in EUR millions.

The consolidated financial statements have been prepared based on original purchase costs with the exception of available-for-sale investments, financial assets and liabilities entered at fair value through profit or loss, derivative contracts and hedged items in the fair value hedge, which have been valued at fair value. Non-current assets held for sale have been valued at the lower of the following: fair value less costs to sell or book value.

As of the beginning of 2005, the Group accounting has adopted the International Financial Reporting Standards (IFRS). The adoption date is 1 January 2004. The IFRS 1 standard, First-time adoption of IFRS, was applied to the adoption of the IFRS.

On 1 January 2006, the Group adopted the following amended standard:

- IFRS 7 Financial Instruments: Disclosures. The standard is not yet obligatory. IFRS 7 requires more detailed disclosure about the impact that financial instruments have on the entity's financial position and performance. Corresponding information is also presented as comparison figures for 2005. The standard does not have any impact on the classification and valuation of the Group's financial instruments.

Compliance with the amendments made to the following standards is obligatory for accounting periods beginning on or after 1 January 2006, but they have no impact on the Group's financial statements:

- Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates, which states that loans between intra-Group subsidiaries, for which settlement is neither planned nor likely to occur, can be handled as part of the company's net investment in a foreign operation.
- Amendment to IAS 19, Employee Benefits, which concerns the recognition of actuarial gains and losses and is added to the notes required to be disclosed.
- Amendments to IAS 39, Financial Instruments: Recognition and Measurement, concerning the hedging of expected intra-Group transactions and the fair value option.

Scope of the consolidated financial statements

SUBSIDIARIES

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

In consolidated financial statements, mutual shareholding is eliminated by using the acquisition cost method. Acquisition cost is determined on the basis of the fair value of assigned assets valid on the purchase date plus direct costs related to the purchase. Goodwill consists of the portion of acquisition cost over the fair value of the net assets of the acquired company. Goodwill is not depreciated; its value is assessed at least once annually with an impairment test. Impairment losses are entered in the income statement.

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

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

MINORITY INTEREST

Allocation of profit for the financial period between parent company shareholders and the minority interest is shown in the income statement, and the minority interest is included in the balance sheet under shareholders' equity as a separate item from the equity attributable to parent company equity holders. The minority interest of the losses accrued is entered in the consolidated financial statements up to the amount invested.

ASSOCIATED COMPANIES AND JOINT VENTURES

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

Foreign currency translation

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

Business operations in foreign currency are entered in the functional currency by using the transaction date exchange rate. Monetary items in foreign currency are converted into the functional currency using the closing date exchange rate. Non-monetary items are valued at the transaction date exchange rate. Profits and losses from transactions in foreign currency and the conversion of monetary items are entered in the income statement. Exchange rate profits and losses related to the main business are included in the items above the operating profit. Financial exchange rate profits and losses are entered under financial income and expenses.

The income statements for foreign Group companies, where the valuation or closing currency is not the euro, are converted to the euro by using the average exchange rates of the reporting period, and balance sheets by using the closing date exchange rates. Converting earnings from the financial period by using different exchange rates in the income statement and the balance sheet causes a translation difference which is entered under the shareholders' equity. Translation differences, generated from the elimination of the acquisition cost of a foreign subsidiary, the conversion of shareholders' equity items accrued post-acquisition and financial instruments specified as hedgings of the net investments in foreign subsidiaries are entered under the shareholders' equity. When disposing of a foreign Group company during the period, the accumulated translation differences are entered in the income statement when recording the corresponding disposal result.

According to the exemption allowed by the IFRS 1, any cumulative translation differences accrued prior to the IFRS adoption date, 1 January 2004, have been entered under accrued profits and will not be entered in the income statement later when the subsidiary is sold. From the adoption date, the translation difference for foreign entities due to exchange rate changes is entered as a separate item under the translation differences of the Group shareholders' equity.

The same process applies to non-current, intra-Group loans which, for their actual contents, are comparable with shareholders' equity.

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

Inflation accounting

Since the Group has no subsidiaries in hyperinflationary economies, inflation accounting has not been applied.

Segment reporting

Segment information is presented according to the business and geographical segmentation of the Group. The Group's primary reporting format is by business segment; the segments consist of Food, Feed & Malt, Ingredients and Diagnostics, as well as other operations. Business segments produce products and services, the related risks and productivity of which are different than those of other business segments. The risks and productivity related to the products and services of geographical segments are different than those related to products and services of segments operating in different financial environments.

The Food segment processes and markets foods for consumers, the catering business, bakeries and other food industry players. Its home market covers Finland and the Baltic Sea region. Feed & Malt produces feed mixes for farm animals, special feeds for the Finnish and Russian markets, as well as malt for the brewery industry, the main market area being Finland, Russia and the Baltic countries. The Ingredients segment develops, produces and markets functional ingredients for food businesses worldwide. Diagnostics develops, produces and markets analytic systems, diagnostics equipment and reagents used to monitor the quality and safety of food and feed to food companies and laboratories, especially in Europe.

Tangible fixed assets

Tangible fixed assets are valued at the original purchase cost less accrued depreciations and value impairment.

When part of a fixed asset is treated as a separate commodity, costs related to the replacement of the part are activated. Otherwise, any costs generated later are included in the book value of the tangible fixed asset, only if it is likely that any future financial benefit related to the commodity will benefit the Group and that the purchase cost of the commodity can be determined reliably. Other repair and maintenance costs are entered in the income statement when they are realised.

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

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

Estimated economic useful lifetimes are reviewed every closing date, and if they differ significantly from the previous figures, corresponding adjustments are made to the depreciation periods. If the book value of a commodity is greater than the recoverable amount, the book value is immediately reduced to the recoverable level of the amount.

Assignment profits and losses are determined by comparing the return from assignment with the book value, and assignment profits and losses are included in the income statement under other income and costs from business operations.

Tangible fixed asset depreciations are discontinued when the tangible fixed asset is classified as available for sale according to standard IFRS 5; Non-current assets held for sale and discontinued operations. Fixed assets available for sale are valued at their book value or a lower fair value less costs to sell.

Borrowing costs

Borrowing costs are entered as costs for the financial period during which they are generated.

Government assistance

Government grants related to the purchase of tangible fixed assets are entered as deductions from the book values of tangible fixed assets. Grants become income as lower depreciations within the financial effect period of the good. Other public subsidies are entered in the income statement under returns for the financial periods where the costs corresponding with the subsidies are generated.

Function of expense

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

During the period, expense allocation to functions was further specified. A corresponding specification was not carried out on the figures for 2005.

Other operating income and expenses

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

Intangible assets

GOODWILL

Goodwill generated from business acquisitions represents the part of purchase cost on the acquisition date beyond the Group share from the fair value of net assets of the companies acquired after 1 January 2004. The goodwill of associated companies and joint ventures is included in the value of investment in associated companies and joint ventures. The goodwill of business combinations carried out prior to the adoption date corresponds to the book value according to the previous accounting standards, which has been used as the deemed cost for IFRS.

Goodwill is valued at the original purchase cost with impairment deducted. Goodwill, as well as valuation at fair value at the time of acquisition, are treated as assets of the acquisition company and valued at the closing date exchange rate.

Group goodwill is not depreciated in a regular manner. Instead of depreciations, goodwill is tested annually for possible impairment. Impairment losses are entered in the income statement. For this purpose, goodwill is allocated to the entities that generate cash flow.

RESEARCH AND DEVELOPMENT COSTS

Research expenses are entered in the income statement as costs for the year in which they were generated or, if development expenses fulfil the criteria required for their activation, they are activated. Costs related to the development of new products and processes at Raisio have not been activated because any future returns to be derived from these are ensured only when the products are launched. Therefore, on the closing date the Group has no activated development costs on the balance sheet.

OTHER INTANGIBLE ASSETS

An intangible asset is entered on the balance sheet at original purchase cost if it can be reliably measured and it is probable that the economic benefits attributable to the asset will flow to the entity.

Intangible assets are entered in the income statement as an expense based on the straight-line depreciation method over their known or estimated economic useful life. The Group is not considered to have any assets with an unlimited financial effect period. The depreciation of intangible assets is based on the following anticipated economic useful lives:

- intangible rights 5–10 years
- other intangible assets 5–20 years

Inventories

Inventories are valued at the purchase cost or at a lower net realisation value. The purchase cost is determined by using the FIFO method or alternatively by the equivalent weighted average cost. The purchase cost of finished products and work in progress consists of raw materials, direct work-related costs, other direct costs and the appropriate part of the variable manufacturing costs, as well as fixed general costs based on the normal utilised capacity. The purchase cost does not include borrowing costs. A net realisation value is the estimated sales price in normal business operations, with the estimated product completion costs and sales-related costs deducted.

Assets held for sale and discontinued operations

Assets held for sale and assets related to discontinued operations, classified as available for sale, are valued at the lower of the following: the book value or the fair value less costs to sell. Depreciations from these assets are discontinued at the time of classification. The result from discontinued operations is presented in the income statement as a separate item.

Rental agreement

GROUP AS LESSEE

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

Rental agreements which leave the risks and rewards incident to ownership to the lessor are treated as other rental agreements. Rents determined by any other rental agreement are entered in the income statement costs as fixed charge items within the rental period.

All rental agreements with the Group as a lessor constitute other rental agreements, and the goods are included in the tangible fixed assets of the Group.

Value impairments

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

The recoverable amount of currency from tangible and intangible assets is the fair value of the assets less costs to sell, or a higher value in use. When determining the fair value of goodwill, the Group uses value factors collected from listed companies corresponding closely to the entity being valued. Instead of listed companies, realised business sales may also be used where similar companies have had a change of ownership. When determining the value in use, estimated future cash flows approved by the management are discounted to their present value at the average cost of the capital, which reflects the time value of the currency and the risk for the entity in question.

Impairment losses are entered when the book value of assets is higher than the recoverable amount. Impairment losses are entered in the income statement. The impairment loss of an entity that produces a cash flow is first allocated to reduce the goodwill of an entity that produces the cash flow and then symmetrically the values of other assets of the entity. In conjunction with the recognition of impairment losses, the economic useful life of the asset subjected to depreciation is re-evaluated. The impairment of fixed tangible assets and intangible assets, apart from impairment loss of goodwill, is cancelled if conditions have changed and the recoverable amount of assets has changed since the time that the impairment loss was entered. However, the impairment loss will not be cancelled to a greater extent than the book value of the assets would amount to without entering the impairment loss.

Employment benefits

PENSION LIABILITIES

The Group's pension schemes comply with the local regulations of each country. Pension schemes are usually managed by separate pension insurance companies. Most of the foreign schemes, as well as the Finnish TEL scheme, are defined contribution-based systems. The Group has no legal or constructive obligation to pay further contributions if the pension insurance company does not have sufficient assets to pay the pension benefits in question. Remittances made into defined-contribution-based schemes are entered in the income statement for the financial period that the charge applies to.

Provisions

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

A rearrangement provision is entered when the Group has prepared a detailed rearrangement plan and implementation of the plan has begun or a notification of the matter has been issued. The rearrangement plan should include at least the following: arrangement-related business operations, main offices possibly affected by the arrangement, the workplace location, tasks and the estimated number of employees to whom compensations will be made for redundancy, expenses to be realised and the implementation period of the plan.

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

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

Dividends to be paid

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

Income taxes

The tax costs of a income statement consist of the change based on the taxable income of the financial period and the deferred tax. The tax based on the taxable income of the financial period is calculated from the taxable income according to the valid tax rate of each country. The tax is adjusted by possible taxes related to previous financial periods.

Deferred taxes are calculated using the liability method from all temporary differences between the book value and the tax base. The most significant provisional differences arise from the depreciation of tangible and intangible assets, impairment of shares, unused taxable losses and valuations to fair value of derivative financial instruments. No deferred tax is entered for non-deductible goodwill. No deferred tax is entered for the undistributed earnings of subsidiaries, associated entities or joint ventures if the difference is not expected to be dissolved in the foreseeable future.

Deferred taxes have been calculated using the tax rates set by the closing date.

A calculated tax claim has been entered up to the amount when it is likely that future taxable income is generated, against which the provisional difference can be used.

The depreciation difference on the consolidated balance sheet has been divided into shareholders' equity and deferred tax debt. According to the Finnish Companies Act, the proportion calculated for the shareholders' equity should not be included in the distributable shareholders' equity.

Revenue recognition principles

Revenues from the sale of goods are entered when any significant risks and benefits related to the ownership of the goods have been transferred to the purchaser and the Group no longer has proprietary rights or any real control over the products. Revenues from services are entered when the service has been performed. Revenues from licences and royalties are entered in accordance with the substance of the relevant agreement. Interest income is entered using the effective interest method and dividend income when the right to receive payment is established.

Financial assets and liabilities

FINANCIAL ASSETS

For the purpose of measurement following recognition, the Group's financial assets have been classified into the following categories in accordance with IAS 39, Financial Instruments: Recognition and Measurement: financial assets entered at fair value through profit or loss, loans and other receivables, financial assets held for sale. The classification is based on the acquisition of the financial assets, and they are classified in connection with the original purchase. Transaction costs are included in the original book value of the financial assets when treating an item not valued at fair value via the income statement. Purchases and sales of financial assets, except derivatives, entered in the income statement at fair value are entered on the settlement day. Purchases and sales of other financial assets and debts are entered on the deal date.

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

Financial assets entered in the income statement at fair value are financial assets held for trading purposes. This group includes bonds, certificates of deposit and commercial papers, as well as fund units. Derivatives which do not fulfil the terms of hedge accounting have been classified as those held for trading purposes. Financial assets held for trading purposes and falling due within 12 months are included in current assets. Items in this group are valued at fair value, and the fair value of all deposits in this group is determined on the basis of quotations published in the active market, which is the closing date bid quotation. Unrealised profits and losses due to changes in the fair value are entered in the income statement in the period when they were generated.

Loans and other receivables are assets not being part of derivative assets, with the related payments being fixed or definable and not quoted in the active market, and the Group not holding them for trading purposes. This group includes the financial assets of the Group which were generated by assigning money, goods or services to the debtor. These are valued at the allocated purchase cost and are included in current and non-current financial assets; in the latter case, if they fall due after 12 months.

Financial assets available for sale are assets not being part of derivative assets and are specifically allocated to this group. The group consists almost exclusively of shares in unquoted companies. Unquoted shares are valued at the purchase price because their reliable fair values are not available. The value of quoted shares is determined on the basis of prices quoted on active markets, which equals the quotes on the closing date. Changes in the fair value of financial assets available for sale are entered into fair value reserve in shareholders' equity, including the effect of taxes. Changes in the fair value are transferred from shareholders' equity to the income statement when the investment is sold or its value has decreased to the extent that a depreciation loss must be entered for the investment.

LIQUID FUNDS

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

FINANCIAL DEBTS

Financial debts are classified as financial debts to be entered in the income statement at fair value or as other financial debts. Financial debts are entered at fair value on the basis of the compensation originally received into the books. Transaction costs have been included in the original book value of financial debts. Financial debts to be entered in the income statement at fair value are debts from derivative contracts which do not fulfil the terms of hedge accounting. Other financial debts are valued at amortised cost by using the effective interest method. Financial debts are included in current and non-current debts and may be either with or without interest.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

Derivative financial instruments and hedge accounting

Derivative financial instruments are originally entered in the books under purchase costs representing their fair value. Following the purchase, derivative financial instruments are valued at fair value. Profits and losses generated from the valuation at fair value are treated according to the derivative financial instruments purpose of use. Value changes of derivative financial instruments used effectively for hedge accounting are presented uniformly with the value change of the hedged item in the income statement. Whenever derivative financial instruments are made, the Group treats them as fair value hedges of either receivables, debts or fixed liabilities; hedging of an predicted, very probable cash flow; hedging of a net investment in a foreign unit; or derivative financial instruments that do not fulfil the criteria for hedge accounting.

When a hedge relation is formed, the Group documents the relationship between the target to be hedged and the hedging instruments, as well as the risk management objectives and hedging strategy of the Group. When hedging begins, and thereafter, at least on every closing date, the Group documents its assessment on whether or not a change in the fair value of the hedging instrument effectively corresponds to the change in the fair value of the underlying cash flows or other items to be hedged. The fair values of derivatives in hedge accounting can be seen in Notes 25.

According to its financial risk management policy, the Group uses various derivatives for hedging from currency, interest, and commodity price risks.

Currency derivatives are used both for hedging receivables and debts in foreign currencies and for future commercial cash flows. In order to reduce the effect of exchange rate changes, the Group has used currency derivatives to hedge the shareholders' equities of subsidiaries reporting in certain foreign currencies. At the closing date, the company has no equity hedges.

The interest rate risk of the Group portfolio consisting of loans and receivables with interest can be reduced by making interest rate swaps. Allocated interest from agreements is entered in the financial profits or losses to adjust the interest costs/earnings caused by the underlying loan and receivables portfolio. On the closing date, the Group had no interest derivatives.

Quoted soy and rapeseed derivatives are used against the price risk caused by temporal differencies of the fixed-price raw material purchases and product sales of so-called vegetable oil chains.

Changes in the fair value of derivative financial instruments that fulfil the terms of effective fair value hedging are entered in the income statement, as well as changes in the fair value of the asset or debt item being hedged with regards to the hedged risk.

A change in the fair value of the effective part of derivative instruments that fulfil the terms of cash flow hedging is entered directly in the shareholders' equity in fair value reserve. Profits and losses entered in the shareholders' equity are transferred to the income statement during the period in which the hedged item is entered in the income statement. If a hedged predicted cash flow results in entering an asset not being part of financial assets, profits and losses entered in the shareholders' equity are transferred from the shareholders' equity to the purchase costs of the asset or debt in question. When a hedging instrument acquired for the hedging of a cash flow falls due, is sold or the hedge accounting criteria are no longer fulfilled, any profit or loss accrued from the hedging instrument will stay in the shareholders' equity until the anticipated business operation is realised. However, if it is no longer believed that the anticipated business operation will be realised, any profit or loss accrued in the shareholders' equity is entered in the income statement.

A change in the fair value of an effective derivative that fulfil the hedging terms of a net investment made in a foreign unit is entered directly in translations differences in the shareholders' equity. Profits and losses caused by the hedging of a net investment are entered in the income statement when the net investment is fully or partially assigned.

Certain derivative financial instruments do not in every regard fulfil the criteria for hedge accounting as stated in IAS 39 although they are effective financial hedging instruments and comply with the Group's financial risk management policies.

A forward exchange agreement left outside the hedge accounting and the possible non-effective portion of the hedging are entered under other operating income and costs, and the effect of the interest element of the forward exchange agreement is entered under financial income and expenses.

The fair values of derivatives are determined by using current market prices and generally valid valuation models. Information and assumptions used in the valuation model are based on verifiable market prices.

The fair value of derivatives falling due within a year is presented in current receivables or debts. The fair value of derivatives falling due after 12 months is presented in non-current receivables or debts.

Critical accounting judgments and key sources of estimation uncertainty

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

Most of the Group's estimates are related to goodwill impairment testing, valuation and the useful life of assets, amount of obsolete inventories and the use of deferred tax assets against future taxable income.

IMPAIRMENT TESTING

The Group performs regular annual tests on goodwill and unfinished intangible assets for possible impairment. The value of identifiable tangible and intangible assets and goodwill is also assessed if any event or change in conditions indicates that the book value no longer corresponds to the recoverable amount. The recoverable amount of cash-generating units is estimated using calculations based on value in use. Estimates are needed in the preparation of such calculations. The main variables in cash flow calculations are the discount rate, end value and number of years that cash flow estimates are based on, as well as the assumptions and estimates used to determine cash flows. The estimated income and expenses may differ considerably from actual figures.

DEFERRED TAX ASSETS

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

AMOUNT OF OBSOLETE INVENTORIES

The Group regularly assesses the amount of obsolete inventories and possible decrease of fair values below original purchase cost. An obsolescence provision is entered if required. These assessments call for estimates of future demand for the company's products. Possible changes in these estimates may result in adjustments to the value of inventories in subsequent periods.

Application of new and amended IFRS norms

In 2007, the Group will adopt the following standard, amended in 2005:

- IAS 1 Presentation of Financial Statements, amended to add disclosures about capital (effective in periods beginning on or after 1 January 2007). The amendment requires disclosure about the entity's level of capital and its management during the reporting period. The Group estimates that the new IAS 1 regulations will mainly affect the notes to future consolidated financial statements.

According to the Group's estimates, the adoption of the following interpretations issued in 2005 and 2006 will not have any material impact on the Group's financial statements in the future:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective in periods beginning on or after 1 March 2006). IFRIC 7 requires an entity to apply the requirements of IAS 29 in the period in which the entity first detects that the economy of its functional currency becomes hyperinflationary as if the economy had always been hyperinflationary. The Group estimates that the interpretation will not affect future consolidated financial statements.
- IFRIC 8 Scope of IFRS 2 (effective in periods beginning on or after 1 May 2006). IFRIC 8 applies to transactions where equity instruments are granted, and the received identifiable consideration appears to be of less value than the fair value of the equity instruments granted. This requires an assessment of whether the arrangement comes under the scope of IFRS 2. The Group estimates that the interpretation will not affect future consolidated financial statements.
- IFRIC 9 Reassessment of Embedded Derivatives (effective in periods beginning on or after 1 June 2006). IFRIC 9 requires an entity, when it first becomes party to a contract, to assess whether the contract contains any embedded derivatives. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the original cash flows. The Group estimates that the interpretation will not affect future consolidated financial statements.
- IFRIC 10 Interim Financial Reporting and Impairment (effective in periods beginning on or after 1 November 2006). IFRIC 10 prohibits the reversal of an impairment loss entered in interim reports concerning goodwill, share investments and financial assets carried at cost at a later closing date. The Group estimates that the interpretation will not affect future consolidated financial statements.
- IFRIC 11 IFRS 2: Group and Treasury Share Transactions (effective in periods beginning on or after 1 March 2007). IFRIC 11 requires an entity applying IFRS 2 to treat certain arrangements that grant employees the right to the entity's equity instruments as equity-settled transactions. Also, IFRIC 11 deals with share-based arrangements that involve two or more Group companies. The Group estimates that these interpretations will not affect future consolidated financial statements because the Group has not committed itself to transactions involving share-based payments.
- IFRIC 12 Service Concession Arrangements (effective in periods beginning on or after 1 January 2008). IFRIC 12 provides guidance on how an operator shall recognise certain contractual items in arrangements involving the provision of public service. The interpretation will not affect the Group's financial statements.

The Group plans to adopt the following new standard issued in 2006 by IASB in 2009:

- IFRS 8 Operating segments. The Group estimates that the new standard will cause changes to the content of segment information provided in the notes to financial statements.

Notes to the consolidated income statement

1. SEGMENT INFORMATION

Segment information is presented according to the business and geographic segments used by the Group. The Group's primary reporting model follows business segments. The business segments are based on the Group's internal financial reporting and organisation structure. Raisio revised its business structure in the spring of 2006 and adopted a management model based on four divisions instead of the previous two. The comparison figures for 2005 have been adjusted to comply with the new model.

Intra-segment pricing is carried out at fair market value.

The assets and liabilities of the segmens are items that the segment uses for its business operations or that can be allocated to segments on reasonable grounds. Unallocated items include tax and financial items, as well as items common to the Group. Investments are increases in tangible and intangible assets used for more than one financial period.

Primary reporting model – business segment

The Group consists of five business segments: Food, Feed & Malt, Ingredients, Diagnostics and other operations. The segment information for 2005 has been updated in compliance with the new segmentation.

	Food		Feed & Malt		Ingredients		Diagnostics		Other operations		Eliminations		Group total	
(EUR million)	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales														
Services									0.5	1.3			0.5	1.3
Goods	208.2	207.0	175.6	173.6	41.9	42.7	8.9	8.8	0.1				434.7	432.1
Royalties			0.0		1.0	1.2							1.0	1.2
Total external sales	208.2	207.0	175.6	173.6	42.9	43.9	8.9	8.8	0.6	1.3			436.3	434.6
Internal sales	3.6	3.3	10.9	12.6	6.7	6.3	0.1	0.0			−21.3	−22.2	0.0	0.0
Turnover	211.8	210.2	186.5	186.2	49.7	50.2	9.0	8.8	0.6	1.3	−21.3	−22.2	436.3	434.6
Segment operating result	−39.3	−7.9	6.3	0.5	7.8	9.7	−7.9	−7.3	−5.3	−5.8	0.0	0.0	−38.5	−10.9
Share of associated companies' results	−2.6	−0.9	−0.1	0.1									−2.7	−0.8
Unallocated items													−3.6	6.2
Result for the financial period from continuing operations													−44.7	−5.4
Result for the financial period from discontinued operations													3.6	0.0
Result for the financial period													−41.1	−5.4

(EUR million)	Food 2006	Food 2005	Feed & Malt 2006	Feed & Malt 2005	Ingredients 2006	Ingredients 2005	Diagnostics 2006	Diagnostics 2005	Other operations 2006	Other operations 2005	Eliminations 2006	Eliminations 2005	Group total 2006	Group total 2005
Segment's assets	118.0	144.1	92.5	74.8	50.0	51.0	7.4	12.8	22.6	26.3	−8.0	−12.1	282.6	296.9
Holdings in associated companies	1.6	4.2	0.7	0.7									2.4	4.9
Unallocated assets													102.4	150.7
Total assets													387.4	452.5
Segment's liabilities	29.0	33.6	27.9	22.9	5.4	4.8	2.1	2.0	7.5	11.3	−8.0	−12.1	64.1	62.5
Unallocated liabilities													32.9	42.7
Total liabilities													97.0	105.2
Investments	16.2	31.2	5.5	5.0	4.3	5.3	1.5	1.1	3.2	10.3	−0.2	−3.6	30.3	49.3
Depreciation	10.7	12.0	3.5	4.9	4.3	4.0	0.4	0.5	3.6	3.1			22.5	24.5
Goodwill impairment	3.2		0.1				5.8	5.1					9.1	5.1
Other impairment	18.4	7.5	1.0	8.4									19.4	15.9
Other expenses that do not involve payment:														
Withdrawal from the investment project	5.1												5.1	0.0

Secondary reporting model – geographic segment

The Group's operations are divided into the following geographic regions: Finland, Poland, Russia, rest of Europe and rest of the world. Turnover for geographic segments is presented by customer location, while assets and investments are presented by the location of assets.

(EUR million)	Finland 2006	Finland 2005	Poland 2006	Poland 2005	Russia 2006	Russia 2005	Rest of Europe 2006	Rest of Europe 2005	Rest of the world 2006	Rest of the world 2005	Eliminations 2006	Eliminations 2005	Group total 2006	Group total 2005
Turnover	268.2	272.5	41.1	36.6	33.4	31.3	86.1	86.4	7.4	7.6			436.3	434.6
Segment's assets	346.7	407.2	19.7	19.6	9.5	8.5	10.7	19.7	22.1	28.9	−21.3	−31.4	387.4	452.5
Investments	25.4	42.0	2.6	3.4	2.1	1.6	0.5	2.2	0.1	0.1	−0.2	−0.1	30.3	49.3

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

The result from discontinued operations in 2006 consists of a one-off income item related to the chemicals business that Raisio divested in 2004. The Group was indemnified for the explosion that took place at Raisio Chemicals' plant in Toulouse in 2001.

No operations were discontinued in 2005.

(EUR million)	2006	2005
Result for discontinued operations:		
Income from ordinary operations	4.8	
Expenses	0.0	
Profit before taxes	4.8	
Taxes	−1.2	
Profit after taxes	3.6	
Profit for the financial period from discontinued operations	3.6	
Cash flows for discontinued operations:		
Cash flows from business operations	4.8	
Cash flows from investments		
Cash flows from financial operations		
Total cash flows	4.8	

3. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR million)	2006	2005
Sales profit from tangible assets	0.1	0.2
Goodwill impairment	−9.1	−5.1
Other income and expenses from business operations	−3.4	2.4
Total	−12.4	−2.4

4. DEPRECIATION AND IMPAIRMENT

(EUR million)	2006	2005
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	1.4	2.5
Other intangible assets	1.9	1.3
Total	3.2	3.7
Depreciation on tangible assets		
Buildings	4.3	4.3
Machinery and equipment	14.8	16.3
Other tangible assets	0.1	0.1
Total	19.2	20.8
Impairment by asset group		
Goodwill	9.1	5.1
Intangible rights	0.0	0.2
Other intangible assets	1.7	0.0
Buildings	0.6	7.4
Machinery and equipment	17.1	8.3
Total	28.5	21.0
Total depreciation and impairment	51.0	45.5
Depreciation by activity		
Cost of sales	16.3	18.0
Sales and marketing	0.8	0.5
Administration	4.5	5.4
Research and development	0.9	0.6
Total	22.5	24.5

(EUR million)	2006	2005
Impairment		
Expenses corresponding to products sold	19.3	15.9
Administration	0.1	0.0
Other income and expenses from business operations	9.1	5.1
Total	28.5	21.0

5. EXPENSES FROM EMPLOYMENT BENEFITS

Salaries	48.2	46.5
Pension expenses – defined contribution plans	7.2	7.1
Pension expenses – defined benefit plans	–0.1	–0.3
Other indirect personnel costs	4.9	4.7
Total	60.2	58.0

AVERAGE NUMBER OF PEOPLE EMPLOYED
BY THE GROUP IN THE FINANCIAL PERIOD

Food	772	769
Feed & Malt	291	300
Ingredients	71	68
Diagnostics	75	76
Joint operations	192	201
Total	1,401	1,414

(EUR million)	2006	2005
6. FINANCIAL INCOME AND EXPENSES		
Dividend income from available-for-sale financial assets	0.1	0.4
Sales profits of available-for-sale investments	0.0	1.7
Sales profits of financial assets at fair value through profit or loss	2.4	0.1
Fair value change in financial assets at fair value through profit or loss	0.0	1.2
Interest income from financial assets at fair value through profit or loss	0.9	2.1
Interest income from loan receivables	0.5	0.1
Other interest income	0.7	0.2
Exchange rate differences, net	0.1	0.3
Other financial income	0.0	0.1
Total financial income	4.9	6.3
Impairment of available-for-sale investments	–0.9	0.0
Impairment of loan receivables	–4.4	0.0
Fair value change in financial assets at fair value through profit or loss	–1.0	0.0
Interest expenses from loans	–0.8	–1.1
Other interest expenses	–0.9	–0.7
Other financial expenses	0.0	–0.1
Total financial expenses	–8.0	–2.0

Items comprising the operating result include exchange rate gains and losses amounting to EUR –0.5 million in 2006 (EUR 0.2 million in 2005).

(EUR million)	2006	2005
7. INCOME TAXES		
Tax based on the taxable income for the financial period	0.1	−2.3
Taxes paid in previous financial periods	0.1	0.0
Deferred taxes	−0.7	4.2
Total	−0.5	1.9
Reconciliation statement for the tax expenses in the income statement and the taxes calculated on the basis of the Group’s domestic tax rate (26%).		
Taxes calculated on the basis of the domestic tax rate	11.5	1.9
Impact of a deviating tax rate used in foreign subsidiaries	0.3	−0.2
Impairment of goodwill	−2.9	−1.3
Returns exempt from tax	0.1	0.1
Non-deductible expenses	−0.5	−0.5
Unused losses in the financial period	−4.9	−0.9
Use of previously unrecognised fiscal losses	0.4	0.3
Recognition of deferred tax assets for depreciation not deducted previously in taxation	0.0	3.6
Depreciation not deducted in taxation	−3.9	0.0
Taxes on previous financial periods	0.1	0.0
Other items	−0.7	−1.1
Total	−0.5	1.9

(EUR million)	2006	2005
8. EARNINGS PER SHARE		
Undiluted earnings per share have been calculated by dividing the profit for the financial period with the weighted average number of outstanding shares over the financial period.		
Profit for the period for parent company shareholders, continuing operations (EUR million)	−45.2	−6.0
Profit for the period for parent company shareholders, discontinued operations (EUR million)	3.6	0.0
Weighted average number of outstanding shares over the financial period	160,366,891	164,249,958
Undiluted earnings per share, continuing operations (EUR/share)	−0.28	−0.04
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	−0.28	−0.04
Undiluted earnings per share, discontinued operations (EUR/share)	0.02	0.00
Earnings per share adjusted by the dilution effect, discontinued operations (EUR/share)	0.02	0.00

Notes to the consolidated balance sheet

9. CONSOLIDATED TANGIBLE AND INTANGIBLE ASSETS 2006

(EUR million)	Intangible assets					Tangible assets					
	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	**Intangible assets total**	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	**Tangible assets total**
Acquisition cost 1.1.	35.2	42.5	12.8	3.6	94.1	5.2	130.4	281.1	1.8	11.5	430.0
Exchange rate differences	0.3	1.3	0.0	0.0	1.6	−0.1	−0.5	−1.9	0.0	0.0	−2.5
Increase	1.2	0.0	3.0	0.1	4.3	0.0	2.8	10.7	0.1	12.7	26.3
Divestments and other decreases	2.7	0.0	0.0	0.0	2.7	0.0	0.2	0.7	0.2	1.8	2.9
Reclassifications between items	0.3	0.0	3.7	−3.6	0.3	0.0	4.7	5.5	0.0	−10.5	−0.3
Acquisition cost 31.12.	**34.3**	**43.8**	**19.4**	**0.1**	**97.6**	**5.1**	**137.1**	**294.7**	**1.7**	**11.9**	**450.5**
Accumulated depreciation and write-downs 1.1.	30.3	30.9	8.0	0.0	69.1	0.0	85.3	211.8	1.2	1.2	299.5
Exchange rate differences	0.3	1.2	0.0	0.0	1.5	0.0	−0.2	−1.3	0.0	0.0	−1.5
Accumulated depreciation of decrease and transfers	2.6	0.0	0.0	0.0	2.6	0.0	0.0	0.6	0.2	1.2	2.0
Depreciation for the financial period	1.4	0.0	1.9	0.0	3.3	0.0	4.2	14.8	0.1	0.0	19.1
Write-downs	0.0	9.1	1.7	0.0	10.8	0.0	0.6	17.1	0.0	0.0	17.7
Accumulated depreciation 31.12.	**29.3**	**41.2**	**11.5**	**0.0**	**82.0**	**0.0**	**89.9**	**241.8**	**1.1**	**0.0**	**332.8**
Book value 31.12.2006	**5.0**	**2.6**	**7.9**	**0.1**	**15.6**	**5.1**	**47.2**	**52.9**	**0.5**	**11.9**	**117.7**
Book value of the machinery and equipment 31.12.								**51.2**			

The increase in the acquisition cost of tangible assets includes EUR 0.1 million of assets acquired with financial leasing contracts.

The book value of tangible and intangible assets includes property acquired with financial leasing contracts:
Machinery and equipment: EUR 1.1 million

Based on the management's revised estimates, the forecast investments in the soy-oat plant and the pure oats plant were excessive. As a result of impairment testing, write-downs were made on the fixed assets of both plants to a total of EUR 10.3 million. The market outlook for the products of both plants is considerably weaker than previously estimated. Impairment testing performed in conjunction with goodwill testing in the margarine business indicated a need for impairment of fixed assets used by the business in addition to goodwill impairment. The value of fixed assets used by the margarine business was reduced by EUR 6.1 million in Finland and by EUR 2.2 million in Russia.

9. CONSOLIDATED TANGIBLE AND INTANGIBLE ASSETS 2005

(EUR million)	Intangible assets					Intangible assets					
	Intangible rights	Goodwill	Other long-term expenditure	Advances paid and incomplete acquisitions	**Intangible assets total**	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and incomplete acquisitions	**Tangible assets total**
Acquisition cost 1.1.	36.8	44.4	10.8	2.2	94.9	4.4	120.8	283.4	1.8	5.3	415.7
Exchange rate differences	–0.2	–1.3	–0.1	0.0	–1.6	0.1	1.0	3.0	0.1	0.2	4.4
Increase	1.1	0.0	3.1	3.0	7.1	0.0	9.6	14.2	0.1	13.5	37.4
Acquisition of subsidiaries	2.4	0.7	1.9	0.7	6.4	0.0	1.7	26.4	0.1	0.1	28.3
Reclassifications between items	0.0	0.0	0.9	–0.9	0.0	0.7	0.7	6.9	0.0	–7.5	0.8
Acquisition cost 31.12.	**35.2**	**42.5**	**12.8**	**3.6**	**94.1**	**5.2**	**130.4**	**281.1**	**1.8**	**11.5**	**430.0**
Accumulated depreciation and write-downs 1.1.	30.1	27.5	8.6	0.9	67.7	0.0	74.8	211.7	1.2	1.1	288.7
Exchange rate differences	–0.2	–1.0	–0.1	0.0	–1.3	0.0	0.3	1.8	0.0	0.2	2.3
Accumulated depreciation of decrease and transfers	2.3	0.7	1.8	0.9	6.3	0.0	1.6	26.2	0.1	0.0	27.9
Depreciation for the financial period	2.5	0.0	1.3	0.0	3.7	0.0	4.3	16.3	0.1	0.0	20.8
Write-downs	0.2	5.1	0.0	0.0	5.3	0.0	7.4	8.3	0.0	0.0	15.7
Accumulated depreciation 31.12.	**30.3**	**30.9**	**8.0**	**0.0**	**69.1**	**0.0**	**85.3**	**211.8**	**1.2**	**1.2**	**299.5**
Book value 31.12.2005	**4.9**	**11.6**	**4.8**	**3.6**	**25.0**	**5.2**	**45.1**	**69.3**	**0.6**	**10.3**	**130.5**
Book value of the machinery and equipment 31.12								**61.3**			

The increase in the acquisition cost of tangible assets includes EUR 0.7 million of assets acquired with financial leasing contracts.

The book value of tangible and intangible assets includes property acquired with financial leasing contracts:
Machinery and equipment: EUR 2.2 million

The prolonged weak outlook in the malt and potato businesses led to a re-evaluation of the assets allocated to these operations. A write-down of EUR 8.4 million was carried out on the tangible and intangible assets of the malting business and EUR 7.5 million on that of the potato business. The market is looking bleaker for certain products in the food diagnostics business, which has led to a lower growth estimate for the current product portfolio. Consequently, an impairment of EUR 5.1 million was carried out on the goodwill of food diagnostics.

10. GOODWILL TESTING

Goodwill allocated to the Group's cash-flow-generating units by business and geographic segment.

	Food		Feed & Malt		Diagnostics		Total	
(EUR million)	2006	2005	2006	2005	2006	2005	2006	2005
Finland	1.3	3.4	0.0	0.1			1.3	3.5
Poland	1.2	1.2					1.2	1.2
Russia	0.0	0.3					0.0	0.3
Rest of Europe	0.0	0.9			0.0	5.7	0.0	6.7
Total	2.6	5.8	0.0	0.1	0.0	5.7	2.6	11.6

Goodwill has been allocated to cash-flow-generating units for the purpose of impairment testing. In impairment tests, recoverable amounts are determined on the basis of the replacement cost. Cash flow estimates are based on estimates approved by the management, covering the following five years. Cash flows after the forecast period approved by the management have been extrapolated using a steady growth factor.

The following fundamental assumptions are used to determine the replacement cost:

	Food		Feed & Malt		Diagnostics	
(EUR million)	2006	2005	2006	2005	2006	2005
Budgeted operating margin percentage *)	6.8	8.4	7.2	7.1	–16.5	6.2
Growth percentage **)	2.0	2.0	0.0	1.0	2.0	2.0
Discount rate	10.3	8.7	10.4	8.5	12.0	11.5

*) Budgeted average operating margin percentage used in the statements.
**) In cash flows after the forecast period.

Owing to the small amounts of goodwill, a separate sensitivity analysis is not presented.

Recognised impairment:

The remaining goodwill of the diagnostics unit was fully derecognised in 2006 since Diagnostics, as an independent Division of Raisio in its current size, has very limited opportunities to achieve profitable business. The goodwill related to the margarine business in Finland, Sweden and Russia, totalling EUR 3.2 million, was reassessed due to weaker profitability and market outlook, and was fully derecognised.

Owing to the bleaker market outlook for certain products in the food diagnostics business in 2005, a write-down of EUR 5.1 million was carried out on the goodwill of diagnostics.

	Food		Feed & Malt		Diagnostics		Total	
(EUR million)	2006	2005	2006	2005	2006	2005	2006	2005
Finland	2.0		0.1				2.1	
Russia	0.3						0.3	
Rest of Europe	0.9				5.8	5.1	6.7	5.1
Total	3.2	0.0	0.1	0.0	5.8	5.1	9.1	5.1

(EUR million)	2006	2005
11. HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES		
JOINT VENTURES		
Book value 1.1.	1.6	0.0
Exchange rate differences	0.0	0.0
Increase	0.1	2.1
Goodwill impairment	–0.8	0.0
Share of result for the financial period	–0.5	–0.6
Book value 31.12.	0.5	1.6

The book value of joint ventures on 31 December 2006 does not include goodwill (EUR 0.8 million in 2005). The goodwill of the Swedish joint venture, GoGreen, totalling EUR 0.8 million, was written down. The goodwill was related to the soy-oat business, whose fixed asset balance sheet values were derecognised in full based on impairment tests. The business has experienced poor profitability and its outlook has weakened.

	2006	2005
ASSOCIATED COMPANIES		
Book value 1.1.	3.2	1.5
Exchange rate differences	0.0	0.0
Increase	0.0	2.0
Goodwill impairment	–1.4	0.0
Share of result for the financial period	0.1	–0.3
Book value 31.12.	1.8	3.2

The book value of associated companies on 31 December 2006 includes EUR 0.2 million of goodwill (EUR 1.7 million in 2005). The goodwill of Raisio's Polish associate, Obory, totalling EUR 1.4 million, was derecognised. The agency sales of yoghurt drinks made by Obory through the Polish subsidiary did not meet the objectives set for operations and a decision was made to terminate agency sales.

The amounts of the assets and liabilities, turnover and result of joint ventures, corresponding to the Group's holdings:

	2006	2005
Assets and liabilities related to investments in joint ventures:		
Non-current assets	0.3	0.7
Current assets	3.2	2.4
Non-current liabilities	0.0	0.0
Current liabilities	3.0	2.0
Assets, net	0.5	1.0

(EUR million)	2006	2005
Income and expenses related to investments in joint ventures:		
Turnover	17.8	16.0
Expenses	18.3	16.5
Profit/loss	–0.5	–0.6
Total assets, liabilities, turnover and profit/loss of associated companies:		
Assets	28.2	23.6
Liabilities	22.7	18.3
Turnover	26.8	26.2
Profit/loss	0.2	–1.0

	2006	2005
12. FINANCIAL ASSETS AVAILABLE FOR SALE		
Publicly quoted shares	0.0	0.0
Unquoted investments in shares	1.5	2.2
Total investments available for sale	1.5	2.2

Available-for-sale financial assets include a total of EUR 0.8 million in impairment, which has been recognised in financial expenses during the period. In 2005 a total of EUR 1.7 million was recognised in financial income as sales profits of available-for-sale investments.

Quoted shares have been measured at fair value. Unquoted investments in shares have been presented at acquisition cost because their fair values cannot be reliably determined. Changes in the fair value fund are presented in the statement on changes in Group equity.

	2006	2005
13. LONG-TERM RECEIVABLES		
Loan receivables from associated companies	1.5	6.2
Other long-term receivables	1.6	0.0
Total long-term receivables	3.1	6.2

The non-current loan receivable presented above mainly consists of a variable-rate receivable in USD. Other non-current receivables mainly consist of the receivable related to the lease transfer of the feed plant site in Oulu. The fair values of non-current receivables are presented in Notes 25.

The balance sheet values correspond best to the amount equal to the maximum credit risk, excluding the fair value of collateral, in case other contracting parties cannot meet their obligations related to financial instruments. The company has received a bank guarantee as collateral for other non-current receivables. Loan receivables form a credit risk concentration because they are mostly granted by a single company. In 2006 a total of EUR 4.3 million of loan receivables was derecognised because the receivables have been partly disposed of.

(EUR million)	2006	2005
14. INVENTORIES		
Materials and supplies	58.5	52.2
Production in progress	4.2	0.9
Finished products and goods	19.2	20.7
Advances paid	0.2	0.1
Total inventories	82.1	73.9

The book value of inventories does not include significant entries used to reduce the value of inventories to the net realisable value.

15. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	2006	2005
Accounts receivables	48.8	48.8
Receivables from Group companies	3.6	2.8
Prepaid expenses and accrued income	5.0	5.2
Receivables based on derivative contracts	0.1	0.1
Advance payment receivables	0.1	0.1
Amortisation instalment for long-term loan receivables	1.5	1.5
Current loan receivables	0.4	0.0
Avoir fiscal tax credit receivables	7.4	7.5
Other receivables	8.5	8.7
Total accounts receivable and other receivables	75.4	74.7

At the reporting date, three-quarters of the Group's accounts receivables were denominated in euro, slightly over one-tenth in Polish zloty and the rest in other currencies.

At the reporting date, the Group had accounts receivables that had matured over 60 days in the past and whose value had not decreased: EUR 2.9 million (EUR 2.0 million). The overdue receivables have the following age distribution:

	2006	2005
Overdue 61–180 days	2.0	1.0
Overdue more than 180 days	0.9	1.0
	2.9	2.0

The following items have been deducted from accounts receivables:

	2006	2005
Value on 1 January	1.5	1.1
Increase	0.3	0.4
Decrease	–1.0	0.0
Value on 31 December	0.9	1.5

The Group recognised a total of EUR 0.3 million (EUR 0.4 million) in credit losses from accounts receivables in the reporting period.

Substantial items included in prepaid expenses and accrued income consist of accrued business income and expenses, financial items and taxes. In compliance with IAS 39, the fair values of receivables included in financial assets are presented in Notes 25.

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR million)	2006	2005
Securities under financial assets	64.4	117.0

Financial assets at fair value through profit or loss include bonds and fund units held for trading purposes, as well as certificates of deposit and commercial papers issued by banks and businesses that mature within 12 months. Financial assets at fair value through profit or loss are denominated in euro. Financial assets at fair value through profit or loss are denominated in euro. Balance sheet values correspond best to the amount equal to the maximum credit risk in the case that other contracting parties cannot meet their obligations related to financial instruments. Financial assets at fair value through profit or loss do not include considerable credit risk concentrations.

Changes in the fair values of financial assets held for trading purposes are presented under financial income and expenses in the income statement.

17. LIQUID FUNDS

	2006	2005
Cash in hand and at bank accounts	14.5	5.8

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

18. SHAREHOLDERS' EQUITY

The parent company's share capital is divided by share types as follows:

	1,000 shares		Share capital EUR million		Company shares EUR million	
	2006	2005	2006	2005	2006	2005
Series K (20 votes/share)	34,563	34,563	5.8	5.8		
Repurchase of company shares, series K	−41	−30			−0.1	−0.1
Series V (1 vote/share)	130,586	130,586	22.0	22.0		
Repurchase of company shares, series V	−4,931	−3,738			−11.3	−8.6
Total	160,177	161,381	27.8	27.8	−11.4	−8.7

Translation differences:
The fund for translation differences contains the translation differences arising from the translation of the financial statements of independent foreign units. Gains and losses arising from hedges for net investments in independent foreign units are also included in translation differences when the requirements for hedge accounting are met.

Fair value fund:
The fair value fund contains two sub-funds: a fair value fund for investments available for sale and a hedge fund for the changes in fair value of derivative instruments used to hedge cash flow.

Company shares:
Company shares include the acquisition cost for company shares held by the Group. Raisio repurchased a total of 4,971,700 company shares on the stock market from 10 August 2005 to 29 March 2006: 4,930,500 free shares and 41,200 restricted shares. The acquisition cost of shares totalled EUR 11.4 million and it is presented as a deduction from equity.

Dividends:

After the closing date, the parent company's Board of Directors has proposed a dividend of EUR 0.03 per share.

Accumulated translation differences:

(EUR million)	Hedge fund	Fair value fund	Total
Book value 1.1.2005			
– previously presented	0.0	0.0	0.0
– Impact of the adoption of IAS 32 and 39	0.1	0.2	0.3
Adjusted balance	0.1	0.2	0.3
Transferred to the income statement	−0.1	−0.2	−0.3
Recorded under shareholders' equity	0.0	0.0	0.0
Book value 31.12.2005	0.0	0.0	0.0
Transferred to the income statement	0.0	0.0	0.0
Recorded under shareholders' equity	0.0	0.0	0.0
Book value 31.12.2006	0.0	0.0	0.0

Accumulated translation differences:

(EUR million)	2006	2005
Translation differences 1.1.		
– Group companies	1.3	−2.2
– Associated companies	0.0	0.0
	1.3	−2.2
Change in translation difference		
– Group companies	−2.6	3.5
– Associated companies	0.0	0.1
	−2.6	3.5
Translation differences 31.12.		
– Group companies	−1.3	1.3
– Associated companies	0.0	0.0
	−1.2	1.3

SHARES AND SHARE-ENTITLING SECURITIES

The share capital of Raisio plc is EUR 165,149,030, which on 31 December 2006 was divided into 34,563,242 restricted shares (series K) and 130,585,788 free shares (series V). Restricted shares accounted for 20.9% of the share capital and 84.1% of the votes, while the corresponding figures for free shares were 79.1% and 15.9%. The company has not issued securities that entitle the holder to shares.

Free and restricted shares have an 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. No shareholder is entitled to exercise more than 1/10 of the total number of votes represented at the Meeting.

Acquisition of restricted shares 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 restricted share into a free share.

The Board may also convert restricted shares into free shares on request and likewise give advance information on whether the applicant will be granted permission to acquire restricted shares. No restricted shares were converted into free shares in 2006.

In the book-entry system, restricted shares for which the approval procedure is in progress or for which approval has not been sought will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. The waiting list had 5.05 million restricted shares on 31 December 2006.

STOCK-BASED INCENTIVE SYSTEMS

Raisio had no stock-based incentive systems in 2006.

AUTHORISATION FOR THE BOARD OF DIRECTORS TO RAISE SHARE CAPITAL

The Board of Directors did not request authorisation to decide on a share capital increase, option rights issues or convertible bond issues from the Annual General Meeting held in spring 2006 and thus had no such authorisation in the review period. No corresponding authorisation had been requested from the previous year's Annual General Meeting either.

CORPORATE GOVERNANCE SYSTEM

The members of the company's Supervisory Board are elected by the shareholders' meeting for a term that begins at the shareholders' meeting at which the election took place and lasts until the end of the third shareholders' meeting. One-third of the members are replaced every year. From the beginning of 2007, the Supervisory Board also includes three representatives elected by personnel groups formed by Raisio's employees working in Finland.

The Board of Directors consists of a minimum of five and a maximum of eight members elected by the Supervisory Board. The term of Board members is one calendar year following their election.

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As a rule, amendments to the Articles of Association require that the proposed amendment is supported by a minimum of two-thirds of the given votes and shares represented at the meeting. However, amendments to sections 6, 7, 8, 9 and 18 of the Articles of Association requires a decision by a three-quarter majority of the votes given and the shares represented to be made at two successive shareholders' meetings held with an interval of at least twenty days. In certain cases, the Companies Act requires a vote by types of shares and the shareholders' consent.

AUTHORISATION TO DISPOSE OF COMPANY SHARES

The Annual General Meeting held in spring 2006 granted the Board of Directors authorisation to dispose of all of the company shares held by Raisio; that is, 4,930,500 free shares and 41,200 restricted shares. This authorisation was not exercised in the review period, and it is valid until the Annual General Meeting of 2007.

The Board of Directors has been authorised to decide to whom and in which order company shares are disposed. Disposal may take place in a proportion other than that of the shareholders' pre-emptive right to company shares, provided that significant financial grounds thereto exist from the company's perspective. The strengthening of the company's capital structure, as well as financing or implementing acquisitions or other arrangements, may be considered significant financial grounds.

The Board of Directors may also decide to dispose of company shares through public trading arranged by the Helsinki Stock Exchange in order to obtain funds to finance investments and possible acquisitions.

The shares shall be disposed of at least at their valid value on the date of disposal, determined in the public trading arranged by the Helsinki Stock Exchange. The shares may be disposed of against compensation other than money, against acknowledgement or on other specific terms.

The Board of Directors is authorised to decide on the other conditions concerning the disposal of company shares.

19. DEFERRED TAXES

Changes in deferred taxes in 2006:

(EUR million)	1.1.2006	Recognised in the income statement	Recognised in the share-holders' equity	Exchange rate differences	31.12.2006
Deferred tax assets:					
Internal margin of inventories	0.1	0.0			0.1
Internal margin of fixed assets	0.1	−0.1			0.0
Leasing property	0.1	−0.1			0.0
Confirmed fiscal losses	4.6	−2.1			2.5
Pension contributions	0.1	0.0			0.0
Depreciation not deducted in taxation	5.6	1.1			6.7
Other items	1.7	−0.3	0.0	−0.1	1.4
Total	12.3	−1.5	0.0	−0.1	10.7
Deferred tax liability:					
Accumulated depreciation difference	0.5	−0.5			0.0
Leasing property	0.2	−0.1			0.1
Financial assets recognised at fair value	0.3	−0.2			0.0
Impairment on the acquisition costs for group companies	5.7	0.0			5.7
Other items	2.1	0.0			2.1
Total	8.7	−0.8	0.0	0.0	7.9

Deferred tax assets corresponding to fiscal losses to be used at a later time have been recognised to the extent that it is probable that a tax benefit will be realised in the future. The Group's accumulated losses totalled EUR 66.4 million (31.12.2005: EUR 63.1 million).
Most of the losses will be discounted over a period in excess of five years.

Since the undistributed profits of foreign subsidiaries are negative, no tax liability has recorded for them.

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

	2006	2005
Deferred tax assets	10.7	12.3
Deferred tax liability	7.9	8.7
Deferred net tax liability	−2.8	−3.6

Changes in deferred taxes in 2005:

(EUR million)	1.1.2005	Recognised in the income statement	Recognised in the share-holders' equity	Exchange rate differences	31.12.2005
Deferred tax assets:					
Internal margin of inventories	0.1	0.0			0.1
Internal margin of fixed assets	0.1	0.0			0.1
Leasing property	0.2	−0.1			0.1
Confirmed fiscal losses	7.1	−2.5			4.6
Pension contributions	0.3	−0.2			0.1
Derivative contracts	0.0	−0.2	0.2		0.0
Depreciation not deducted in taxation	0.0	5.6			5.6
Other items	1.7	−0.1		0.1	1.7
Total	9.5	2.6	0.2	0.1	12.3
Deferred tax liability:					
Accumulated depreciation difference	3.5	−3.0			0.5
Leasing property	0.2	−0.1			0.2
Derivative contracts	0.0	−0.1	0.1		0.0
Financial assets recognised at fair value	0.0	0.3			0.3
Impairment on the acquisition costs for group companies	4.4	1.2			5.7
Other items	2.1	0.0			2.1
Total	10.3	−1.6	0.1	0.0	8.7

(EUR million)	2006	2005
20. PENSION CONTRIBUTIONS		
The defined benefit pension expenses recorded in the income statement are determined as follows:		
Interest rate expenses	0.0	0.0
Actuarial gains and losses	–0.1	0.1
Gains or losses from reductions to the plan	0.0	–0.4
	–0.1	–0.3
Changes in the liabilities recorded in the balance sheet:		
Beginning of financial period	0.4	0.7
Paid benefits	0.0	0.0
Pension expenses in the income statement	–0.1	–0.3
End of financial period	0.2	0.4
21. RECEIVABLES		
Provision for withdrawal from investment project	5.1	
The Group has initiated negotiations to withdraw from a flake mill construction project that is currently under negotiation in Russia. The decision is based on a considerable increase in investment costs, which is expected to result in the project no longer meeting the original revenue requirements.		
22. INTEREST-BEARING LIABILITIES		
Non-current		
Bank loans	0.9	11.9
Financial leasing liabilities	0.4	1.0
Total	1.4	12.9
All bank loans are denominated in euro.		
Of non-current liabilities (incl. finance leases), EUR 1.2 million mature in 2008 (EUR 11.5 million in the comparison period) and EUR 0.1 million after that (EUR 1.4 million).		
Current		
Overdraft facilities	5.8	3.7
Bank loans	0.7	0.5
Amortisation of long-term loans	11.0	12.4
Financial leasing liabilities	0.5	1.0
Other interest-bearing liabilities	3.7	5.1
Total	21.6	22.8

The fair values of interest-bearing liabilities are presented in Notes 25.

(EUR million)	2006	2005
Liabilities are mainly variable-rate and euro-denominated. The interest rates for liabilities are mainly linked to 3–12-month euribor reference rates.		
Maturity of financial leasing liabilities:		
Financial leasing liabilities – total of minimum leases		
Within 12 months	0.5	1.0
After 12 months but before five years	0.4	1.0
Gross overall investment	1.0	2.0
Financial leasing liabilities – present value of minimum leases		
Within 12 months	0.5	0.9
After 12 months but before five years	0.4	0.9
Gross overall investment	0.9	1.8
Financial expenses accumulated in the future	0.1	0.2
Total financial liabilities	1.0	2.0
23. ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Non-current		
Other loans	1.0	0.0
The loan matures within one year.		
Current		
Accounts payable	36.0	37.2
Liabilities to associated companies	1.5	0.9
Accrued liabilities and deferred income	16.2	18.5
Liabilities based on derivative contracts	0.1	0.2
Advances paid	0.1	0.2
Other liabilities	5.7	3.5
Total	59.7	60.4

Accrued liabilities and deferred income include accrued business expenses, financial items and taxes.

24. MANAGEMENT OF FINANCIAL RISKS

OVERVIEW

Financial risk management aims to protect the Group against unfavourable developments in the financial markets and thus contribute to safeguarding and ensuring the Group's performance. Financing and financial risk management have been assigned to the Group Finance department operating under the Chief Financial Officer in order to ensure sufficient expertise, as well as comprehensive and cost-effective operations. Business operations submit information about the main risks facing them to the Finance department, which compiles a comprehensive list of the Group's risks and reports on the risk positions to the financial and operative management. The Finance department's risk management activities are regulated by the financial risk management policy approved by the Board of Directors in 2005. All major borrowing decisions are taken by the Board of Directors based on proposals made by the Finance department.

FINANCIAL RISKS AND THEIR MANAGEMENT

Credit risks

Counterparty risk

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

Investment activities

The financial risk management policy regulates the investment of funds concerning the invested sum, maturity and counterparties. In addition to direct long- or short-term interest-bearing investments, assets can be invested in fixed-income funds, shares and equity funds. The CFO is entitled to decide on the counterparties for Raisio's investments based on the grounds set out in the policy. In principle, counterparties may be member states of the European Monetary Union, large Finnish municipalities and alliances formed by them, financial institutions engaged in corporate banking in Finland and companies with a good credit rating, registered in a member state of the European Monetary Union.

Credit risk in sales

Following the guidelines issued by the Group, divisions make independent decisions on counterparty risk, such as the criteria used to approve customers, the applicable terms and conditions for sales and the required collateral. They are also liable for the credit risk related to sales receivables, which can be secured, for example, with credit insurance policies.

Liquidity risk

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

Market risks

Interest rate risk

Interest rate risk refers to the impact of interest rate fluctuations on the Group's net financial expenses and income, as well as on the fair values of interest-bearing investments and derivatives, over the following 12 months. Interest rate risk is managed by controlling the structure and duration of the loan portfolio and interest-bearing investments within the limits allowed by the policy, the goal being to keep financial expenses as low and financial income as high as possible. The structure can be modified using interest rate swaps, forward rate agreements and interest rate options. The corporate financial risk management policy determines the maximum amount for interest rate risk. Raisio's sensitivity to interest rate fluctuations is determined by calculating how much a change of one percentage point, constant over the entire interest rate curve, affects net interest rate expenses and income. The examination takes into account Raisio's interest-bearing investments and liabilities. Owing to the Group's balance sheet structure, the management of interest rate risks focuses on those related to investments. During 2006 Raisio's interest-bearing investments have focused on investments with a short term to maturity. On the date of the financial statements, 31 December 2006, Raisio's sensitivity to an interest rate rise of one percentage point was approximately EUR +0.3 million (EUR +0.7 million). Had the interest rate been 1 percentage point higher on the closing date, 31 December 2006, Raisio's result after taxes would have been EUR +0.2 million higher (EUR +0.5 million). Changes in the duration of the investment portfolio or the Group's balance sheet position also result in changes in interest rate sensitivity. Raisio had not adopted interest rate derivatives to modify the interest position on the closing date or in the comparison period.

Currency risk

Raisio hedges against currency exposure arising from foreign currency receivables and liabilities, off-balance-sheet purchase and sales agreements and, partly, from budgeted cash flows. The Finance department may also hedge asset-based investments in foreign subsidiaries. Currency risk management aims to optimise currency performance within the limits allowed by the financial risk management policy by using selective hedging. Hedging operations can make use of all currency derivatives allowed in the policy.

The Group's currency risk policy defines the maximum amount for an open net position, mainly consisting of the domestic Group companies' commercial and financial items and hedging derivatives.

Exposure to currency risk arises mainly from items denominated in the Russian rouble, Swedishcrown and US dollar. The Group's currency risk on 31 December 2006 would be EUR 0.0 million (EUR -0.3 million) if other currencies weakened by 5% against the euro. The impact on Raisio's result after taxes would be EUR 0.0 million (EUR -0.2 million). (table) The Group companies' open currency positions against other functional currencies than the euro are not significant.

Currency risks 31.12.2006 (EUR million)			Currency risks 31.12.2005 (EUR million)		
Currency risk, net position			Currency risk, net position		
RUB	SEK	USD	RUB	SEK	USD
−0.3	+0.1	−0.5	−1.9	−2.2	−2.2
5% weakening in currency against the euro					
RUB	SEK	USD	RUB	SEK	USD
0.0	0.0	0.0	−0.1	−0.1	−0.1

A selected number of Raisio's currency derivatives has been hedge accounted since 2005. They are mainly used to hedge contractual or budgeted commercial items that are expected to be realised within the 12 months following the date of hedging. Hedge accounted currency derivatives rarely have a duration in excess of 12 months. Hedge accounting has been effective. There were no hedge accounted items on the closing date.

Commodity price risk

Raisio uses commodity derivatives allowed by the financial risk policy to selectively hedge against uncertainties resulting from temporal differencies between raw material purchases and product sales. When managing commodity price risks, derivatives are used to hedge the fair value and future purchases of raw material positions. Raisio has applied hedge accounting in compliance with IAS 39 to selected commodities since 2005. The derivative contracts used by Raisio rarely continue to be open for more than twelve months. To manage the price risk related to the purchase of electric power, Raisio has used fixed-price physical electricity delivery contracts in 2006.

The risk that commodities are exposed to is monitored using the Value-at-Risk (VaR) method. -The VaR figure inspection takes into consideration the commercial commodity position and the derivative financial instruments hedging it. (VaR is calculated over one week, using a confidence level of 95%.)

Depending on Raisio's commodity position at the time, the scope and size of impact on the income statement and balance sheet may differ considerably from the VaR figure presented below. However, the figure provides a relatively good description of the situation over the review period.

Value-at Risk of Commodity position (EUR million)	31.12.2006	31.12.2005
VaR	0.2	0.0

If realised, the VaR risk of the commodity position on the closing date, 31 December 2006, would affect Raisio's result after taxes by EUR ± 0.1 million (EUR ±0.0 million).

NOMINAL VALUE OF DERIVATIVES

(EUR million)	31.12.2006	31.12.2005
Currency derivatives	25.5	34.9
in hedge accounting	0.0	9.3
Commodity derivatives	5.4	2.6
in hedge accounting	0.0	2.3

25. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

(EUR million)	Book value 2006	Fair value 2006	Book value 2005	Fair value 2005
Financial assets				
Investments available for sale (12)	1.5	1.5	2.2	2.2
Loan receivables (13)	4.1	4.3	7.8	7.9
Sales receivables and other receivables (15)	54.5	54.5	52.0	52.0
Investments recognised at fair value in the income statement (16)	64.4	64.4	117.0	117.0
Liquid assets (17)	14.5	14.5	5.8	5.8
Currency forward contracts (15)	0.1	0.1	0.1	0.1
in hedge accounting	0.0	0.0	0.0	0.0
Financial liabilities				
Bank loans (22)	11.9	11.9	24.4	24.3
Other loans (23)	1.0	1.0	0.0	0.0
Overdraft facilities (22)	5.8	5.8	3.7	3.7
Financial leasing liabilities (22)	1.0	0.9	2.0	1.8
Other interest-bearing liabilities (22)	4.4	4.4	5.6	5.6
Accounts payable and other liabilities (23)	55.8	55.8	59.6	59.6
Currency forward contracts (23)	0.0	0.0	0.1	0.1
in hedge accounting	0.0	0.0	0.0	0.0
Commodity derivatives (23)	0.1	0.1	0.1	0.1
in hedge accounting	0.0	0.0	0.1	0.1

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

Investments in shares and securities under financial assets:

Publicly quoted shares available for sale are valued at the Helsinki Stock Exchange purchase price of the closing date. Unquoted investments in shares are recorded at the cost of acquisition because it has not been possible to use valuation methods to appraise them at fair value or to reliably determine their fair value. Financial assets recognised at fair value in the income statement are negotiable and they are valued using the market price prevailing on the closing date or the market rates corresponding to the duration of the contract.

Derivatives:

The fair values of forward exchanges are determined using the market prices of the closing date. The fair values of commodity derivatives are determined using publicly quoted market prices.

Loan receivables, bank loans and financial leasing liabilities:

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

Accounts payable and other liabilities or receivables:

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

	(EUR million)	2006	2005
26.	OTHER LEASES		
	Group as lessee:		
	Minimum leases paid on the basis of other non-cancellable leasing contracts:		
	Within 12 months	1.0	1.1
	After 12 months but before five years	1.2	1.7
	After five years	0.5	0.0
	Total	2.7	2.8
	The Group has leased cars, production facilities and land areas.		
	Based on other leases, Raisio's 2006 income statement includes paid leases worth EUR 5.1 million (EUR 4.2 million in 2005).		
27.	CONTINGENT AND OTHER LIABILITIES		
	PLEDGED ASSETS:		
	For the company		
	Mortgages on real estate	16.9	16.9
	Pledged securities	0.0	0.0
	Floating charges	34.4	33.8
	Total	51.2	50.7
	CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
	Contingent liabilities for the company	1.5	1.5
	Contingent liabilities for associated companies		
	Guarantees	3.0	0.0
	Protective counter guarantees have been received for the financial guarantees given.		
	Contingent liabilities for others		
	Guarantees	0.0	0.0
	Other liabilities		
	Other financial liabilities	2.8	1.6
	Commitment to investment payments		
	Commitments to investment payments effective at the reporting date	16.6	10.9

28. RELATED PARTY TRANSACTIONS

Consolidated subsidiaries, joint ventures and associated companies

	Group holding, %	Parent company holding, %
SUBSIDIARY COMPANIES		
Food Division		
Camelina Oy, Raisio	100.00	100.00
Carlshamn Mejeri AB, Sweden	100.00	
Carlshamn Mejeri Produktion AB, Sweden	100.00	
OOO Ecomilk, Russia	100.00	
Melia Ltd, Raisio	75.00	
OOO Raisio, Russia	100.00	
Raisio Eesti AS, Estonia	100.00	
SIA Raisio Latvija, Latvia	100.00	
UAB Raisio Lietuva, Lithuania	100.00	
OOO Raisio Nutrition, Russia	100.00	
Raisio Polska Foods Sp. z o.o., Poland	100.00	
TOV Raisio Ukraina, Ukraine	100.00	
Raisio Nutrition Ltd / Raisio Margarine and Food Potato, Raisio	100.00	100.00
ZAO Zolotaya Melnitsa, Russia	74.90	
Feed & Malt Division		
Monäs Feed Oy Ab, Uusikaarlepyy	99.70	
Raisio Nutrition Ltd / Oil Milling and Malt, Raisio	100.00	100.00
Raisio Feed Ltd, Raisio	100.00	
Ingredients Division		
Raisio Benecol Ltd, Raisio	100.00	100.00
Raisio Staest Ltd., Raisio	100.00	
Raisio Staest US Inc., USA	100.00	
Sterol Trading US Inc., USA	100.00	
Diagnostics Division		
Raisio Diagnostics AB, Sweden	100.00	
Raisio Diagnostics A/S, Denmark	100.00	
Raisio Diagnostics BV, Holland	86.00	
Raisio Diagnostics Inc., USA	100.00	
Raisio Diagnostics Ltd, England	100.00	
Raisio Diagnostics Ltd, Raisio	100.00	100.00
Raisio Diagnostics SAS, France	100.00	
Raisio Diagnostics SpA, Italy	99.72	

	Group holding, %	Parent company holding, %
JOINT VENTURES		
Food Division		
Ateriamestarit Oy, Turku	50.00	
GoGreen AB, Sweden	50.00	
Feed & Malt Division		
ZAO Skandinavskij Korm, Russia	50.00	
ASSOCIATED COMPANIES		
Food Division		
Obory w Kozienicach Sp. z o.o., Poland	25.00	
AS Rigas Dzirnavnieks, Latvia	27.45	
Vihannin Vedenpuhdistamo Oy, Vihanti	49.00	
Feed & Malt Division		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2006	2005
Business activities involving insiders:		
Sales to associated companies and joint ventures	20.6	21.2
Purchases from associated companies and joint ventures	10.3	1.4
Sales to key employees in management	0.1	0.0
Purchases from key employees in management	0.4	0.6
Short-term receivables from associated companies and joint ventures	3.7	2.8
Liabilities to associated companies and joint ventures	1.5	0.9
Sales to associated companies and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	2.4	1.7
Compensation paid in conjunction with termination of employment	0.9	0.0
Total	3.3	1.7
Fees paid to Supervisory Board:	0.0	0.0
Fees paid to Board of Directors:	0.2	0.2
Wages and fees paid to CEO and members of Executive Committee:		
Matti Rihko	0.0	
Rabbe Klemets	0.6	0.5
Other members of Executive Committee	1.5	1.1
Total	2.2	1.5

Pension and other benefits:

Members of the management are entitled to retire at 62 years.

The period of notice in the CEO's employment contract is 6 months. If the contract is terminated by the company, the CEO is entitled to compensation corresponding to 12 months' pay in addition to the pay for the period of notice.

29. EVENTS AFTER THE BALANCE SHEET DATE

Diagnostics business

At its meeting on 16 January 2007 Raisio's Board of Directors decided that the Group would divest its Diagnostics business.

The Diagnostics business develops, produces and markets analytic systems and diagnostics tests used to monitor the quality and safety of food and animal feed. Raisio's decision to divest its Diagnostics business, which only had minor synergies with the company's other businesses, is part of Raisio's strategic policies.

The company is now looking for a new owner for its Diagnostics operations and aims to conclude the deal in the first half of 2007.

Food potato business

The Group signed a preliminary agreement on 6 February 2007 concerning the sale of its food potato business in Vihanti. The deal is to be completed in the first half of 2007. The sale is expected to have a minor positive impact on the Group's result.

Raisio classifies the group of assets belonging to the Diagnostics business as available-for-sale from 16 January 2007 onward and the group of assets belonging to the food potato business from 6 February 2007 onward.

Determining the book value of the groups of assets for the original available-for-sale classification does not require impairment losses to be recognised. However, the fair value of assets minus sales costs is expected to exceed the book value in both businesses.

Share indicators

	IFRS 2006	2005	2004	FAS 2004	2003	2002
Earnings/share, continuing operations (EPS), EUR [1]	−0.28	−0.04	−0.12	1.19 [3]	−0.16 [3]	0.03 [3]
Cash flow from business operations/share, EUR [1]	0.09	0.03	0.28	0.26	0.47	0.27
Equity/share, EUR [1]	1.73	2.06	2.29	2.28	1.17	1.41
Dividend/share, EUR	0.03 [2]	0.05	0.21	0.21	0.13	0.02
Dividend/earnings, %	−10.6	−136.5	−169.4	17.7	−80.5	60.8
Effective dividend yield, %						
Free shares	1.7	2.2	11.1	11.1	10.5	1.9
Restricted shares	1.7	2.2	11.4	11.4	10.3	1.4
P/E ratio						
Free shares	−6.4	−61.7	−15.3	1.6	−7.7	32.5
Restricted shares	−6.4	−62.3	−14.9	1.6	−7.8	43.1
Adjusted average quotation, EUR						
Free shares	1.88	2.28	1.64	1.64	1.05	1.27
Restricted shares	1.91	2.33	1.69	1.69	1.21	1.62
Adjusted lowest quotation, EUR						
Free shares	1.35	1.87	1.10	1.10	0.84	0.91
Restricted shares	1.42	1.94	1.27	1.27	1.00	1.20
Adjusted highest quotation, EUR						
Free shares	2.44	2.80	2.01	2.01	1.37	1.67
Restricted shares	2.44	2.80	2.00	2.00	1.61	2.25
Adjusted quotation 31.12., EUR						
Free shares	1.79	2.26	1.90	1.90	1.24	1.07
Restricted shares	1.80	2.28	1.85	1.85	1.26	1.42
Market capitalization 31.12., EUR million [1]						
Free shares	224.9	286.7	248.1	248.1	160.9	138.8
Restricted shares	62.1	78.7	63.9	63.9	44.6	50.2
Total	287.1	365.4	312.0	312.0	205.5	189.0

	IFRS 2006	2005	2004	FAS 2004	2003	2002
Trading, EURm						
Free shares	121.1	250.4	180.1	180.1	47.9	75.9
Restricted shares	2.8	3.5	2.5	2.5	0.8	0.5
Total	124.0	253.9	182.6	182.6	48.6	76.4
Number of shares traded						
Free shares, 1,000 shares	64,308	109,604	110,084	110,084	45,722	59,724
% of total	49.3	83.9	84.3	84.3	35.2	46.0
Restricted shares, 1,000 shares	1,479	1,483	1,494	1,494	633	312
% of total	4.3	4.3	4.3	4.3	1.8	0.9
Average adjusted number of shares, 1,000 shares [1]						
Free shares	125,843	129,694	130,455	130,455	129,768	129,761
Restricted shares	34,524	34,556	34,694	34,694	35,381	35,388
Total	160,367	164,250	165,149	165,149	165,149	165,149
Adjusted number of shares 31.12., 1,000 shares [1]						
Free shares	125,655	126,848	130,585	130,585	129,771	129,765
Restricted shares	34,522	34,533	34,564	34,564	35,378	35,384
Total	160,177	161,381	165,149	165,149	165,149	165,149

1) Number of shares, excluding company shares held by the Group.

2) According to Board's proposal EUR 0.03 per share.

3) Classification into continuing and discontinued operations not used in FAS financial statements.

Financial indicators

	IFRS 2006	2005	2004	FAS 2004	2003	2002
Result and profitability						
Turnover, EURm [1]	436.3	434.6	437.9	626.9	860.5	843.1
change, %	0.4	−0.8	0.8 [2]	−27.1	2.1	2.5
International turnover, EURm [1]	168.1	162.0	157.1	279.4	448.6	442.7
% of turnover	38.5	37.3	35.9	44.6	52.1	52.5
Operating result, EURm [1]	−38.5	−10.9	−18.4	202.8	−14.3	20.6
% of turnover	−8.8	−2.5	−4.2	32.4	−1.7	2.4
Result before taxes, EURm [1]	−44.2	−7.3	−20.3	198.0	−27.2	9.3
% of turnover	−10.1	−1.7	−4.6	31.6	−3.2	1.1
Return on equity, ROE, % [1]	−14.0	−1.5	−6.3	64.8	−10.9	2.4
Return on investment, ROI, % [1]	−12.2	−1.3	−2.7	43.3	−1.8	4.5
Financial and economical position						
Shareholders’ equity, EURm	290.4	347.3	392.8	391.6	217.3	257.1
Net interest-bearing liabilities, EURm	23.2	36.1	49.5	46.0	312.5	333.6
Net interest-bearing debt, EURm	−55.6	−86.8	−164.6	−168.1	277.8	281.0
Balance sheet total, EURm	387.4	452.5	514.3	510.4	675.0	749.4
Equity ratio, %	75.0	76.8	76.4	76.8	32.2	34.4
Gearing, %	−19.1	−25.0	−41.9	−42.9	127.9	109.4
Cash flow from business operations, EURm	15.1	5.6	45.9	43.5	77.0	45.4
Other indicators						
Gross investments, EURm [1]	30.3	49.3	22.1	33.1	63.7	81.0
% of turnover	7.0	11.3	5.0	5.3	7.4	9.6
R&D expenses, EURm [1]	11.2	10.3	8.4	14.2	21.1	20.3
% of turnover	2.6	2.4	1.9	2.3	2.5	2.4
Average personnel [1]	1,401	1,414	1,498	2 ,005	2 ,822	2,654

[1] Key figures presented for continuing operations in IFRS financial statements.
[2] The 2003 comparison figures for turnover from continuing operations is EUR 434.5 million.

Calculation of key financial development indicators

Return on equity (ROE), %

$$\frac{\text{Result before taxes – income taxes *)}}{\text{Shareholders' equity (average over the period)}} \times 100$$

Return on investment (ROI), %

$$\frac{\text{Result before taxes + interest and other financial expenses *)}}{\text{Balance sheet total – non-interest-bearing liabilities (average over the period)}} \times 100$$

Equity ratio, %

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

Net interest-bearing liabilities

Interest-bearing liabilities – liquid assets and financial assets recorded at fair value in the income statement

Gearing, %

$$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$$

*) The calculation of key indicators uses continuing operations result in the IFRS financial statements.

Calculation of key share indicators

Earnings per share *)

$$\frac{\text{Result for the year of parent company shareholders}}{\text{Average number of shares for the year, adjusted for share issue}}$$

Cash flow from business operations per share

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

Shareholders' equity per share

$$\frac{\text{Equity of parent company shareholders}}{\text{Number of shares 31.12., adjusted for share issue}}$$

Dividend per share

$$\frac{\text{Dividend distributed in the period}}{\text{Number of shares at end of period}}$$

Dividend per earnings, % *)

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

Effective dividend yield, %

$$\frac{\text{Dividend per share, adjusted for share issue}}{\text{Closing price, adjusted for share issue}} \times 100$$

Price per earnings (P/E ratio) *)

$$\frac{\text{Closing price, adjusted for share issue}}{\text{Profit per share}}$$

Market capitalisation

Closing price, adjusted for issue x number of shares 31.12. without own shares

*) The calculation of key indicators uses continuing operations result in the IFRS financial statements.

Parent company income statement

(EUR million)	1.1.–31.12.2006	1.1.–31.12.2005
TURNOVER	25.7	22.2
Other income from business operations	5.3	1.3
Materials and services (1)	–0.2	0.0
Personnel expenses (2)	–11.8	–11.5
Depreciation and write-downs (3)	–3.2	–2.6
Other expenses from business operations	–16.4	–16.0
OPERATING RESULT	–0.6	–6.6
Financial income and expenses (4)	10.1	9.6
RESULT BEFORE EXTRAORDINARY ITEMS	9.5	3.0
Extraordinary items(5)	–10.0	–2.7
RESULT BEFORE APPROPRIATIONS AND TAXES	–0.4	0.3
Appropriations (6)	0.0	0.9
Income taxes (7)	0.2	0.0
RESULT FOR THE FINANCIAL PERIOD	–0.2	1.2

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

Parent company balance sheet

(EUR million)	31.12.2006	31.12.2005
ASSETS		
NON-CURRENT ASSETS		
Intangible assets (8)	7.8	7.2
Tangible assets (8)	11.2	12.0
Holdings in Group companies (9)	52.4	52.4
Other investments (9)	219.7	200.9
	291.0	272.4
CURRENT ASSETS		
Inventories	0.0	0.0
Current receivables (10)	58.8	59.7
Securities under financial assets	69.0	115.8
Cash in hand and at banks	0.7	1.3
	128.6	176.9
TOTAL ASSETS	419.6	449.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY (11)		
Share capital	27.8	27.8
Premium fund	2.9	2.9
Reserve fund	88.6	88.6
Retained earnings	219.6	229.0
Result for the year	–0.2	1.2
	338.6	349.5
LIABILITIES		
Non-current liabilities (12)	0.8	11.8
Current liabilities (13)	80.2	88.0
	81.0	99.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	419.6	449.3

Parent company cash flow statement

(EUR million)	2006	2005
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	−0.6	−6.6
Operating result adjustments:		
Planned depreciation	3.2	2.6
Other adjustments	0.0	−2.5
Cash flow before change in working capital	2.6	−6.6
Increase (–)/decrease (+) in current receivables	+4.0	−0.1
Increase (+)/decrease (–) in current interest-free liabilities	−1.0	+2.8
Change in working capital	3.0	2.7
Cash flow from business operations before financial items and taxes	5.6	−3.9
Interest paid and payments on financial operating expenses	−2.8	−2.6
Dividends received	0.1	0.5
Interest and other financial income from operations	12.7	11.9
Direct taxes paid	0.0	0.0
CASH FLOW FROM BUSINESS OPERATIONS	15.6	5.9
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	−4.3	−10.0
Income from surrender of tangible and intangible assets	0.2	0.1
Investments in Group company shares	0.0	0.0
Income from surrender of Group company shares	0.0	2.3
Income from surrender of other investments	0.0	7.4
Loans granted	−31.9	−7.6
Repayment of loan receivebles	13.0	17.7
CASH FLOW FROM INVESTMENTS	−23.0	9.8

(EUR million)	2006	2005
Cash flow after investments	−7.3	15.6
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	+7.6	−12.4
Increase (+)/decrease (–) in current liabilities	−34.2	+15.1
Increase (–)/decrease (+) in loan receivables	−2.8	−31.4
Group contributions received and paid	0.0	−37.1
Repurchase of company shares	−2.6	−8.7
Dividend paid and other distribution of profit	−8.0	−34.5
CASH FLOW FROM FINANCIAL OPERATIONS	−40.0	−109.0
Change in liquid funds	−47.4	−93.4
Liquid funds at the beginning of the period	117,1	210.5
Liquid funds at the end of the period [1]	69.8	117.1

[1] Liquid funds include investments of EUR 50.0 million in short-term interest funds (EUR 50.1 million in 2005).

Parent company accounting principles

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

Inventories

Inventories has been entered on the balance sheet in purchase cost.

Valuation of non-current assets

Tangible and intangible assets have been recognised on the balance sheet under cost of acquisition less planned depreciation. Planned depreciation has been calculated on a straight-line basis from the original cost of acquisition and the useful life of the asset. The depreciation plan is the same as the previous year.

The depreciation periods are as follows:

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

Planned depreciation was not carried out on land areas or revaluations.

Research and development expenses

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

Leasing

Leasing payments are treated as rental expenses.

Pension arrangements

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

Turnover

Turnover consists mainly of income from services that the parent company provides to Group companies.

Other income from business operations

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

Extraordinary income and expenses

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

Income taxes

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

Foreign currency items

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

Derivative contracts

In line with its risk management policy, Raisio uses derivatives to hedge against foreign exchange and interest rate risks. Currency derivatives are used to hedge foreign currency receivables and liabilities as well as future commercial cash flows. When currency derivatives are used to hedge foreign currency receivables and liabilities, exchange rate differences arising from them are recorded in the income statement. Unrealised exchange rate losses arising from currency derivatives used to hedge future commercial foreign currency cash flows are recorded in the income statement while unrealised exchange rate gains are not.

The interest rate risk of the portfolio consisting of the Group's interest-bearing receivables and liabilities can be reduced using interest rate swaps. The accrued interest from swaps is entered under financial income or expenses to adjust interest expenses or income from the receivables and liabilities portfolio. The market value of the interest rate swaps has not been recorded. On the date of the financial statements, Raisio had no interest rate swaps.

Company shares

Share repurchase and related expenses are recognised in the company's financial statements as a deduction from profits.

Cash flow statement

Cash flows for the financial period have been categorised into cash flows from business operations, investments and financing. Cash flow items are primarily based on payments.

Notes to the parent company income statement

	(EUR million)	2006	2005
1.	MATERIALS AND SERVICES		
	Materials, supplies and goods		
	Purchases in the period	0.1	0.0
	Change in inventories	0.0	0.0
	External services	0.1	0.0
	Total	0.2	0.0
2.	PERSONNEL EXPENSES		
	Wages and fees	9.4	8.9
	Pension expenses	1.7	2.0
	Other personnel expenses	0.7	0.7
	Total	11.8	11.5
	WAGES AND FEES PAID TO MANAGEMENT		
	CEO and members of the Board of Directors	1.2	0.6
	AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
	Workers	6	7
	Office workers	187	194
		193	201
	PENSION LIABILITY		
	Pension liability for members of the Board of Directors and the CEO		
	The parent company's CEO is entitled to retire at the age of 60 and is obligated to retire upon turning 62.		
3.	DEPRECIATION AND WRITE-DOWNS		
	Planned depreciation	3.2	2.6
4.	FINANCIAL INCOME AND EXPENSES		
	Dividend received		
	From participating interest companies	0.0	0.0
	From others	0.1	0.4
	Total	0.1	0.5
	Total income from long-term investment		
	From Group companies	7.2	6.8
	Total income from long-term investment	7.3	7.2

(EUR million)	2006	2005
Other interest and financial income		
From Group companies	1.6	0.8
From others	3.6	4.2
Total	5.2	5.0
Total interest received from long-term investment and other interest and financial income	12.3	11.8
Exchange rate differences		
To Group companies	0.3	0.6
To others	0.1	−0.6
Total	0.4	0.0
Interest paid and other financial expenses		
To Group companies	−1.7	−1.5
To others	−1.0	−1.2
Total	−2.7	−2.7
Total financial income and expenses	10.1	9.6
5. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary expenses		
Group subsidies paid	−10.0	−2.7
Total	−10.0	−2.7
Total extraordinary income and expenses	−10.0	−2.7
6. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	0.0	0.9
7. INCOME TAXES		
Income tax on extraordinary items	2.6	0.7
Income tax on ordinary operations	−2.6	−0.7
Taxes on previous financial years	0.2	0.0
Total	0.2	0.0

Notes to the parent company balance sheet

8. PARENT COMPANY TANGIBLE AND INTANGIBLE ASSETS 2006
(EUR million)

	Intangible assets				Tangible assets					
	Intangible rights	Other long-term expenditure	Advances paid	**Intangible assets total**	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and un-finished assets	**Tangible assets total**
Acquisition cost 1.1.	0.2	7.3	3.6	11.1	3.0	18.9	17.3	0.3	0.1	39.6
Increase 1.1.–31.12.	0.0	2.2	0.0	2.3			0.9			0.9
Decrease 1.1.–31.12.				0.0	0.0		0.2			0.2
Reclassifications		3.6	–3.6	0.0		0.0	0.1		–0.1	0.0
Acquisition cost 31.12.	**0.2**	**13.1**	**0.0**	**13.4**	**3.0**	**18.9**	**18.0**	**0.3**	**0.0**	**40.2**
Accumulated depreciation and write-downs 1.1.	0.2	3.7		3.9		14.6	12.9			27.5
Accumulated depreciation of decrease and transfers				0.0			0.0			0.0
Depreciation for the year	0.0	1.6		1.6		0.4	1.1			1.6
Accumulated depreciation 31.12.	**0.2**	**5.4**	**0.0**	**5.6**	**0.0**	**15.1**	**14.0**	**0.0**	**0.0**	**29.1**
Book value 31.12.2006	**0.0**	**7.8**	**0.0**	**7.8**	**3.0**	**3.9**	**4.0**	**0.3**	**0.0**	**11.2**
Book value 31.12.2005	**0.0**	**3.6**	**3.6**	**7.2**	**3.0**	**4.3**	**4.4**	**0.3**	**0.1**	**12.0**
Book value of the production machinery and equipment										
31.12.2006							**2.3**			
31.12.2005							**2.0**			

9. PARENT COMPANY INVESTMENT 2006
(EUR million)

	Group company shares	Participating interest company shares	Other shares	Receivables, Group companies	**Total investment**
Acquisition cost 1.1.	52.4	0.0	0.5	200.3	253.2
Increase 1.1.–31.12.			0.0	32.0	32.0
Decrease 1.1.–31.12.				13.2	13.2
Acquisition cost 31.12.	**52.4**	**0.0**	**0.5**	**219.1**	**272.0**
Book value 31.12.2006	**52.4**	**0.0**	**0.5**	**219.1**	**272.0**
Book value 31.12.2005	**52.4**	**0.0**	**0.5**	**200.3**	**253.2**

SHARES AND HOLDINGS 2006

	Group holding, %	Parent company holding, %
GROUP COMPANIES		
Camelina Oy, Raisio	100.00	100.00
Raisio Benecol Ltd, Raisio	100.00	100.00
Raisio Diagnostics Ltd, Raisio	100.00	100.00
Raisio Nutrition Ltd, Raisio	100.00	100.00
ASSOCIATED COMPANIES		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR million)	2006	2005
10. RECEIVABLES		
Current receivables		
Accounts receivables	0.6	0.7
Receivables from Group companies		
Accounts receivables	1.3	0.9
Loan receivables	46.7	43.9
Other receivables	0.4	2.8
Prepaid expenses and accrued income	1.7	3.2
	50.0	50.8
Receivables from participating interest companies		
Accounts receivables	0.0	0.0
Other receivables	7.5	7.7
Prepaid expenses and accrued income	0.8	0.5
Total current receivables	58.8	59.7

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

	2006	2005
11. SHAREHOLDERS' EQUITY		
Share capital 1.1.	27.8	27.8
Share capital 31.12.	27.8	27.8
Premium fund 1.1.	2.9	2.9
Premium fund 31.12.	2.9	2.9
Reserve fund 1.1.	88.6	88.6
Reserve fund 31.12.	88.6	88.6
Retained earnings 1.1.	238.9	272.4
Dividend distributed	−8.0	−34.7
Repurchase of company shares	−11.4	−8.70
Retained earnings 31.12.	219.6	229.0
Result for the year	−0.2	1.2
Total shareholders' equity	338.6	349.5
Distributable equity	219.4	

Company share capital dividend by share series as follows:

	2006		2005	
	shares	1,000 EUR	shares	1,000 EUR
Series K (20 votes/share)	34,563,242	5,813	34,563,242	5,813
Series V (1 vote/share)	130,585,788	21,963	130,585,788	21,963
Total	165,149,030	27,776	165,149,030	27,776

Company shares held by Raisio:

2006

	shares	Book countervalue EUR 1,000	Cost of acquisition EUR 1,000
Series K (20 votes/share)	41,200	7	96
Series V (1 vote/share)	4,930,500	829	11,265
Total	4,971,700	836	11,360

2005

	shares	Book countervalue EUR 1,000	Cost of acquisition EUR 1,000
Series K (20 votes/share)	30,200	5	71
Series V (1 vote/share)	3,738,000	629	8,642
Total	3,768,200	634	8,713

The probable assignment price of company shares held by Raisio on the date of the financial statements was EUR 8.9 million (EUR 8.5 million in 2005).

(EUR million)	2006	2005
12. NON-CURRENT LIABILITIES		
Loans from credit institutions	0.8	11.8
Total non-current liabilities	0.8	11.8
13. CURRENT LIABILITIES		
Loans from credit institutions	11.0	12.4
Accounts payable	3.0	4.2
Liabilities to Group companies		
Accounts payable	0.2	0.0
Other liabilities	58.4	62.0
Accrued liabilities and deferred income	0.4	0.3
	58.9	62.3
Other liabilities	4.4	4.8
Accrued liabilities and deferred income	2.9	4.3
Total current liabilities	80.2	88.0
Accrued liabilities and deferred income comprises items related to the periodization of operational expenses, financial items and taxes.		
Interest-free debts		
Non-current	17.4	9.6

Other notes to the parent company accounts

	(EUR million)	2006	2005
14.	CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS		
	PLEDGED ASSETS:		
	For Group companies		
	Mortgages on real estate	3.7	3.7
	The value of securities is expressed as the nominal value of pledged notes or securities. They mainly consist of comprehensive securities given to financial institutions as collateral for loans, guarantees and various limits on and off the balance sheet.		
	CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
	Leasing liabilities		
	Amounts outstanding on leasing contracts		
	Falling due in 2006	0.2	0.7
	Falling due after 2006	0.2	0.2
	Total	0.4	0.8
	Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
	Contingent liabilities for Group companies		
	Guarantees	17.6	17.8
	Contingent liabilities for associated companies		
	Guarantees	3.0	0.0

(EUR million)	2006	2005
DERIVATIVE CONTRACTS:		
The company uses derivative contract for hedging. The values of underlying instruments for derivative contracts, stated below, indicate the scope of hedging measures. The fair values of derivative contracts show the result had the derivative position been closed at market price on the closing day.		
Currency forward contracts:		
Fair value	0.0	0.0
Value of underlying instrument	25.5	25.6

The value of the underlying instrument in currency forward contracts is the sum of open forward contracts, converted into euros at the exchange rate of the closing day.

Board's proposal for the disposal of profit

Shareholders' equity according to the balance sheet at 31 December 2006 is EUR 219,365,000.41. The Board of Directors proposes that a dividend of EUR 0.03 per share be paid from the parent company's earnings

totalling	EUR 4,954,470.90
carried over on the retained earnings account	EUR 214,410,529.51
Total	EUR 219,365,000.41

However, dividend will not be paid on the shares which are held by the company at the record date 4 April 2007.

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

Raisio, 12 February 2007

Simo Palokangas   Anssi Aapola

Erkki Haavisto   Satu Lähteenmäki

Michael Ramm-Schmidt   Matti Rihko
CEO

Auditors' report

To the shareholders of Raisio plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Raisio plc for the period 1.1.–31.12.2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and 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 the administration is to examine whether the members of the Supervisory Board, the members of the Board of Directors and the Managing Directors of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Supervisory Board, the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Raisio, 12 February 2007

Johan Kronberg   Mika Kaarisalo
Authorised Public Accountant   *Authorised Public Accountant*

Statement of the Supervisory Board

At its meeting today, the Supervisory Board studied the financial statement, the consolidated financial statement and auditors' report for the financial year 1 January – 31 December 2006.

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

Raisio, 14 February 2007

For the Supervisory Board

Juha Saura
Chairman

Glossary

BRC Food	British Retail Consortium Global Standard Food
Brand	The sum of images and experiences that consumers have of a product or service
Cholesterol	Cholesterol is a sterol produced by the liver and contained in foods of animal origin. Cholesterol is a precursor of bile acids and steroid hormones and an essential structural component of cell membranes.
Esterification	A chemical reaction forming an ester bond between alcohol and an acid (e.g. plant stanol and a fatty acid). At a stanol ester factory, esterification refers to the chemical reaction in which stanol and the fatty acid produce stanol ester.
Food Diagnostics	A branch of industry that develops and manufactures diagnostic tests for ensuring the quality and safety of foods, and methods of using them
Functional food	Food with a scientifically documented health effect
HoReCa	Catering sector including hotels, restaurants and catering business
IFRS standard	International financial reporting standards
ISO 9001 standard	An international quality management standard
ISO 14001 standard	An international environmental management system standard
Offering	A service concept encompassing the personnel, research and development, logistics, sales and marketing, as well as related support operations
Pathogen	An agent that causes disease
Plant sterol	A group of 'fatty' compounds found in small quantities in plant cells, the 'cholesterol of the plant world'
Private label	Stores' own brands
Quality Grain system	Raisio's quality and development system for grain raw material that ensures that the grain meets the industry's and consumers' quality requirements as well as is safe and healthy and produced in an environmentally friendly way
Stanol ester	The Benecol ingredient, stanol ester, reduces the absorption of cholesterol from the digestive system into the rest of the body. Stanol ester is very safe as it is virtually unabsorbed and passes uncharged out of the digestive system. More than 40 scientific studies have shown stanol ester to effectively reduce blood serum cholesterol. As a regular part of the daily diet, stanol ester reduces overall cholesterol by an average of 10% and the harmful LDL by as much as 15%. The main raw materials of stanol ester are wood and plant sterols.
Value-added product	A product in which the benefit to the consumer is increased by a certain property, for example, healthiness or convenience of use
Yellow fats	A group of edible fats that includes margarine, fat mixtures and butter

Raisio worldwide

Raisio operates in 14 countries. It has production units in 6 countries in 12 localities.
Contact information of all Raisio's offices and production plants is available on www.raisio.com

SYMBOLS

PRODUCTION
SALES OFFICE

Raisio plc

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PICTURES

Most of the people in the pictures of this report are Raisio's own employees and their family members.

RAISIO

Recipe for a good life.

www.raisio.com

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