RAISIO

ANNUAL REPORT 2007

FINANCIAL REPORTS 2008

Raisio publishes financial reports
in Finnish and in English as follows:

Financial Statements 2007	13 February 2008
Annual Report 2007	week 11
Interim Report January–March	5 May 2008
Interim Report January–June	1 August 2008
Interim Report January–September	31 October 2008

The Annual Report, the Financial Statements and Interim Reports are available on Raisio's website at www.raisio.com immediately after publishing. At the same address, registration for ordering Raisio's press and other releases can be done as well as ordering annual reports.

Annual reports can also be ordered from Group Communications by phone: +358 40 549 7102 and by e-mail: communications@raisio.com.

RAISIO'S IR CONTACTS

Chief Executive Officer
Matti Rihko
Mobile +358 400 830 727
matti.rihko@raisio.com

Chief Financial Officer
Jyrki Paappa
Mobile +358 50 556 6512
jyrki.paappa@raisio.com

Communications Manager
Heidi Hirvonen
Mobile +358 50 567 3060
heidi.hirvonen@raisio.com

Director, Finance and Treasury
Janne Martti
Mobile +358 50 556 6521
janne.martti@raisio.com

More information to shareholders can be found at the end of this Annual Report.

CONTENTS

RAISIO IN BRIEF

Raisio is a forerunner in the food and feed industries and a specialist in plant-based nutrition. A raw material base consisting of cultivated products offers Raisio good opportunities to develop as a company with ecologically sustainable operations. Raisio's main products are foods and functional food ingredients, as well as feeds and malts. The company plays an important role in ensuring a safe quality chain from field to table.

Raisio has nearly 1,100 employees in nine countries. The company has production in seven locations in three countries. The business is based on meeting customers' and consumers' needs with natural, safe and healthy products. Innovative research and development, modern production facilities, high-quality and traceable raw materials and efficient production processes ensure profitable continuity of operations.

Financial, environmental and social responsibility form an important part of Raisio's operating philosophy. Raisio promotes responsible operations at all of its sites in co-operation with goods and service providers and other stakeholders. It regularly monitors and measures its responsibility.

Raisio's shares are listed on the OMX Nordic Exhange Helsinki. The Group's headquarters are located in Raisio, Finland.

www.raisio.com

RAISIO BRANDS

Raisio's business is based on meeting customers' and consumers' needs with tasty, natural, healthy and safe products.

Raisio's familiar brands in Finland include Elovena, Keiju, Sunnuntai, Raisio Malt, Maituri and Herkku. Raisio's internationally best-known brand is Benecol. Raisio's brands in Russia are Nordic, Voimix and Dolina Skandi, and in Poland, Masmix and Pyszny Duet.

KEY FIGURES

CONTINUING OPERATIONS	2007	2006
TURNOVER, EUR MILLION	421.9	402.6
OPERATING RESULT, EUR MILLION	10.6	−28.1
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	9.9	−2.4
RETURN ON INVESTMENT, %	3.6	−9.1
GEARING, %	−12.5	−19.1
EQUITY RATIO, %	77.9	75.0
EQUITY PER SHARE, EUR	1.70	1.73
EARNINGS PER SHARE (EPS), EUR	0.05	−0.22
EPS EXCLUDING ONE-OFF ITEMS, EUR	0.05	−0.02
MARKET VALUE, EUR MILLION*	235.8	287.1

* EXCLUDING THE SHARES HELD BY THE COMPANY

GROUP STRUCTURE

RAISIO PLC

FOOD | FEED & MALT | INGREDIENTS

SERVICE FUNCTIONS: PRODUCTION, BUSINESS DEVELOPMENT, HR, FINANCE AND IT, GROUP COMMUNICATIONS, LEGAL AFFAIRS, GRAIN TRADE

Raisio's financial reporting is based on three divisions: Food, Feed & Malt and Ingredients.

In 2007, Raisio adopted a new business model for operations, in which the brands and commodities are handled separately.

RAISIO'S BUSINESS AREAS

Food

Raisio produces tasty, healthy and convenient foods for consumers, the catering business, bakeries and other food industry. Raisio is a consumer-oriented forerunner in plant-based nutrition. Raisio's strong brands are offered to consumers under breakfast and snacks, spreads and baking worlds. The main market areas for Raisio's products are Finland and the Baltic Sea region.

The Food Division aims to be a consumer-oriented and profitably-growing producer of food enjoyment, as well as a sought-after co-operation partner in plant-based and safe foods in Finland, Russia and Northern Europe.

Feed & Malt

Raisio produces high-efficiency feeds for farm animals, special feeds for fish and high-quality malt for breweries. The oil milling business processes oil plant seeds to produce meals and oils, mainly for Raisio's own use but also as raw material for biofuels. Raisio focuses on boosting its partnerships in Finland and abroad. The main market areas are Finland and Russia.

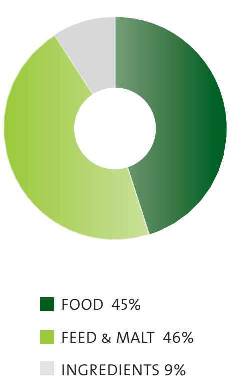
The target of the feed business is to be the most efficient and highly valued specialist in the field in Finland, as well as a significant player in northwestern Russia. The malt business aims to be the leading Finnish producer of brewing malts and an important raw material supplier for breweries.

Ingredients

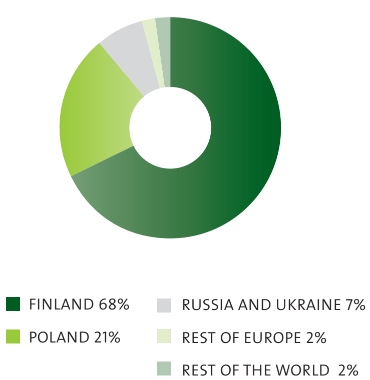
Benecol is the world's best-known functional food brand. Plant stanol ester, the Benecol ingredient patented by Raisio, has been shown in clinical studies to safely lower cholesterol when included in the daily diet. Benecol products are sold in almost 30 countries. Raisio is strengthening its partner network and working consistently to enter new market areas.

The target of the Ingredients Division is to be an active player in the growing market for cholesterol-lowering functional foods in Europe and Asia as well as in North and South America with innovative product applications.

Turnover by Division



Geographical distribution of personnel



Operating result

CHIEF EXECUTIVE'S REVIEW

Raisio's main theme in 2007 was to improve profitability. The company reached the target despite the record rise in raw material prices. One of the biggest changes in 2008 will be the impact of climate change on consumer choices. Raisio as a forerunner in ecological, plant-based nutrition and one of Europe's most innovative grain companies is excellently positioned to face the change taking place in the food industry.

The year 2007 was historic worldwide in terms of agriculture and the food industry. The long-term trend in which the prices of renewable raw materials decreased steadily and food accounted for an increasingly small share of households' consumption expenses turned in the opposite direction. There were two reasons for this change. Globalisation has enabled an increasing share of the world's population to raise its income levels. Approximately half a billion people improved their income level and began to eat more and better than before. Especially the increased demand for meat and milk products raised the demand for grain used in feed. Another significant factor was the rise in oil prices, which increase the use of biofuels. All of the first-generation biofuels still use grain or oil plants as raw materials. In Finland, the EU's requirement for biofuel usage set for 5.75 per cent by 2010, means that Finland's grain surplus would be largely used for biofuels.

Raisio was among the first to predict the grain market changes a year ago and took active measures to reduce the dependence of its result on the price level of grain and its volatility. This proved to be particularly important in 2007 due to the exceptional weather conditions. The exceptional weather, drought and floods, caused by climate change further boosted the rise in grain prices. The price doubled in couple of months last autumn. Raisio initiated direct purchases of grain with fixed-price in March. This proved to be an important and correct measure. A significant amount of the company's grain needs were satisfied using the new system. In the future, the system will be further developed and diversified.

In 2007, Raisio also added flexibility to the pricing of its products to customers. It abandoned long-term, fixed-price contracts, in mutual understanding with its customers, and the new, flexible pricing model will be used by the majority of customers in 2008. In the new pricing model, the price of grain flows through and Raisio negotiates its processing fees.

Raisio's main theme in 2007 was to improve profitability. The company reached the target despite the record rise in raw material prices. Key measures in this work included streamlining and simplifying the company's operations, divesting unprofitable business operations, reducing overcapacity, making the organisation less hierarchic and enhancing business model. Heavy emphasis on consumer-orientation, as well as a focus on stronger brands and more interesting product groups, proved to be the most important issues in terms of future. This means that combining healthiness, pleasure and convenience with ecological, plant-based nutrition can shift the direction of the food business.

The personnel's good work was essential to the improvement of profitability. All Raisio employees have carried out their duties in new, more efficient ways. The new operating model was also supported by the recruitment of new key employees.

One of the biggest changes in 2008 will be the impact of climate change on consumer choices. I believe that consumers will move from words to action. Carbon dioxide emissions guide the everyday choices of consumers to an increasing degree. This affects living, driving and holidays, but above all food, which accounts for a significant share of the overall carbon dioxide emissions of consumers. Locally-produced, ecological and plant-based food reduces emissions and thereby slows down the greenhouse effect.

Supply creates demand. Combining plant-based nutrition with pleasure, tastiness, healthiness and convenience leads to the creation of a new market. New-generation products, such as the Elovena snack drink and Elovena cookies, offer consumers the opportunity to influence climate change through their own choices. Raisio as a forerunner in ecological, plant-based nutrition and one of Europe's most innovative grain companies is excellently positioned to face the change taking place in the food industry.

Matti Rihko

YEAR 2007 IN BRIEF

Year 2007 was a new beginning for Raisio. The company focused on improving profitability and carried out measures to enhance and adjust businesses to the market situation. The company's structure was also streamlined. Big changes in the grain market emphasized the need to ensure the supply of high-quality domestic grain raw material with competitive price. A raw material base consisting of cultivated products offers Raisio good opportunities to develop as a company with ecologically sustainable operations.

IMPROVEMENT OF PROFITABILITY

Raisio's measures to enhance its business operations and adjust them to the market situation were effective, and the group's result improved considerably despite the prices of grain raw materials rising exceptionally fast in the second half of the year. Raisio reduced the dependence between its result and grain price volatility by increasing the predictability of purchase prices and flexibility of sales prices.

Raisio divested unprofitable businesses. It sold the potato business to Profood and the diagnostics business to BioControl, a US company. Also the special feed producer Monäs Feed was divested. In addition Raisio sold its share in Obory, a Polish dairy company.

BUSINESS CONTROL

Raisio adopted a new business model for operations, in which the brands and commodities are handled separately. The new model ensures that operations are consumer- and customer-oriented and cost-effective.

The organisation was enhanced and made less hierarchic. Raisio boosted with recruitments its skills especially in Group management and in the Food Division's sales and marketing activities. The reorganisation of operations led to dozens of job cuts.

Raisio and the Finnish retail trade agreed on a flexible pricing model, which was implemented in early 2008. In the new model, raw material expenses are charged on a continuous basis in periods of four months. The pricing model of the commodities was renewed so that raw material expenses are now charged on a continuous basis and the processing fee is negotiated separately.

Raisio regained rights related to the Benecol brand and plant stanol ester from its long-term partner McNeil. This enables the Benecol business to be developed in new directions. Raisio and Unilever agreed on partial cross-licensing, which grants non-exclusive rights to the global plant sterol and stanol patents defined by the companies. The agreement enables both parties to focus on developing their own business and product applications.

ENHANCEMENT OF OPERATIONS

Raisio introduced a new brand portfolio, which divides products into three consumer worlds: breakfast and snacks, spreads and baking worlds. Cost-effectiveness will improve as marketing inputs in Finland are focused on the main brands: Elovena, Keiju and Sunnuntai. The new brand portfolio will also improve the availability of products to consumers, as well as product and customer profitability. The first changes became visible to consumers in early 2008. In 2007, Raisio reduced the number of its stock keeping units (SKU) by some 30 per cent from the comparison year.

Raisio transferred the production of its margarines sold in Russia to a subcontractor. The focus of the Group's Russian operations is on developing marketing and logistics. Raisio also reduced overcapacity by closing the wheat and rye mills in Nokia.

DEVELOPMENT OF GRAIN MARKETS

The grain markets changed significantly in 2007. For years, global grain production has been less than consumption. Competition for non-renewable natural resources began in the early 21st century and turned to renewable natural resources in 2007.

The prices of grain, meals and oil plants nearly doubled in the second half of the year compared to the corresponding period in 2006. The demand for grain increased, especially due to the strong economic growth in Asia. The rise in the standard of living increased the demand for food and this trend will continue. Grain is in great demand for food products, as well as for feed and biofuels. The cultivated area cannot be increased on a global scale. Cultivation opportunities are also affected by climate change, urbanisation and contamination.

Finnish farmers harvested a record crop of 4.2 million tonnes, which is nearly 15 per cent higher than average. The Finnish food chain can satisfy with domestic produce all of its raw material needs, except for rye and rapeseed. Raisio processes around one-third of the grain and one-half of the rapeseed used by industry in Finland.

Raisio implemented fixed-price system in purchases in 2007. However, the exceptional situation in the grain markets did not give the best possible picture of the system's functionality. A fixed-price system offers a good foundation for further development of new pricing models that take both the buyer's and seller's interests into consideration.

SUMMARY OF RAISIO'S MAIN RELEASES IN 2007

JANUARY	APPEAL ON RAISIO'S TAXATION TO THE ADMINISTRATIVE COURT
FEBRUARY	DIVESTMENT OF THE POTATO BUSINESS AND NEGOTIATIONS ON A WITHDRAWAL FROM THE RUSSIAN FLAKE MILL PROJECT FINANCIAL REVIEW: RAISIO'S OPERATING RESULT DEEP IN THE RED
APRIL	INITIATION OF OWN SHARE REPURCHASES IMPLEMENTATION OF FIXED-PRICE SYSTEM IN GRAIN PURCHASES
JUNE	CLOSE-DOWN OF THE MARGARINE PLANT IN RUSSIA SALE OF RAPESEED OIL TO NESTE OIL FOR RAW MATERIAL OF BIODIESEL
AUGUST	NEW ORGANISATION LESS HIERARCHIC REORGANISATION OF THE FOOD AND INGREDIENTS DIVISIONS FOODS DIVIDED INTO THREE CONSUMER WORLDS
SEPTEMBER	DIVESTMENT OF THE DIAGNOSTICS BUSINESS TO BIOCONTROL
OCTOBER	CONCLUSION OF CODETERMINATION TALKS CLOSE-DOWN OF TWO MILLS IN NOKIA PLANT STANOL ESTER AND BENECOL BRAND RIGHTS REGAINED FROM MCNEIL
DECEMBER	RAISIO'S AND UNILEVER'S AGREEMENT ON CROSS-LICENSING

FINANCIAL REPORTS IN 2007

FINANCIAL REVIEW: 12 FEBRUARY

INTERIM REPORTS: 3 MAY, 2 AUGUST AND 30 OCTOBER

All of the stock exchange and press releases published by Raisio are available on the company's website at www.raisio.com under heading News.

WHEAT PRICE DEVELOPMENT 2007 (MATIF)

VISION, STRATEGY AND VALUES

Raisio's main target in 2007 was to improve profitability. The company also enhanced, streamlined and adjusted its operations to the market situation to ensure competitiveness. Profitability improvement will continue in 2008. The Group's strategic targets are growth and internationalisation.

VISION

Raisio is a forerunner and specialist in ecological, plant-based nutrition with leading brands.

STRATEGIC PRIORITIES

Group

The Group aims to produce added value to its shareholders by developing operations, improving profitability and following a long-range dividend policy. Raisio has defined growth and internationalisation as its strategic targets. The company's strong balance sheet enables active involvement in the structural changes affecting the food industry.

Closer co-operation with Finnish contract farmers, as well as high-quality, competitively-priced raw material, are basic requirements for succeeding in the changing global grain markets. Deeper co-operation with key customers and partners enhances both parties' ability to react to market changes and expand their own competence.

Food

The Food Division's strategic priorities are to improve profitability in all businesses and to strengthen consumer and customer-oriented operating methods in customer relationship management, marketing and product development. Raisio's customers include the retail trade, the catering business, bakeries and other food industry. The company seeks growth by expanding into new market areas in northern Europe.

Strengthening the market position in its home markets – Finland and the Baltic Sea region, focusing on its main brands and introducing innovative, new products that meet consumer needs form the basis for success.

Feed & Malt

The strategic priorities of the feed business are growth in domestic business, deeper partnerships with livestock and fish farms and a stronger market position in northwestern Russia.

The malt business focuses on strengthening partnerships in Finland and abroad. To maintain its competitiveness, the company must be able to quickly react to market changes. Securing a Finnish raw material base plays a key role in the production of high-quality malt.

In the oil milling business, it is essential to secure a Finnish raw material base and competitive production of oil and protein raw materials for the company's own production and as raw material for biofuels.

Ingredients

The Ingredients Division's strategic priorities are to enter new market areas – especially Asia and North and South America – in order to enable business growth, to expand the partner network and to develop new product applications. Plant stanol ester, the Benecol ingredient, is sold to food companies worldwide.

Plant stanol ester and Benecol brand rights were returned to Raisio, which enables business to be developed in new directions. Raisio aims to be an active player in the growing markets for cholesterol-lowering functional foods with innovative production applications.

FINANCIAL TARGETS

After 2007, Raisio's target is to improve its operating result so that, excluding one-off items, it is at least five (5) per cent of turnover.

Raisio's turnover in 2008 is expected to increase and the operating result from continuing operations, excluding one-off items, is expected to improve from the previous year. All divisions are expected to post positive annual results although the pressure on profitability will increase in feed. The overall operating result in the Food Division is expected to be positive although the target operating result rate of 5 per cent will probably not be achieved due to increased marketing inputs, new product launches and preparations for entry into new markets. The Ingredients Division is expected to increase turnover and improve profitability.

CORPORATE RESPONSIBILITY

Responsibility is one of Raisio's core values. For Raisio's employees, responsibility means, for example:

- taking into consideration the surrounding society and environmental aspects,
- keeping promises made in the work community and to customers and other co-operation partners,
- responsibility in decision-making and in carrying out decisions made,
- trust in and respect for others' work.

STRATEGIC STEPS IN 2007

An unexpectedly big change took place in the grain markets in the latter part of 2007. The price of grain is expected to remain at the new, higher level in the future, but it is also expected to show big volatility. Raisio was able to considerably improve its profitability despite the steep increase in grain prices. The company also made its result less dependent on volatility in grain prices by negotiating new pricing models with its customers and enhancing raw material purchases.

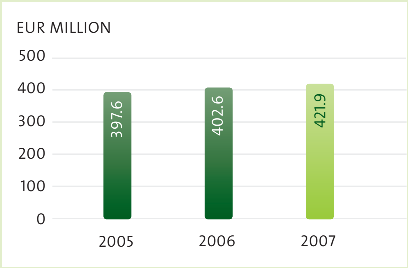
Raisio renewed its operations business model by separating the brand and commodity functions. In 2007, the company enhanced its organisation and made it less hierarchic. The Group divested unprofitable operations, centralised operations and reduced overcapacity in production. Raisio also began to sell rapeseed oil to the rapidly growing production of traffic biofuels, in addition to utilising the oil in its own feed and food production.

The rights related to the rights of the Benecol brand and the plant stanol ester were returned to Raisio, which enables business to be developed in new directions.

VALUES

Company values are tools that help Raisio's employees reach the targets defined in the vision and strategy. Raisio's basic targets are profitability, customer satisfaction and well-being. Values supporting these targets include competence, responsibility and open co-operation.

Turnover



Capital invested on average and return on investment

BUSINESS AREAS

Raisio is a forerunner in the food and feed industries and a specialist in plant-based nutrition. A raw material base consisting of cultivated products offers Raisio good opportunities to develop as a company with ecologically sustainable operations. Raisio's main products are foods and functional food ingredients, as well as feeds and malts.

OPERATING ENVIRONMENT

The global grain market experienced big changes in 2007. The growth in grain demand and the question about the sufficiency of grain supplies for both food and biofuel raw material put the market at the centre of worldwide attention. Raisio's operations emphasise plant-based raw materials, environmentally sound operating methods from primary production to ready products, as well as high-quality research and development, which ensure that the products satisfy the needs of customers and consumers and that they are both safe and of good quality.

The changes in the grain market were global and rapid. Grain prices are expected to remain at the new, higher level, characterised by volatility. In addition to crops, the prices will be strongly affected by the development of grain stocks and fluctuations in global demand in the future. Energy also grew more expensive in 2007, but was overshadowed by the rise in raw material prices.

FINLAND'S BIGGEST PROCESSOR OF FIELD PRODUCTS

Raisio is Finland's biggest processor of field products. The company processes around one-third of the grain and around one-half of the rapeseed used by Finnish industry, producing food, feed and malt. In 2007, Raisio used over 500 million kilograms of grain, over 90 per cent of which was of domestic origin. Around one-third of the grain used by Raisio was processed into food.

The oil milling plant in Raisio extracted some 145 million kilograms of oil plants. Only one-half of this could be procured in Finland. In recent years, Raisio has increased the share of rapeseed in its oil milling business. This had led to a considerable decrease in the use of soy, which accounted for slightly over five per cent of Raisio's oil plant extraction.

DEVELOPER OF CONTRACT FARMING

The changes affecting the grain market make contract farming and the development of primary production supporting it one of Raisio's key areas of development. The target of direct contract farming is to better ensure availability at the right time and the quality and competitive pricing of grain raw material. Raisio makes needs-based farming contracts in which the quality of raw material is determined according to the purpose of use. Examples of these are malt barley cultivation and raw material procurement based on farm animal nutrition needs.

Raisio gets over one-third of its grain raw material from contract farmers. The target is to increase direct contract farming considerably in 2008. The company is looking for new contract farmers, but also wants to increase the volumes of existing contracts. Raisio especially wants to raise the volume of oil plant cultivation. It will also continue its long-term co-operation with the agricultural trade.

Raisio implemented fixed-price contracts in 2007, but the exceptional situation in the grain markets did not give the best possible picture of the system's functionality. However, the system worked as a good foundation when developing new, versatile pricing models that take both the buyer's and seller's needs into consideration. Raisio continuously develops value-added services that enable farmers to improve their crops and crop quality.

SECURING WELL-BEING

Raisio engages in goal-oriented research and development to improve the well-being of humans and animals. Its raw material base and development of new products emphasise the impact that nutrition has on health and well-being, as well as environmental considerations.

Food

Raisio has participated for years in research projects that examine the environmental impact of individual food products. Only a few life-cycle analyses of foods have been conducted in Finland to date, but the impact of Elovena oat flakes has been assessed. The carbon dioxide emissions from Elovena oat flakes, from cultivation through upgrading to the store shelf, were approximately 370 grams per kilogram. Emissions from cultivation accounted for some 60 per cent of this figure. Three kilograms of biomass (grains and crop) correspond to one kilogram of Elovena flakes and bind five kilograms of carbon dioxide. In other words, one kilogram of Elovena flakes binds a net amount of 4.6 kilograms of carbon dioxide. This is a very good figure.

Raisio's raw material base expanded in 2005 when the contract farming of camelina, a vegetable oil with an excellent raw material composition, started in Finland. Camelina and other oil plants enhance the benefits from crop rotation. Oil plants improve the growth conditions and yield of fields. All of Raisio's margarines and vegetable fat cream cheeses sold in Finland contain camelina oil.

Feeds

The product development of feeds focuses on the efficiency of farm animal production, the well-being of animals, feeding methods, the impact that feeding has on the quality of farm animal products and the environmental impacts. Feeding an animal according to its nutritional needs makes for a healthier and more productive animal.

Since the early 1990s, the nitrogen and phosphorus emissions from pork and poultry farming have been reduced by a full 20–30 per cent. Nitrogen emissions have been reduced thanks to increasingly better identification of the protein needs of animals and the consequent modifications to feed mixes. The introduction of the phytase enzyme has enabled phosphorus emissions to be reduced. The phosphorus content of dairy feeds has been considerably reduced, following a better understanding of the phosphorus needs of dairy cattle and the optimisation of feeds to comply with these needs.

Raisio has done pioneering work in reducing the environmental impact of fish farming. The target is to produce fish feeding that is as precise and suitable for individual conditions as possible.

Biofuels

Around 60 per cent of the end products of the Raisio oil milling plant are used as meal raw material for cattle feed. Rapeseed oil is used as raw material by the company's own food production and as an energy source in feed production. The rapeseed oil exceeding the company's own needs is sold to other food and feed companies and as raw material for biofuels.

EFFICIENCY FROM CONTROL PROCESSES

Raisio's customers include the retail trade, HoReCa sector, bakeries and other industry, farm animal producers, fish farms, breweries and food companies worldwide.

The main processes in Raisio's revised business model are grain chain as well as brands and commodities. The company also revised its pricing models to improve the predictability of purchase prices and flexibility of sales prices.

TURMOIL IN THE GRAIN MARKET

Pasi Lähdetie, Director,
Grain Trade Operations

"Big changes affected the global, EU and Finnish grain markets in 2007. Grain prices rose all spring, but the increase grew to a record high after the early part of the summer. In the autumn, at the end of the harvest, prices had nearly doubled year-over-year. In the future, the grain markets will be characterised by volatility, meaning big fluctuations in market prices.

Grain prices were increased by the megatrends that have been discernible for quite some time. For example, grain consumption has exceeded production for several years, and in 2007, global wheat stocks fell to the lowest level in 30 years. An increase in the standard of living has led to a higher consumption of meat and dairy products, especially in the emerging economies of Asia, which increases the consumption of grains for feeds. Furthermore, biofuel production increased steeply. However, what really set off the rise in market prices were the weak crops caused by poor weather conditions in the world's main production areas.

In practice, intervention and other measures taken by the European Commission have controlled the grain price in the EU markets. In 2007, prices were controlled by the EU wheat exchanges, which followed the price development in international commodities exchanges. In Finland, the price of grain mirrored the prices of the Chicago grain exchange. While the actions of speculative investors affect the prices of grain exchanges every day, real market prices are more stable.

Since Raisio uses grain on a daily basis, it needs a steady flow of grain all year round. Furthermore, it must be able to predict the price of grain several months in advance. The introduction of fixed-price system will help Raisio to deal with market changes. Raisio is actively developing new pricing models that take both the buyer's and seller's interests into consideration."

FOOD

Raisio's Food Division produces and markets enjoyable, natural, healthy, safe and convenient foods to consumers, the catering business, bakeries and other food industry in its home market, comprising Finland and the Baltic Sea region.

MAIN EVENTS IN 2007

- Measures were taken to make the result less dependent on volatility in grain prices.
- Operations were centralised and streamlined.
- A new, flexible pricing model was negotiated with customers.
- The organisation was enhanced and made less hierarchic.
- The operations business model was revised and divided into brands and commodities.
- Brands business was segmented by market area: Russia and neighbouring areas, Poland and neighbouring areas, as well as the Nordic area, which includes Finland, Sweden and the Baltic countries.
- The Finnish brand portfolio was reformed and the number of stock keeping units were reduced by some 30 per cent.
- Overcapacity was reduced in Nokia, Finland and two mills were closed.
- The potato business was divested.
- In Russia, margarine production was transferred to a subcontractor.
- The holding in Obory, a Polish dairy company, was divested.

KEY FIGURES, CONTINUING OPERATIONS	2007	2006
TURNOVER, EUR MILLION	197.1	196.5
MARGARINES AND SOY-OAT PRODUCTS, EUR MILLION	114.1	118.6
MILLING PRODUCTS, EUR MILLION	83.0	78.1
OPERATING RESULT, EUR MILLION	–11.1	–37.9
ONE-OFF ITEMS, EUR MILLION	–5.3	–27.4
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	–5.8	–10.5
% OF TURNOVER	–2.9	–5.3
CAPITAL INVESTED, EUR MILLION	85.8	85.5
RETURN ON INVESTMENT, %*	–6.8	–12.3
PERSONNEL 31 DEC.	686	780

* EXCLUDING ONE-OFF ITEMS

The Food Division accounted for some 45 per cent of the Group's turnover. Finland accounted for 61 per cent, Poland for 20 per cent, Russia and Ukraine for 5 per cent and the rest of Europe for 14 per cent of the Division's turnover.

In 2007, the improvement of profitability was slowed by the rapid and steep rise in the price of grain raw material. The company was unable

RAISIO'S OBJECTIVE IS TO MAKE ELOVENA THE LEADING FINNISH BRAND IN HEALTHY SNACKS

to raise customer prices as quickly as raw material costs increased. In the autumn, Raisio revised its pricing models to make sales prices more flexible from early 2008 onward.

BRANDS

Raisio updated its brand strategy in autumn 2007. The main change in the strategy was to concentrate the brand portfolio in Finland into three main brands: Elovena, Keiju and Sunnuntai. From now on, Benecol will be treated as a value-added brand under the main brands. The number of products was reduced, and the best products from discontinued brands will be moved under the Elovena, Keiju and Sunnuntai product families. The updated brand portfolio will enable Raisio to improve its cost-effectiveness and increase the visibility, recognition and availability of the products. The revisions will be carried out step-wise, and consumers began to see the first changes in early 2008.

International megatrends in foods can also be seen in Finland. Consumers want products that are pleasing, healthy and convenient. Raisio's products fit these trends perfectly, seeing as they are plant-based, natural and healthy. Raisio's brands are available to consumers through breakfast and snacks, spreads, as well as baking worlds.

SUPPLY CHAIN

The main targets in the Finnish supply chain management were to improve availability and reduce waste. Raisio was able to considerably improve the precision of sales predictions. The production, procurement of raw and packaging materials are based on sales predictions. Closer co-operation throughout the supply chain, a clearer product range and more efficient use and monitoring of the prediction system all contributed to this. The reliability of deliveries was high and wastage was halved year-over-year in the Food Division's Finnish operations.

Co-operation projects with customers enabled Raisio to further develop its supply chain management, and product availability was analysed in more detail from the customer's point-of-view.

Turnover*

Operating result*

EXCLUDING ONE-OFF ITEMS

* CONTINUING OPERATIONS

PRODUCTION

Raisio produces foods in three locations in Finland and one in Poland. Raisio produces flakes in Nokia. Flour, pasta, margarine, vegetable oils and vegetable fat based cream cheeses are produced in Raisio and soy-oat-based fresh products in Turku. The Karczew plant in Poland produces margarines, yellow fats and cream cheeses.

The Russian margarine production was transferred to a subcontractor in the autumn, and Raisio's own production at the plant in Istra, near Moscow, was closed down. Consumer packaging of flakes that are produced in Finland and sold in Russia continues in Istra. To reduce overcapacity at the Nokia unit, Raisio closed the rye and wheat mills.

AIMING AT PROFITABLE GROWTH

Markku Krutsin, Director, Nordic, Food Division

"The Nordic business area, encompassing Finland, Sweden and the Baltic countries, will be more strongly developed. The main target in 2008 is to grow profitably. The revision of strategic policies that started in Finland in 2007 will expand to cover the entire Nordic region. In the future, operations management will be based on harmonised policies that are adapted to individual countries. This means that product groups will be introduced into markets in which they are not yet represented.

Marketing will become a part of the comprehensive management of the Nordic business area, which focuses on three worlds: breakfast and snacks, spreads and baking worlds. Raisio develops its brands and products for different markets in these three worlds, taking consumer needs into consideration at all times. In addition to its strategic policies, Raisio emphasises local operations, as exemplified by its messages and products targeted for different markets. Product development and marketing work in increasingly close co-operation, which enables us to develop our products and concepts better in the entire Nordic area and for the local needs of each target country. Product development, as well as marketing, will be managed in Finland so that it supports the strategy at all times.

The target in customer relationships is to continue to improve co-operation with customers and enhance the order-supply process. These areas will be emphasised in Finland, as well as in all Nordic customer relationships. Changes will start in Sweden. We will also survey the business areas in which we are not yet present. The most attractive areas in this respect are sites for impulse purchases of the new Elovena drink, as well as the HoReCa business outside of Finland."

RESEARCH AND DEVELOPMENT

Product development is also based on consumer needs. Research and development of foods aims to develop healthy, tasty and convenient products for consumers and other customers. Special emphasis is put on packaging: their consumer friendliness, appearance and ease-of-use. Value-added products accounted for some 30 per cent of the turnover in Finland in 2007.

Knowledge management plays a central role in all of Raisio's activities. The foundations of consumer surveys were revised, which led to the focus of studies moving from product groups to consumers' needs. A good understanding of consumers' needs is very important to the development of Raisio's own operations and the business of its customers.

Raisio has solid product development competence, which is channelled into product development projects in breakfast and snacks, spreads and baking worlds. GDA nutritional labelling will be added to most of Raisio's packages in 2008.

SALES CHANNELS AND CUSTOMERS

Raisio's customers include the retail trade, the HoReCa sector meaning catering business, bakeries and other food industry in Finland, Sweden, the Baltic countries, Poland, Russia, Ukraine and exports. In Finland, the steep rise in raw material prices led to a redistribution of bakery customer relationships, in particular, among all suppliers.

Customer relationship management in Finland moved towards deeper customer co-operation and shifted from product sales to the development of customer-specific offerings. Raisio's revised customer and brand strategies will enable consumer needs-based operations to be developed also for customers' needs.

In Poland, Raisio focused on developing the sales of its own products and discontinued its distributor sales of the products of Obory, a Polish dairy company. Raisio also sold its 25% holding in Obory. The focus of the Group's Russian operations was on developing marketing and logistics.

TARGETS

Raisio's Food Division aims to improve profitability, successfully implement its brand and customer relationship strategies, launch new, innovative products, develop its marketing operations, enhance needs-based consumer surveys and deepen consumer-oriented co-operation with customers.

STRENGTHS	THREATS
CONCENTRATION OF MARKETING INPUTS ON STRONG, WELL-KNOWN MAIN BRANDS	CONTROL AND MANAGEMENT OF SUBCONTRACTING
NATURAL, HEALTHY AND SAFE PRODUCTS	ENSURE THE IMPROVEMENT OF PROFITABLE GROWTH AND THE UTILISATION OF PRODUCTION CAPACITY
OPERATING METHODS BASED ON AN UNDERSTANDING OF CONSUMERS NEEDS	CONTINUED CENTRALISATION OF TRADE IN THE BALTIC SEA REGION
NEW PRICING MODEL	SUFFICIENCY OF RAW MATERIAL OF THE RIGHT QUALITY

FEED & MALT

Raisio's Feed & Malt Division produces highly-processed feed mixes for farm animal producers and fish farms, mainly in Finland and northwestern Russia, as well as malts for Finnish breweries and exports. The oil milling business processes oil plant seeds, producing oil for foods and feeds, protein meals for the feeds and raw material for biofuel production.

MAIN EVENTS IN 2007

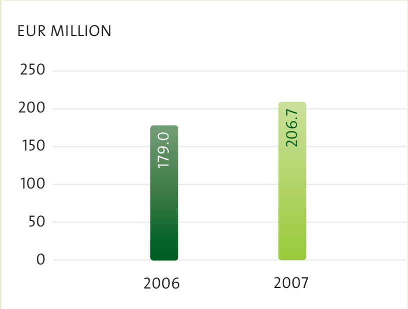
- The steep price increase in grain raw materials also affected the sales prices of feeds, increasing turnover.
- The overall volume of feed mixes remained at the previous year's level.
- The reassessment of distribution solutions led to the adoption of direct invoicing of feeds.
- The structural changes of the business environment influenced the markets, further tightening competition in the feed market.
- Exports of farm and fish feeds to northwestern Russia decreased in value slightly year-over-year.
- The investment in the new feed plant in Ylivieska progressed on schedule. The plant will be rolled out for production in summer 2008, and production at the feed plant in Oulu will come to an end.
- Monäs Feed, a producer of special feeds, was divested.
- The pricing structure of malts was renewed: pricing is now based on the value of processing and takes into account changes in raw material expenses.
- Malt business turnover increased notably.
- The service concept and product range were expanded in the malt business.

KEY FIGURES, CONTINUING OPERATIONS

	2007	2006
TURNOVER, EUR MILLION	206.7	179.0
FEED, EUR MILLION	175.5	157.7
MALT, EUR MILLION	30.1	20.0
OPERATING RESULT, EUR MILLION	14.2	7.4
ONE-OFF ITEMS, EUR MILLION	6.0	1.7
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	8.2	5.6
% OF TURNOVER	4.0	3.2
CAPITAL INVESTED, EUR MILLION	86.0	61.2
RETURN ON INVESTMENT, %*	9.6	9.2
PERSONNEL 31 DEC.	266	273

* EXCLUDING ONE-OFF ITEMS

Turnover*



Operating result*

* CONTINUING OPERATIONS

The Feed & Malt Division accounted for some 46 per cent of Raisio's turnover. Finland accounted for 75 per cent, Russia for 15 per cent, the Baltic countries for 2 per cent and other markets for 8 per cent of Feed & Malt Division's turnover.

PRODUCTION

Raisio produces highly-processed feed mixes for farm animals and special feeds for fish. It has production plants in three locations in Finland. In addition to cattle, pig and poultry feeds, the company also produces fish feeds in the Raisio plant. The product range of the Anjalankoski plant includes cattle and pig feeds, while the plant in Oulu produces cattle feeds. All plants had a high capacity utilisation rate, and the volumes corresponded to those of the previous year.

The feed plant, currently under construction in Ylivieska, will replace the Oulu plant, which will give way to residential construction. The Ylivieska plant will come on line in summer 2008. The plant's overall capacity will be almost double that of the plant in Oulu. The plant's area of operations covers half of Finland's milk production and a considerable share of beef and pork production. The investment totals some EUR 20 million.

Malts, rapeseed oil and protein meals are produced at the plants in Raisio. Both plants enjoyed a high capacity utilisation rate in 2007. Malt is supplied to breweries as raw material for beer, while extracted rapeseed oil that exceeds the company's own needs is sold as raw material for food and feed companies and biofuels.

RESEARCH AND DEVELOPMENT

Research and development in feeds aims to provide new feed mixes and feeding solutions that make farm animal production more efficient and productive, ensure the well-being and health of animals, facilitate feeding work and improve the nutritional properties of farm animal products.

Raisio launched several new feed products for dairy cattle, pigs and poultry. The development of new products took into account the nutritional needs of animals. By optimising it is possible to improve the health and well-being of animals. In early 2007, Raisio's feed business signed a co-operation agreement with Schothorst Feed Research, a Dutch private research institute that specialises in animal feeding.

In malts, R&D focuses on developing the competitiveness of the malt barley chain. Competitiveness is sought from enhancements to the cultivation of malt barley and the malting process, as well from research and development carried out jointly with customers. Last year Raisio introduced a new product, wheat malt, to complement its product range.

SALES CHANNELS AND CUSTOMERS

Raisio's customers in the feed business include farm animal producers and fish farms in Finland and northwestern Russia. In Finland, the size of animal farms continues to grow, and the number of customers decreases. Bigger farm sizes contribute to more professional operations. Structural changes in the Finnish feed industry led to new forms of co-operation at the customer interface. Raisio implemented a model of direct invoicing of feed mixes to complement traditional invoicing methods. It boosted co-operation, also with Finnish dairy co-operatives. The target is to achieve the most cost-effective operating model possible to ensure competitiveness and improve service.

Malt customers include breweries in Finland, Russia and the Baltic countries. Raisio is an important supplier to Finland's two biggest companies in this field: Sinebrychoff and Olvi. It also supplies malt to other Nordic, Scottish and Asian customers, who use it as raw material for beer and whisky. Over 70 per cent of the malt produced by Raisio is exported. Raisio diversified its service concept and initiated, for example, container transports of malt.

The company sells rapeseed oil as raw material to food and feed companies and as biofuel raw material .

TARGETS

Raisio's feed industry aims to grow in Finland, benefit from the new feed plant, which is to be completed in Ylivieska in summer 2008, deepen partnerships with growing farm animal producers and fish farms, as well as to boost its presence and market position in northwestern Russia.

The targets of the malt business are to strengthen partnerships in Finland and in exports, ensure the ability to quickly react to market changes and secure the Finnish malt barley base. Targets in the vegetable oil industry include competitive production of oil and protein raw material.

STRENGTHS	THREATS
COST-EFFECTIVE SALES AND LOGISTICS	STIFFER PRICE COMPETITION IN FEEDS
FIRST-RATE QUALITY AND HYGIENE COMPETENCE IN FEED AND MALT BUSINESSES	RUSSIA'S OWN DEVELOPMENT OF FEED INDUSTRY AND MALT PRODUCTION
EXPERTISE IN FEEDING	AVAILABILITY AND SUFFICIENCY OF MALT RAW MATERIAL
STRONG MARKET POSITION IN FINLAND AND GOOD RECOGNITION IN RUSSIA	IMPACT OF CHANGES IN THE EU'S AGRICULTURAL SUBSIDIES ON FARM ANIMAL PRODUCTION
RAW MATERIAL PROCUREMENT AND TRACEABILITY	

MARKET PRICES IMPACT ON THE PROFITS

Leif Liedes, Vice President,
Feed & Malt Division

"The steep increase in the price of grain raw materials took food chain players by surprise and pointed to immediate development needs in pricing dynamics among different players. Factors driving the price rise have generated much-needed discussion about the sufficiency of grain supplies and their ethically correct use. Will we have enough grain for both food and energy?

The rise in market prices does not affect different lines of production equally in the short term. While the consequences had an immediate, positive impact on grain farms, it will take longer for them to affect farm animal producers who use grain as a production input. The situation has been toughest at pig farms in recent months, since the increase in pork prices has not sifted through the processing chain fast enough. Furthermore, grain produced and used at farms has not seen a similar rise in market prices as the grain sold on the market.

However, even more significant in the long term than the price increases is the rise in the valuation of food, which benefits everyone throughout the chain from primary production to trade. Since food will inevitably account for a bigger share of consumption expenses in the future, consumers must be offered higher quality products and better service in return. It is, therefore, not justified to oppose market forces by sticking to the cheap food policy, which, at worst, might endanger the operating conditions of the Finnish food sector and hamper local food production and self-sufficiency, both important in the future.

The price of food is rising worldwide. Unfortunately, it also affects areas where the rise in the standard of living and purchasing power cannot keep up with the rise in food prices. This must be recognised as a factor that causes inequality. Both developed and rapidly-developing economies have a big responsibility in dealing with the situation.

In the future, an increasing share of farm income will be determined by market prices. From the viewpoint of primary production, it is important to develop farms, boost self-esteem and put joy back into the work. High-quality food is one of our basic needs and is now acquiring the value it deserves – as are its producers."

INGREDIENTS

Raisio's Ingredients Division develops, produces and markets safe, functional food ingredients to food companies worldwide. The Division's main product is the Benecol ingredient, plant stanol ester, which has been shown to lower cholesterol and to be safe for use in over 50 clinical studies.

MAIN EVENTS IN 2007

- Raisio's regained rights to plant stanol ester and Benecol brand from its long-term partner McNeil. This enables the Benecol business to be developed in new directions.
- Raisio and Unilever agreed on partial cross-licensing, which grants non-exclusive rights to the global plant sterol and stanol patents defined by the companies.
- Raisio continued to prepare its entry into the Asian market with authorities and local partners.
- The organisation was enhanced and made less hierarchic.
- The second stage of the expansion to the stanol ester plant in Raisio was completed.
- Raisio's partner in India launched a nutritional powder that contains Benecol plant stanol ester in February 2008.

KEY FIGURES

	2007	2006
TURNOVER, EUR MILLION	44.9	49.7
OPERATING RESULT, EUR MILLION	9.5	7.8
ONE-OFF ITEMS, EUR MILLION	–	–
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	9.5	7.8
% OF TURNOVER	21.2	15.6
CAPITAL INVESTED, EUR MILLION	46.0	44.5
RETURN ON INVESTMENT, %	20.8	17.4
PERSONNEL 31 DEC.	69	72

The Ingredients Division accounted for 9 per cent of the Group's turnover. Finland accounted for 5 per cent, the rest of Europe for 85 per cent and the rest of the world for 10 per cent of the Ingredients Division's turnover.

BENECOL INGREDIENT

Benecol is one of the world's best known brands in cholesterol-lowering functional foods. Plant stanol, the active ingredient of the Benecol plant stanol ester patented by Raisio, lowers cholesterol but also improves the health and well-being of blood vessels. The effect and safety of the Benecol ingredient has been proven in more than 50 clinical studies. Studies also indicate that plant stanol ester passes through the body practically unabsorbed. Taken as part of the daily diet, Benecol products lower cholesterol up to 10 per cent and harmful LDL cholesterol up to 15 per cent.

Functional foods containing the Benecol ingredient are sold in many different product applications. These include margarines, spreads, cream cheese-style spreads, yoghurts, yoghurt drinks, cereals, milk and soy drinks, pasta and olive oil.

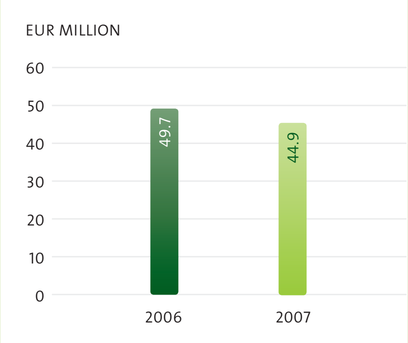
PRODUCTION

Raisio has two plants that produce plant stanol ester: one in Raisio, Finland, and the other in South Carolina, USA. The second stage of the expansion to the Finnish plant was completed last autumn. The plant sterols used as raw materials for the Benecol plant stanol ester are wood-based and vegetable-oil-based.

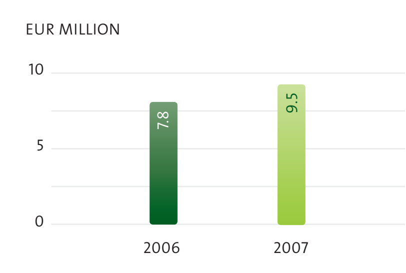
RESEARCH AND DEVELOPMENT

The Ingredients Division focuses on promoting health and well-being using nutritional methods. R&D emphasises the development of new, healthy ingredients with a solid scientific basis. It also promotes the use of plant stanol ester and its various forms in new product applications.

Turnover



Operating result



ASIA AS AN IMPORTANT NEW MARKET AREA

Vincent Poujardieu, Vice President, Business Development and Ingredients Division

"Raisio's Ingredients Division is looking for new market areas and growth. Raisio is focusing on new and promising regions of the world. Among these regions, Asia is certainly the most promising for functional foods or dietary supplements with heart-health-related benefits.

Changing lifestyle and eating habits have lead to the strong development of obesity, diabetes and, as a consequence, cardiovascular diseases. According to the World Health Organization, the cholesterol level of people in Beijing has increased by more than 20 per cent in fifteen years. Local authorities are, therefore, extremely concerned and are taking actions to increase the health level of the populations. During 2008, healthy foods legislation should be ratified in several Asian countries. This will create even better momentum for food companies to create or enter cholesterol-lowering food categories.

The Benecol ingredient, due to its efficacy and safety profile, is clearly answering to the Asian's authorities concern. Raisio's expertise in developing new applications and in marketing them will provide local food and dietary supplement manufacturers with fast and successful entry into the cholesterol-reducing category.

Raisio is responding to this challenge by strengthening its presence in Asia. During 2007, Raisio established a sales office in Thailand as a base for Asian operations. The company will continue to strengthen its position in India and China by increasing the activities in these countries. Currently, Raisio is negotiating with leading food and dietary supplement companies in Asia. The launch of a nutritional powder in India in the beginning of 2008 was the first step in a promising market and a promising Asian region."

PARTNER CO-OPERATION

Raisio's customers include food companies around the world. The company works abroad in co-operation with partners familiar with the local markets. Raisio's partners are allowed the right to use the Benecol brand and plant stanol ester in the segments that their products fall under. This means that Raisio may have several partners in a single country who sell and market Benecol products in different product segments.

Benecol products are sold in almost 30 countries. Raisio's strength lies in the ability of it and its partners to adapt to the purchase behaviour of local inhabitants and to offer Benecol product applications matching the local consumption habits. A strong brand, pleasure, tastiness, well-being and healthiness are important features in the functional foods markets. Raisio offers its partners a well-known brand, strong customer support and helps the unique, provenly safe Benecol ingredient to stand out from other cholesterol-lowering foods.

TARGETS

The Ingredients Division's targets are to launch innovative product applications and co-operate with new partners who are strong in their own market areas. Raisio continues to prepare its entry into new market areas with local partners and authorities. The main target is to put business on a growth track. The overall market for cholesterol-lowering functional foods is growing thanks to the rapidly-increasing awareness of and interest in the impact of diet on health and the prevention of diseases.

STRENGTHS	THREATS
STRONG AND WELL-KNOWN BRAND	SLOWDOWN OF GROWTH IN THE EUROPEAN MARKETS
INNOVATIVE NEW PRODUCT APPLICATIONS	SLOW ENTRY INTO NEW MARKETS, VARIATIONS IN THE REGULATORY APPROVALS OF DIFFERENT COUNTRIES
SCIENTIFICALLY AND EXTENSIVELY PROVEN EFFECTIVENESS AND SAFETY OF PLANT STANOL ESTER	STRICTER INTERPRETATION OF REGULATORY RESTRICTIONS IN THE EU
WIDE-RANGING BENECOL PATENT FAMILIES	
PARTNER NETWORK MODEL	

MARKET AREAS

POSITION ON THE FINNISH MARKET

Food

The value of the retail product market in the product groups represented by Raisio was some EUR 600 million.

The market for flakes grew more than 12 per cent, its value amounting to EUR 25 million. Raisio's market share was 74 per cent. The company's breakfast and snacks brands are Elovena and Nalle. The overall market for yellow fats in Finland grew slightly, and its value totalled EUR 185 million. Raisio had a market share of 17 per cent, and its growth outpaced the market. In margarines, Raisio's market share remained at 32 per cent. The company's brand in spreads is Keiju. The flour market decreased, and its value amounted to EUR 26 million. Raisio increased its market share to 35 per cent. Its brand in baking products is Sunnuntai.

The market for soy and oat-based fresh products is growing at an annual rate of over 20 per cent in terms of value. The sales of fresh products marketed under the GoGreen brand, such as drinks and soy yoghurts, grew more than 50 per cent and their market share rose to 11 per cent. The market for pasta products grew more than 10 per cent, its value amounting to EUR 27 million. Raisio's Torino pasta products had a market share of 18 per cent, and sales grew especially in the field of value-added Torino products. Raisio also produces flours, pasta and cream cheeses for private labels.

Ateriamestarit is the joint venture of Raisio and Lännen Tehtaat. It handles the sales of Raisio's HoReCa products. Ateriamestarit has established itself as an important co-operation partner of wholesale companies and the catering business. The market position in fats and grain products remained at the previous year's level. The number of meals eaten outside the home increased by two per cent, with the strongest growth registered in service station cafes and restaurants.

In bakery and industry sales, the steep rise in raw material prices led to price increases and shorter pricing periods. The product range was also narrowed. Raisio divested its weakly-profitable bakery flour sales.

The turnover of Food Division remained at the previous year's level despite the stock keeping units reduced by some 30 per cent.

The retail trade sales represented 53 per cent, HoReCa 12 per cent, sales to bakeries and industry 30 per cent and export 5 per cent of the total turnover of Food Division in Finland.

Outlook

Raisio continues to develop its operations in line with its growth strategy. An efficient brand portfolio is a key factor in this development. The objectives are to make Elovena the leading Finnish brand in healthy snacks, to renew the Keiju product family in a new, natural way and to modernise the Sunnuntai baking brand by enhancing its attractiveness. Raisio will launch interesting and innovative new products, a good example of which is the Elovena snack drink introduced at the end of 2007.

In the HoReCa sector, the number of meals eaten outside the home is expected to continue to rise, although the number of catering businesses is decreasing. The public sector's efforts to enhance food services emphasise competitive bidding for goods suppliers, as well as centralised food production and procurement. In the private sector, the chain formation trend will continue and chain management will grow stricter in terms of product ranges. Furthermore, the consumers' interest in, and awareness of, nutrition will reflect on the offering of the catering business.

Owing to overcapacity and imports, the bakery industry will face increasingly stiff competition, although the number of bakeries is still expected to decrease. Future success factors in bakery and industry sales include closer customer co-operation, insight into customer businesses and cost-effective supply chains.

Feed

The volume of the Finnish farm and fish feed market was some 1.4 million tonnes and its value some EUR 350 million. The overall volume of feed mixes decreased slightly in 2007. This was mainly caused by the drop in milk production, especially in the latter part of the year. The production of poultry and pork increased, while that of fish feed and eggs remained at the previous year's level.

Raisio commands 37 per cent of the domestic farm feed market and 55 per cent of the fish feed market. The overall volumes of feed mixes remained unchanged. The company's market position remained strong in fish feeds. Maituri and Herkku are Raisio's well-known brands in farm feeds, while Royal is a strong brand in fish feeds. The company is one of the two biggest animal feed producers in Finland. There is also several small, local producers on the market.

Outlook

The Finnish market for farm feeds will grow tougher due to the additional capacity constructed in the field. Meat, milk and egg production is expected to remain at current levels despite the continued 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.

The EU's requirement for biofuel usage is set for 5.75 per cent of traffic fuels by 2010. Raisio wants to participate in the growing biofuel markets as a raw material supplier.

Malt

The volume of the Finnish malt market was slightly over 55,000 tonnes and its value some EUR 20 million. The changes in malt consumption in Finland have been small in recent years. Raisio is one of Finland's two biggest malt producers.

One-fourth of the malt produced by Raisio is used in Finland. This accounts for around half of the malt used in the country. Raisio is an important malt supplier to Sinebrychoff and Olvi.

Outlook

A sufficient supply of good-quality malt barley has become a crucial success factor in malt production. This has not been a problem for the company in recent years, and Raisio is trying to increase the volumes of direct contract farming. The utilisation of production capacity looks to be excellent in 2008. Long-term agreements and changes in the pricing structure makes the development of the malt business more predictable.

POSITION ON THE RUSSIAN MARKET

Food

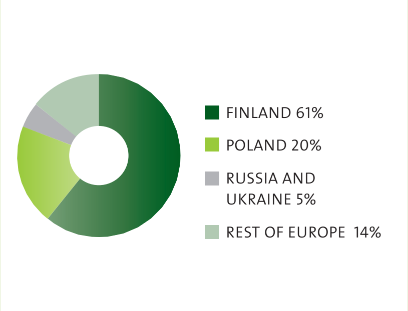
In 2007, food prices rose considerably in the product groups that Raisio represents in Russia. The value of the flake market in Russia's major cities totalled some EUR 100 million. In terms of value, the margarine market amounted to EUR 670 million, of which retail accounted for some 300 million kilograms.

Flakes accounted for 75 per cent of Raisio's turnover in food, and the remaining 25 per cent came from margarines. Notable price rises were implemented in late 2007. Flake sales rose by some 50 per cent in terms of value over the year. Raisio's premium class Nordic flakes have a solid position in the growing market in the biggest cities. In addition to oats, sales also increased in millet and buckwheat flakes.

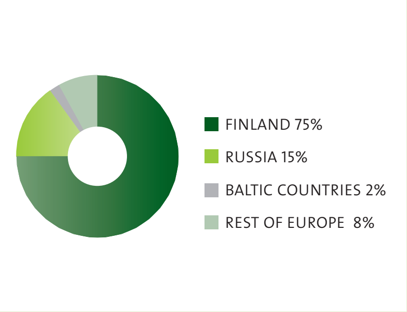
The margarine market has been decreasing for years. In 2007, the sales of Raisio's margarines fell by 20 per cent, but the consumption of butter and mixes also began to decrease. Raisio's well-known brands in Russia are Voimix and Dolina Skandi. Russia's first cholesterol-lowering functional food, the Benecol margarine, is sold in St Petersburg and Moscow. The introduction of other cholesterol-lowering foods further increased Russian consumers' awareness of cholesterol and foods that lower it. Raisio transferred its margarine production to a subcontractor.

The focus in 2007 was on developing supply chain management. Around half of Raisio's products are sold through chain stores. Their share of store sales continues to grow strongly. Direct supplies to chain stores rose to 25 per cent of the turnover. Raisio will continue to emphasise the development of direct customer relationships.

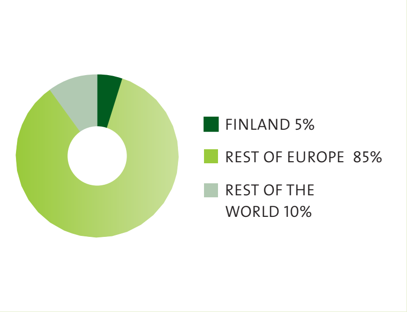
Distribution of turnover in the Food Division



Distribution of turnover in the Feed & Malt Division



Distribution of turnover in the Ingredients Division



Outlook

Growth in flake sales is expected to continue in Russia, as well as in Ukraine, where Raisio has its own sales company. In 2007, Ukrainian flake sales increased by 30 per cent year-over-year. Raisio's goal is to maintain its current position in the margarine market, even though the market will remain very challenging in the future.

Raisio aims to start local production of flakes sold in Russia during 2008. It is also on the lookout for suitable distributor sales products for its Russian product portfolio. The company is drawing up plans for the future use of the factory premises and warehouses in Istra, near Moscow.

Feed

The volume of the Russian farm and fish feed market was some 12 million tonnes and its value some EUR 2.5 billion. Raisio focuses on northwestern Russia, where the market size nearly equals that of Finland. The fish feed market continues to grow in the region. In fish feeds Raisio's position remained strong. In 2007, the export of fish feeds and feed mixes decreased slightly in value.

Outlook

Raisio continues to expand its operations in northwestern Russia, where the demand for milk and meat increases as the standard of living rises. Continued growth is also expected in the fish feed market as fish farming expands.

Malt

The volume of the Russian malt market was some 1.5 million tonnes. A great deal of new malting capacity has been constructed in Russia, but its full use is restricted by the quality and availability of malt barley.

Half of the malt produced by Raisio is exported to Russia. This makes it the EU's biggest malt exporter to Russia. Baltika, the country's uncontested market leader, is Raisio's main customer. In 2007, Raisio launched a new product, wheat malt, which is exported, among other places, to Russia and the other Nordic countries. Wheat malt is an example of the diversification of Raisio's service concept.

Outlook

Russian beer consumption is expected to increase at an annual rate of 4–6 per cent. Raisio's long-term customer relationships and the commitment of its customers to multi-year delivery agreements form a solid foundation for developing partnerships. Long-term agreements and changes in the pricing structure makes the development of the malt business more predictable.

POSITION ON THE POLISH MARKET

Food

The value of the Polish market for yellow fats was some EUR 640 million and its volume was 280 million kilograms. Raisio raised its share of the market to nearly 14 per cent in terms of value. Benecol margarine is the undisputed market leader in cholesterol-lowering margarines. Masmix and Puszny Duet are other well-known Raisio brands in Poland.

Around one-half of Raisio's products in Poland are sold through the rapidly growing, modern trade, which is characterised by the formation of chains. As a result of the steep rise in raw material prices, Raisio carried out considerable price increases in the latter part of the year.

Products manufactured in Poland are exported to several European countries, most importantly to Hungary. Exports account for some 10 per cent of the Polish margarine plant's volume. In 2007, Raisio discontinued the distributor sales of products made by Obory, a dairy company, divested its holding in the company and focused on its core competence.

Outlook

Raisio aims to improve the profitability of its Polish operations, launch new products and product segments in the market, reduce the number of products in a controlled manner, focus marketing inputs on strong brands and increase the sales of value-added products. Raisio's target is to maintain its position in the market for yellow fats, where competition will continue to be tough.

POSITION ON OTHER MARKETS

Food

In Sweden, Raisio clarified its product range and continues the efforts to boost its market position. The company also strengthened its Swedish organisation. Raisio's food sales grew in Estonia. All of the company's product groups are represented on the Estonian market.

Outlook

The target in Sweden and the Baltic countries is to continue to improve co-operation with customers and enhance the order-supply process. Changes will start in Sweden.

Malt

The overall volume of the Baltic malt market is some 100,000 tonnes. Around 10 per cent of Raisio's malt production is exported to the Baltic countries, mainly to Estonia. The company is an important malt supplier to Saku and A. Le Coq, owned by Olvi.

Outlook

Beer consumption is growing slowly in the Baltic countries. Competition is expected to grow stiffer.

POSITION ON THE MARKET FOR INGREDIENTS BASED ON PLANT STANOL

The value of the global market for cholesterol-lowering foods containing functional ingredients is around EUR 1 billion. Benecol is one of world's best known brands in cholesterol-lowering functional foods.

Several clinical studies supporting the safety and effect of Benecol plant stanol ester, also in long-term use, were completed in 2007. Taken as part of the daily diet, Benecol plant stanol ester lowers overall cholesterol up to 10 per cent and harmful LDL cholesterol up to 15 per cent.

Raisio has a wide partner network, and Benecol products are sold in almost 30 countries. In 2007, Raisio's partner McNeil launched in Great Britain a soy-based drink. Asia holds considerable market potential for cholesterol-lowering foods. In India, Raisio's partner launched a nutritional powder that contains Benecol plant stanol ester. In addition, Benecol yoghurts were launched in Ecuador and a sales office was opened in Bangkok.

Raisio and Unilever agreed on partial cross-licensing, which grants non-exclusive rights to the global plant sterol and stanol patents defined by the companies. The agreement was a conclusion to the opposition proceedings between the companies. It also gave a considerable boost to the IPR (intellectual property rights) portfolio that forms the basis for Raisio's Benecol business. The cross-licensing agreement with Unilever is an indication of Raisio's high-quality and internationally acknowledged research and development in the Benecol ingredient.

Raisio signed an agreement with its US partner, McNeil Nutritionals, LLC, and its partner in Europe, Cilag GmbH International, which returned the rights to the plant stanol ester compound to Raisio in the USA, Great Britain, France, Ireland and the Benelux countries. Raisio also regained the rights to the Benecol brand in France and the USA in the product categories in which McNeil and Cilag are not currently active.

Outlook

Raisio's strength in different market areas lies in its adaptability: it works with local partners to introduce Benecol products as applications suitable for local consumers. Raisio aims to be an active player in the growing market for cholesterol-lowering functional foods in Europe, Asia and North and South America by providing the markets with innovative product applications. In 2008, the targets are to enter new market areas and achieve business growth.

The spread of Western lifestyle and eating habits around Asia has led to a rise in cholesterol levels. At the same time, the interest in and awareness of the impact of diet on health and the prevention of diseases is growing rapidly in the region. Raisio works in active co-operation with its partners and the authorities to enter the Asian market. Raisio also plans to begin sales of new product applications containing Benecol plant stanol ester in North and South America.

BENECOL WORLDWIDE

CORPORATE RESPONSIBILITY

Raisio's corporate responsibility includes environmental, social and financial responsibility. The company reports in compliance with the international G3 guidelines. Responsibility of personnel and environment will be emphasized in all operations. Raisio's products are plant-based, safe and environmentally friendly.

CORPORATE RESPONSIBILITY

Responsibility is one of Raisio's core values. The company is committed to taking responsibility for its own operating environment, and its business operations provide added value and well-being to several stakeholders. The target is for the company's operations to stand on an ethically, ecologically, socially and financially solid basis now and in the future.

Raisio reports on its corporate responsibility in the role of a pioneering Finnish food company and in compliance with the international G3 guidelines for sustainable development. Annual reporting is expanded when enabled by the development of indicators and reporting systems. Environmental reporting complies with the environmental responsibility reporting model adopted in the food industry. When developing the reporting, Raisio takes into consideration the responsible practices and policies described in the publication on social responsibility in the Finnish food chain, drafted by the Finnish Food and Drink Industries' Federation.

The corporate responsibility report contains environmental indicator information on subsidiaries that engage in production and in which Raisio plc's holding exceeded 50 per cent in the review period. The comparison figures are presented according to the group's continuing operations. As a rule, the report is restricted to responsibility matters concerning the Group's own business operations.

RESPONSIBLE MANAGEMENT

Responsible management guides the company's operations toward its targets and includes the key policies, principles and targets. Responsible operations and responsible management form the basis for Raisio's sustainable financial success.

Raisio's corporate governance principles are described extensively in the Corporate Governance section of the Annual Report. Among other things, the section introduces the members of the Board of Directors, Supervisory Board and the Group's Management Team, describes the company's operating principles and the shareholders' opportunities to make their opinion heard at the Annual General Meeting.

In addition to the Group's vision, strategy and values, Raisio's Board of Directors has approved the company's ethical principles, risk management policies, as well as its quality, environmental, health and safety policy. Furthermore, the Group's Management Team has defined the company's GMO and personnel policies.

At Raisio, personnel, quality, health and environmental issues fall under the responsibility of the Vice President of Human Resources. Each operative business area has been appointed a person responsible for environmental matters. Communication about corporate responsibility is co-ordinated by Raisio's Group communications.

KEY POLICIES, PRINCIPLES AND TARGETS

Quality, environmental, health and safety policies

Raisio is a growing international group, which develops, produces and markets foods, functional food ingredients, feeds and malts. Raisio meets customers' and consumers' needs by introducing new competitive, innovative and safe products.

Raisio wants to be a leading and reliable co-operation partner to its customers, consumers and other stakeholders, acting responsibly both in society and in the use of natural resources. The company uses renewable natural resources whenever possible. Raisio aims to be a successful company at the forefront of its sectors and to be known for its ability to manage quality, environmental and safety issues.

Raisio complies with all local, national and international laws and regulations applicable to its operations. It is also committed to the principles of sustainable development laid down by the International Chamber of Commerce. By acting safely and investing in the promotion of safety, the company supports the quality and economy of its operations. Raisio continues to develop its operating processes, using the know-how of its personnel and co-operation partners.

Raisio's employees apply the principles of this policy in their daily work. The personnel is provided with regular training and guidance. The company offers open and honest information about its operations to all stakeholders.

GMO policy

The genetically modified plants approved for use in the EU have been pronounced safe by the authorities. Union regulations require a thorough safety assessment of genetically modified ingredients, as well as raw material traceability. The requirements for the content of product descriptions are now very comprehensive and also cover feed products in addition to foods.

However, since some consumers oppose the use of gene technology in food production, Raisio's products contain only traditional, genetically unmodified plant raw materials. Raisio has set up a separate, traceable procurement chain for the acquisition of traditional soy. Raisio requires certificates of origin and analyses of each delivery batch, showing that the content of genetically modified ingredients is less than 0.9 per cent.

Raisio respects the opinion of consumers and will use traditional, genetically unmodified raw materials as long as it is possible and is what our customers expect. There seems to be no demand for genetically modified foods in the near future.

Over 80 per cent of the feeds produced in the EU already contain genetically modified soy or maize. GM soy is now used, at least to some extent, in feeds in every EU country. The volumes of soy used in feeds are large, and the availability of genetically unmodified soy is becoming increasingly limited. Raisio Feed will most likely incorporate some feeds with GM soy in its product range in the coming years. This requires that the experiences of genetically modified feed plants continue to be positive in other countries and that the feed customers, the entire processing chain and consumers are ready for this.

Ethical principles

Raisio complies with the principles of corporate responsibility, which include social, environmental and financial responsibility. The Group's key targets are profitability, customer satisfaction and well-being, and its main values are those of expertise, responsibility and open co-operation.

Abiding by these values enables Raisio to commit itself to good corporate citizenship in its operations all over the world. Raisio complies with local and international laws and regulations, as well as generally-approved operating models. These important principles and policies that guide all operations are communicated extensively to the whole staff, and all of Raisio's employees are expected to abide by them.

When selecting suppliers, Raisio aims to find co-operation partners whose operations are based on corresponding ethical principles. Most of Raisio's raw materials are plant-based. Special emphasis is put on the traceability of grain raw materials.

Raisio's management and personnel shall work in the best interest of the company. Conflicts of interest between individual and company activities shall be avoided. Raisio's management and employees may not pay, give or receive gifts exceeding normal hospitality to or from business partners or other interest groups.

Raisio values the creation and protection of intangible assets. Initiatives, as well as innovations made while employed by Raisio, are important to the company. Raisio encourages and rewards innovation. Its employees protect the company's intangible assets and respect the intangible assets of other companies.

Raisio's performance and financial situation is communicated openly, honestly and simultaneously to all interest groups as required of a company listed on the OMX Nordic Exchange in Helsinki. Global subsidiaries also follow local guidelines and regulations in their own reporting.

Principles of animal testing

Raisio keeps animal testing to a bare minimum in its product development and manufacturing. Animal use follows legislation and is approved by the authorities. The safety of plant stanol ester, the Benecol ingredient, has been verified using animal tests that comply with authority requirements. Raisio also participates in national and international nutrition research that may involve animal testing.

The safety of foods in Finland is governed, for example, by the Food Act and EU regulations. The principle is that consumers must have access to foods of guaranteed quality in terms of food hygiene and healthiness. Foods may not contain pathogens, foreign substances or other elements hazardous to health. If required by regulations, safety may be verified, for example, using animal tests.

The Novel Food Regulation lays out the criteria for safety studies that must be carried out for novel foods and comparable products. These requirements may also involve animal testing in some cases.

Quality, environmental, health and safety targets

Raisio's responsible operations are guided and defined by the following targets set for Group-wide quality, environmental, health and safety activities:

- to develop and produce safe, healthy and environmentally friendly products using methods that preserve natural resources,
- to prevent operational hazards, accident risks and their possible consequences,
- to ensure a safe work environment, with the target of zero accidents,
- to reduce the amount and harmfulness of emissions and waste and to increase waste recovery,
- to ensure active development of operations and continual learning,
- to promote open debate and interaction on safety, health and environmental issues with customers, the procurement chain, authorities, stakeholders and the personnel,
- to continually improve customer satisfaction.

QUALITY AND ENVIRONMENTAL SYSTEMS

Most of Raisio's operations are certified in compliance with ISO 9001 and ISO 14001. To ensure the continual development of product safety and improve customer satisfaction, the company's food production facilities also follow food safety standards. The soy-oat plant in Turku has a BRC Food certificate. Owing to customer needs, some plants are also Kosher and Halal certified.

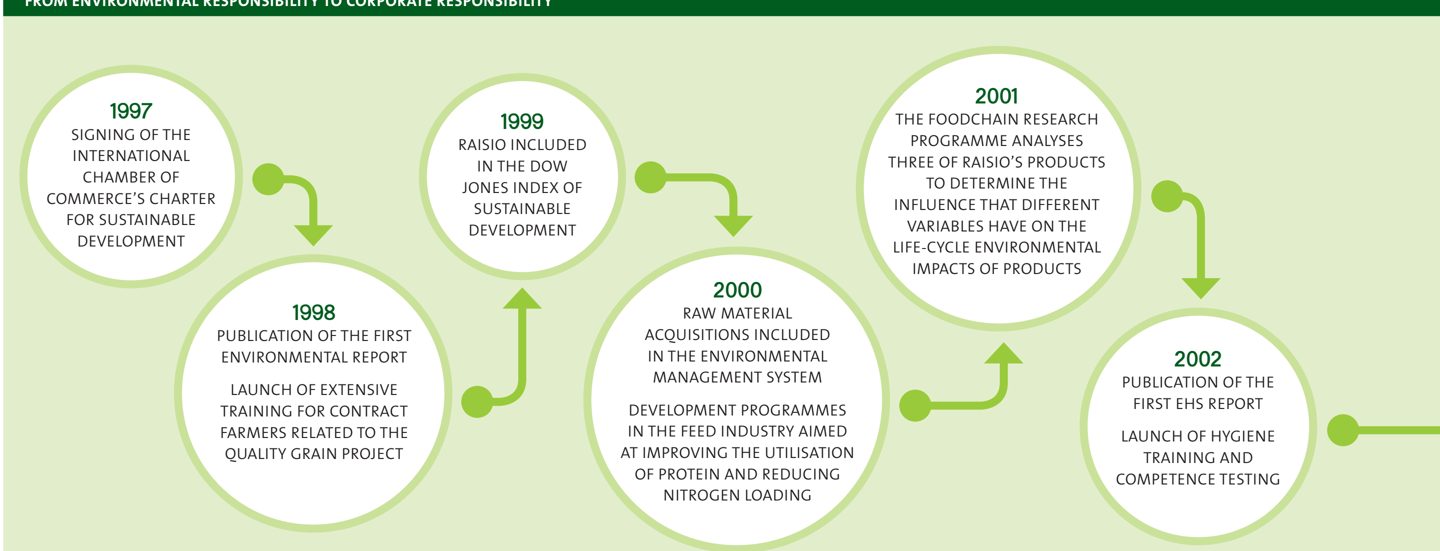
Raisio continues its work to standardise and harmonise its operating systems.

QUALITY AND ENVIRONMENTAL SYSTEMS

RAISIO'S CERTIFIED QUALITY AND ENVIRONMENTAL SYSTEMS WORK IN PRACTICE AS HARMONISED OPERATING SYSTEMS.

DIVISION	QUALITY SYSTEM	ENVIRONMENTAL SYSTEM	PRODUCTS
FOOD			
FINLAND: RAISIO, NOKIA, TURKU	ISO 9001	ISO 14001	GRAIN AND VEGETABLE FAT-BASED FOODS
POLAND: KARCZEW	UNDER PREPARATION	–	MARGARINES, SPREADS
FEED & MALT			
FINLAND: RAISIO, OULU, ANJALANKOSKI	ISO 9001	ISO 14001	CATTLE, PIG, POULTRY AND FISH FEEDS, MALTS, RAPESEED AND SOY OIL, RAPESEED AND SOY MEAL
INGREDIENTS			
FINLAND: RAISIO	ISO 9001	UNDER PREPARATION	PLANT STANOL ESTER
USA: SUMMERVILLE	ISO 9001	–	PLANT STANOL ESTER

FROM ENVIRONMENTAL RESPONSIBILITY TO CORPORATE RESPONSIBILITY



2003

PUBLICATION OF THE FIRST ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

RAISIO INCLUDED IN THE KEMPEN/ SNS SMALLER EUROPE SRI INDEX

SUBMISSION OF ENVIRONMENTAL PERMIT APPLICATIONS FOR INDUSTRIAL FACILITIES

EMPHASIS ON ETHICAL PRINCIPLES AND OPERATIONS COMPLYING WITH THE COMPANY'S VALUES

2004

PUBLICATION OF THE FIRST CORPORATE RESPONSIBILITY REPORT

USE OF BALANCED SCORECARD EXPANDED TO COVER ALL OF RAISIO'S OPERATIONS

MALT BUSINESS INCLUDED IN THE RESEARCH PROJECT AIMING TO DEVELOP A TOOL FOR ASSESSING THE ENVIRONMENTAL IMPACTS OF THE MALT BARLEY CHAIN

2005

PUBLICATION OF A CORPORATE RESPONSIBILITY REPORT COMPLYING WITH GRI RECOMMENDATIONS

ENVIRONMENTAL RESPONSIBILITY REPORTING ALSO COMPLIES WITH THE REPORTING MODEL FOR THE FOOD INDUSTRY

2006

RAISIO PARTICIPATES IN A PROJECT FOCUSING ON THE DEVELOPMENT AND PRODUCTISATION OF RESPONSIBLE FOOD CHAIN OPERATIONS IN CO-OPERATION WITH STAKEHOLDERS

FINLAND'S FIRST PHOSPHATE-FREE MINERAL INTRODUCED ON THE FEED MARKET

ACTIVATION OF THE PERSONNEL'S INITIATIVE

2007

CORPORATE RESPONSIBILITY REPORTING CARRIED OUT ESSENTIALLY IN COMPLIANCE WITH THE G3 SUSTAINABLE DEVELOPMENT REPORTING RECOMMENDATIONS ISSUED BY GRI (GLOBAL REPORTING INITIATIVE) AND UPDATED IN 2006

ENVIRONMENTAL RESPONSIBILITY

Responsibility for the environment and the ensuring of nature's well-being require environmental considerations to be taken into account in all operations. To succeed in the environmental work, it is essential that the entire personnel commits itself to it. Raisio produces safe, environmentally-friendly products that cause the least possible load on the environment. Raisio emphasises continuous improvement and the monitoring of achievements when setting targets for its environmental work.

Raisio has reported on environmental matters since 1998. In recent years, the company's environmental reports have complied with the guidelines for sustainable development reporting model of the GRI (Global Reporting Initiative).

ENVIRONMENTAL TARGETS

Raisio's business areas define their environmental targets in more detail based on the Group's overall objectives. Goal-setting, the required measures, as well as their monitoring, are carried out as part of the Group's annual planning. Special emphasis is put on the most important environmental effects. Long-term numerical targets have been defined for some of the projects.

The environmental targets for 2008 are largely similar to those of 2007. The 2007 targets were achieved as planned. Environmental work involves continuous improvement of operations and promotion of sustainable development pursued on a long-term basis.

Raisio's environmental targets are to:

- increase the field area getting cultivation advice,
- optimise transport distances,
- reduce energy consumption,
- reduce the amount of wastewaters,
- reduce noise emissions.

ENVIRONMENTAL IMPACT

Raisio produces food, functional ingredients, feed and malt. After the potato business was divested, its impact on the figures depicting the environmental load was removed.

Raisio uses renewable field products, consuming them practically in their entirety. The resulting waste flows are minor, but the company continues to study options for their recovery. 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 – grain 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 raw material and service suppliers and on the traceability of raw materials and products. Environmental aspects are also taken into consideration as part of procurement and quality control.

In addition to raw material procurement, other sources of environmental impacts in food, food ingredients and malt production are the energy used in processes and transports, as well as packaging and other waste. The use of water and wastewaters also have a significant impact, especially in the malt and margarine businesses.

A significant reduction of the environmental impact is also sought through product development. The nitrogen and phosphorus load from livestock manure is the main environmental consideration in the feed business. Development work in feeds has succeeded in creating feeding solutions that improve the efficiency of animal feeds. The environmental load of manure has decreased simultaneously.

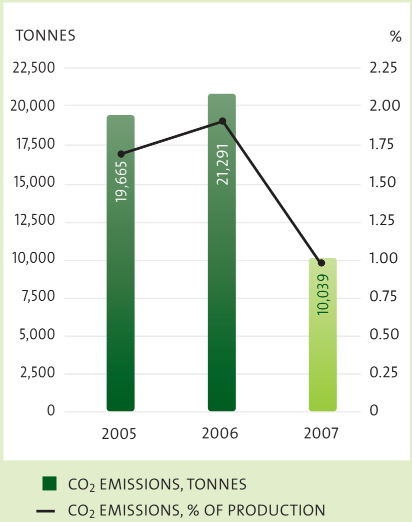
Co-operation in wastewater purification

The final report for Ripesca, a partly EU-financed co-operation project between the Group and the town of Raisio, was drawn up at the beginning of the year. Raisio's main goal in the project was to deliver wastewater with a higher carbon content to the town's purifying plant in order to enhance nitrogen removal.

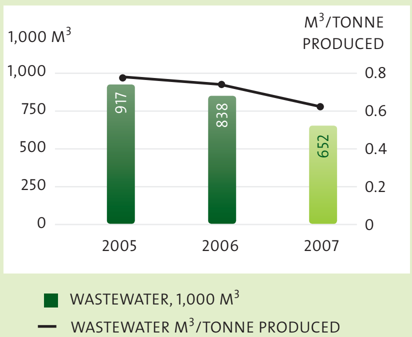
During the project, the purifying plant was modernised and Raisio's pre-treatment procedures were adapted to meet the new requirements. The project findings indicate that the carbon source (= soluble BOD) from Raisio's food industry waters had a positive impact on results at the town's purifying plant. However, the plant suffered from numerous mechanical problems throughout the project, which weakened the purification results and forced Raisio to adopt a more effective wastewater pre-treatment in summer 2006. This partly reduced the food industry's positive wastewater load to town.

The town of Raisio is currently studying two alternative purification methods: to conduct wastewaters to Turun seudun puhdistamo Oy, a wastewater treatment service provider, or to make the town's own purifying plant more effective. The decision, which will be made in spring 2008, will affect the Group's wastewater pre-treatment needs. Further information about the project's results is available at www.raisio.fi/ripesca.

Emission into the atmosphere



Wastewater



Environmental impact of products

The assessment of the environmental loading of products throughout their life cycle has grown more important and will continue to do so. Raisio has participated for years in research projects that examine the environmental impact of individual food products. Only a few life-cycle analyses of foods have been conducted in Finland to date, but the impact of Elovena oat flakes has been assessed. The carbon dioxide emissions from Elovena oat flakes, from cultivation through upgrading to the store shelf, were approximately 370 grams per kilogram. Emissions from cultivation accounted for some 60 per cent of this figure. Three kilograms of biomass (grains and crop) correspond to one kilogram of Elovena flakes and bind five kilograms of carbon dioxide. In other words, one kilogram of Elovena flakes binds a net amount of 4.6 kilograms of carbon dioxide. This is a very good figure.

Raisio's oil milling business also took part in the Foodchain 2 project, the final report of which was drawn up in 2007. Other similar projects include the assessment of the environmental impact of the malt barley chain and a project focusing on the development and productisation of responsible food chain in co-operation with stakeholders.

Materials and other production inputs

Raisio uses renewable natural resources as its raw material. The utilisation of grain-based raw material enables Raisio to use its raw material in the best possible way in each situation. Material flows between production plants are also considerable. These by-product transfers result in partial multiplication in raw material volumes.

Energy

Raisio's supply of electricity and heating is mainly based on purchased energy. The electricity used at the company's sites in Finland is eco-labelled, meaning that its production does not generate carbon dioxide emissions that speed up climate change.

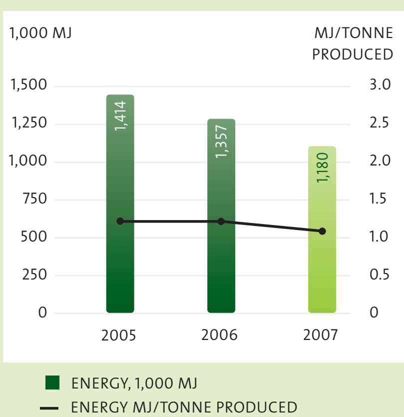
Raisio improved energy efficiency by giving more attention to the volumes of steam used. Energy savings are sought through process technology methods, for example, by enhancing cooling systems and optimising the use of condensed steam. Energy efficiency has been an inherent part of planning when designing new processes and making changes to existing processes.

PRODUCTION, RAW MATERIAL USE			
	2005	2006	2007
PRODUCTION VOLUME, 1,000 TONNES	1 155	1 116	1 039
RAW MATERIALS, 1,000 TONNES	858	874	777
RAW MATERIALS, TONNES/TONNE PRODUCED	0.74	0.78	0.75
ANCILLARY AGENTS, 1,000 TONNES	2.14	2.11	1.84
PACKAGING MATERIAL, 1,000 TONNES	7.91	10.93	8.85

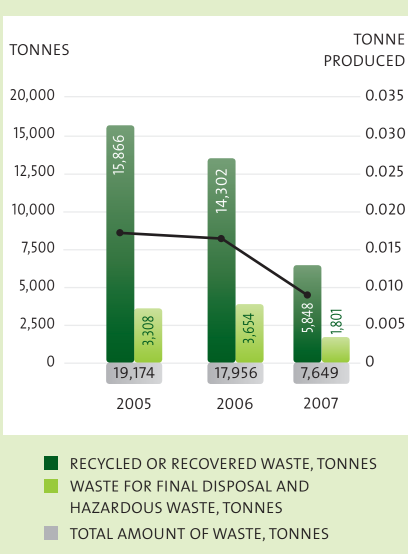
Water

The abundant use of water is characteristic of many food processes due to the hygiene and purity requirements for production facilities. Raisio enhances water use by recovering and recycling usable waters and optimising process wash. This covers some 13 per cent of all water used.

Energy consumption



Waste



Land use and biodiversity

Raisio has production facilities in seven locations in three countries. At the end of 2007, the administered land area totalled some 70 hectares.

The production facilities in Raisio, Finland, are located near the town centre, approximately two kilometres from the Raisio bay area, which is one of Finland's most valuable bird wetlands. The Raisio bay is included in the national conservation programme for bird wetlands.

The feed plant in Anjalankoski, Finland, is located in a Category I groundwater area. Feed factories, in general, have not been detected to have an impact on the quality of groundwater. Nevertheless, groundwater protection has been taken into consideration in the plant's technical solutions.

The operations of other industrial facilities are not considered to have a direct impact on biodiversity, or they are not located in sensitive areas in terms of nature conservation.

Emissions, wastewater and waste

The company's facilities in Raisio participated in an odour panel survey with Finnfeeds Finland Oy, Neste Oil Corporation and the neighbouring municipalities of Naantali, Raisio and Turku. The panel's first survey period took place in autumn 2006 and the second period of two months was in spring 2007. Comparisons to the previous survey, carried out in 1991, show that the odour-reducing actions made by the companies have been effective. The duration of detected odours has shortened considerably and there is clearly more odour-free time. The odours emitted by the Group's operations are mainly detected in the vicinity of its site.

Sources of noise at the production plants include compressors, ventilation fans and their outlets. The reduction of noise emissions continued as one of Raisio's focal areas. Emissions have been reduced using a variety of technical solutions, such as modifications to exhaust air fans, noise walls and loops, as well as other methods. An updated noise survey was carried out in the Raisio site in spring 2007. According to the results, noise-reduction measures have reduced noise levels, and the main sources of noise fall under the limits determined for environmental noise.

Measurements of emissions of volatile organic compounds (VOC) are carried out regularly in some of the facilities in accordance with the environmental permit conditions. The results are used to determine atmospheric emissions on the basis of calculations, since continuous quantitative measurements are not available. The hexane emissions from the Raisio site decreased nearly 15 per cent despite the increase in raw material use. They were clearly lower than the EU limits that took effect in 2007.

The nominal thermal power of the boilers used as a reserve power station at the Raisio site is slightly less than 57 MW, putting the plant within the scope of emissions trade. The calculation of carbon dioxide emissions from the boilers is carried out in compliance with the monitoring plan. Any indirect emissions resulting from the production of Raisio's energy suppliers are not included in the report.

Wastewater is a considerable process emission, especially in the malt and margarine businesses. The water is treated in either Raisio's or its co-operation partners' purifying plants. In the latter case, Raisio's wastewater load on the water system cannot be directly calculated, which is why the company uses the amount of wastewater as an indicator for this purpose.

Although Raisio consumes nearly all of its raw materials, the amount of waste is considered to be an important environmental consideration, which is why the waste amounts assigned for recovery, final disposal and hazardous waste treatment are reported as environmental indicators. The share of recovered waste from the overall waste dropped by three per cent to slightly over 76 per cent. Waste is used as either material or a source of energy. The reduction of waste volumes and the promotion of recovery play a key role in this work.

It is also important to monitor the use of packaging materials because Raisio's food business mainly produces packaged consumer products. On the other hand, such monitoring is statutory in the EU, and increasingly strict goals have been set for recycling.

The environmental impact of Raisio's operations is reduced by systematic and persistent work in conjunction with investments and renovations.

Transports

Raisio's own transport fleet is very small. Transport services are mainly acquired from external providers. The environmental load of purchased transport services has not been assessed. When selecting providers, their geographic location is taken into consideration, where possible, to optimise the transport distance. Transport arrangements can also be used to minimise environmental loads by using return transports whenever possible. To ensure the quality of deliveries, product safety factors and the hygiene of transports are always given priority.

The indicator for transports is tonne kilometres per year. No monitoring procedures are in place for raw material and other similar transports. Tonne kilometres for product transports totalled 172 (184) million in 2007.

The fill rate of raw material transports is nearly 100 per cent and that of product transports some 90 per cent. Road transports account for some 80 per cent of Raisio's transports, and ship and rail freight account for the rest.

COMPLIANCE WITH REGULATIONS

The production plants and wastewater pre-treatment plant in Raisio received environmental permits in late 2007. An appeal against the decision concerning wastewater measurements and the determined limits has been filed with the Administrative Court of Vaasa.

ACCIDENTS AND THEIR PREVENTION

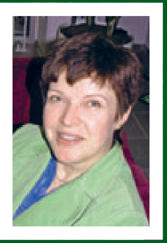
Two minor fires took place at the site in Raisio in 2007. In January, a minor fire that affected a container insulant took place at the refinery. In July, a small amount of feed caught fire due to a stoppage in the grain machine. The material damages were very small, and the events did not interrupt production. No major chemicals accidents or fuel emissions did not happen.

ENVIRONMENTAL, HEALTH AND SAFETY INVESTMENTS AND RUNNING COSTS

Raisio focuses on minimising key environmental effects. The financially most significant environmental, health and safety investments in 2007 focused on improving process and occupational safety, reducing the wastewater load, enhancing the use of energy and reducing noise and other atmospheric emissions. Environmental and safety investments amounted to some EUR 4.9 million (EUR 1.9 million).

Environment-related running costs consist of expenses related to operations, such as wages of employees in charge of environmental responsibility matters, waste transport and handling expenses, wastewater pre-treatment expenses, wastewater invoicing from co-operation partners, as well as maintenance and renewal of air filters.The running costs from environmental protection and occupational health and safety amounted to some EUR 1.7 million (EUR 2.1 million).

Raisio has no significant waste storage. No obligations to clean contaminated soil exist.



TOWARDS GROUP-WIDE OPERATING SYSTEM

Mirkka Rajala, Quality Manager

"Raisio's process philosophy is based on flexible and successful co-operation with customers and other stakeholders. It is very important for employees to understand their role in operations as a whole.

The development of Raisio's quality and environmental systems started over fifteen years ago. The systems currently in use are adjusted to comply with the harmonised ISO 9001- and ISO 14001-certified operating system, which combines the company's strategy process and its business processes.

Raisio's brands and commodities functions include core processes focusing on customer relations and partnerships, as well as the supply chain management process. The Group's support processes offer their service skills to assist core processes.

The commercial process is based on identifying and predicting customer and consumer needs, and on answering them with the required product and service range. The process aims at customer-oriented and profitable business, increased sales, improved customer satisfaction and stronger long-term customer relationships. Operations included in the supply chain management process, that is, procurement, production and the order-supply process, must meet customer needs at the right time so that the entire chain works as cost-effectively as possible."

Additional material about Raisio's environmental responsibility is available at www.raisio.com under heading Responsibility.

FINANCIAL RESPONSIBILITY

For the Raisio Group, financial responsibility means achieving good performance, as well as providing added value and well-being to interest groups locally, nationally and internationally in the company's business areas.

Raisio develops, produces and sells products to its customers, purchases raw materials, other materials and services from suppliers, pays wages, dividends and taxes, indirectly employs subcontractors and participates in social activities. These activities generate significant a cash flow, giving an idea of the importance of Raisio's and its stakeholders' relations.

STAKEHOLDERS

Customers

Raisio's customers include Finnish and international retail trade, catering business, bakeries and other food industry sectors, breweries, as well as livestock producers and fish farmers. Raisio is a reliable and competent partner.

Raisio participates in many development projects of retail trade related to the product groups it represents. They provide added value to all parties, especially consumers. The company introduces innovative products that satisfy customer needs. Its activities with feed and malt customers emphasise deeper partnerships. In the Benecol business, versatile customer support and competence create a solid foundation for partner co-operation.

Personnel

A professional, skilled, motivated and committed personnel is essential for Raisio to achieve the targets defined in its vision and strategy. In addition to competitive terms of employment and continuity of livelihood, employees expect opportunities for personal development. Raisio emphasises the development of staff competence, operating culture, management and well-being at work.

Product and service suppliers

Product and service suppliers and subcontractors are an important part of the customer service chain. Co-operation aims to ensure cost-effective solutions, quick reaction to problems, flexible operations and attention to environmental issues. Environmental, traceability and personnel policies are important aspects when approving new suppliers and carrying out audits. Lasting supplier relations based on mutual trust enable co-operation to be developed on a long-term basis.

Investors and financiers

Investors count on Raisio, a listed company, to offer a competitive return on their investment. It is expected to develop operations, implement appropriate risk management procedures, pursue a long-term dividend policy and use a well-functioning control and management model. Raisio's investor relations aim to provide all market participants with accurate, sufficient and up-to-date information to be used as the basis for share price determination.

Other stakeholders

Raisio is an important member of the local community, both as an employer and a taxpayer. Continuous interaction with the authorities, organisations, scientific communities, schools and universities is based on openness and reliability.

MEMBERSHIPS

Raisio, or its representatives, are members of the following organisations and associations, which are significant in terms of corporate responsibility: ECR-Finland Oy, Ekokem Oy, the Finnish Food and Drink Industries' Federation, Finfood – Finnish Food Information, the Water Protection Association of South-West Finland, the Environmental Register of Packaging PYR Ltd, Finnish Bioindustries, the Association for Finnish Work, Suomen Kuluttajakuitu ry, Suomen Teollisuuskuitu Oy and the Finnish Plastics Recycling Ltd.

Environmental protection regulations are being harmonised in the EU member states. The European Commission organises information exchange between member states and the industry. Raisio participates in co-operation with the authorities through European associations and federations in the field, such as Euromalt (Federation for European malting plants), FEFAC (European Feed Manufacturer Federation), FEDIOL (EU Oil and Proteinmeal Industry) and GAM (European Flour Milling Association).

RAISIO'S OPERATIONS AND IMPACTS

CONSUMER ORIENTATION

• OPERATIONS BASED ON CONSUMER NEEDS
• CONTINUOUS IMPROVEMENT OF CUSTOMER SATISFACTION
• STRENGTHENING OF PARTNERSHIPS
• RIGHT PRODUCTS TO MEET CONSUMER NEEDS

• SAFE PRODUCTS THAT PROMOTE WELL-BEING
• 30% OF PRODUCTS SOLD IN FINLAND ARE VALUE-ADDED PRODUCTS

DELIVERY CHAIN MANAGEMENT

• MAINTENANCE OF DELIVERY RELIABILITY
• EFFICIENT PRODUCTION PROCESSES
• ATTENTION TO ENVIRONMENTAL ASPECTS
• TRANSPORT OPTIMISATION

• PRODUCTION IN 3 COUNTRIES, IN 7 LOCALITIES
• ATTENTION TO ENVIRONMENTAL ASPECTS IN INVESTMENTS

RESEARCH AND DEVELOPMENT

• INNOVATIVE NEW PRODUCTS
• SAFE, HEALTHY AND NATURAL PRODUCTS
• GUARANTEED PRODUCT QUALITY
• INTERNATIONAL RESEARCH CO-OPERATION

• 1.5% OF TURNOVER ALLOCATED TO PRODUCT DEVELOPMENT
• PIONEER AND EXPERT IN GRAIN AND VEGETABLE OIL PRODUCTS

PERSONNEL

• COMPETENCE DEVELOPMENT
• ASSURANCE OF WELL-BEING AT WORK
• CREATION OF A SAFE WORKING ENVIRONMENT
• ENCOURAGEMENT OF INITIATIVE

• CA. 1,100 EMPLOYEES, 2/3 OF THEM IN FINLAND
• TRAINING: EUR 0.4 MILLION
• WAGES AND FEES: EUR 43.8 MILLION

PROCUREMENT

• PLANT-BASED RAW MATERIALS
• PRODUCT TRACEABILITY
• WIDE-RANGING, CONTINUOUS DEVELOPMENT OF CO-OPERATION

• ABOUT 95% OF RAW MATERIALS PLANT-BASED
• FINLAND'S BIGGEST INDUSTRIAL GRAIN PROCESSOR
• 90% OF GRAIN RAW MATERIAL FROM FINNISH FARMERS
• PURCHASES FROM PRODUCT AND SERVICE SUPPLIERS: EUR 286 MILLION

OTHER STAKEHOLDERS

• MAINTENANCE OF PROFITABILITY
• OPEN AND CORRECTLY TIMED COMMUNICATION
• INCREASE IN CONTINUOUS INTERACTION

• TURNOVER: EUR 421.9 MILLION
• DIVIDEND: EUR 0.04/SHARE
• DIVIDENDS AND SHARE BUY-BACKS: EUR 11.6 MILLION
• FINANCIAL INCOME AND EXPENSES: EUR –0.7 MILLION
• TAXES AND SOCIAL EXPENSES: EUR 12.2 MILLION

☐ RAISIO'S OPERATIONS ■ RAISIO'S IMPACTS

SOCIAL RESPONSIBILITY

Raisio's social responsibility emphasises the development of staff competence, well-being at work and safety in the work environment, as well as good practices in co-operation networks and social relations.

Social responsibility means Raisio's responsibility for the well-being of its personnel and other interest groups. Responsible operations improve the Group's competitiveness and enable Raisio to attract the best possible employees. Good management of social responsibility enables the Group to develop its business and achieve its targets, helps the personnel to implement Raisio's values in its own work and keeps employees motivated.

The concept of social responsibility, as well as the emphasis put on its different sub-areas, vary from culture to culture. In some countries, responsibility means paying wages on time, while elsewhere the focus may be on the ethical nature of business. Raisio operates according to the same principles and values at all of its sites irrespective of the country.

PERSONNEL

- Raisio employed 1,072 people at the end of 2007 (1,200 in 2006) in the continuing operations, 32% (33%) of whom worked outside Finland. Raisio has employees in 9 (14) countries.
- A developing, professional, skilled, motivated and committed personnel is essential for Raisio to achieve the targets defined in its vision and strategy.
- Raisio Group has drawn up Global HR Policies & Guidelines. The principles include common guidelines, among other things, for HR planning and reporting, recruiting, personnel development and rewarding. Raisio also has common rules for the termination of employment relationships that comply with local legislation.
- The simplification of the organisation's hierarchy involved numerous personnel and organisational changes that tested the employees' ability to change.
- New recruits boosted competence, especially in company management and Food Division's sales and marketing.
- Regular team meetings are arranged between the employer and employees to discuss business conditions and other topical issues. In addition, each personnel group (workers, office workers and exempt employees) has selected its own representative to the Supervisory Board.
- The superiors' role in personnel communication was strengthened, and superiors were offered several training and informative events on Raisio's topical issues. The task of the superiors is to distribute information within their own organisations to ensure that all employees are aware of the targets set for the company and their own work.

The main target in 2007 was to improve profitability by streamlining, focusing and enhancing operations. The potato business was divested in June 2007. As a result, 47 people transferred to the employment of the new owner. The Diagnostics business was divested in autumn 2007, leading to 67 employees transferring to the new owner. The margarine and flake operations in Russia were enhanced by closing down the company's own margarine production in the country, which led to a reduction of some 40 jobs. In Nokia, the adjustment of production to the market situation led to the wheat and rye mills being closed down and 27 jobs being cut. A further 27 jobs were reduced as a result of the streamlining programme concerning the Food and Ingredients Divisions and group services. As a result of divestment of Monäs Feed, 15 people transferred to the employment of the new owner.

Some of the personnel cuts were carried out as internal job transfers, natural redundancies and pension arrangements. Raisio also arranged events to support relocation and change management. In Finland, the representatives of personnel groups co-operated with the employment agency to draw up an action plan to promote the employment of laid off employees in accordance with new legislation.

HUMAN RIGHTS AND EQUAL OPPORTUNITIES

Raisio respects the UN declaration of human rights and the fundamental principles and rights at work as defined by the ILO. These rights cover the freedom of association, the right to organise or not to organise, the right to collective bargaining, the elimination of forced and compulsory labour, the abolition of child labour and the employees' right to equal treatment and opportunities.

All employees are entitled to a safe work environment. Behaviour that is mentally or physically coercive, threatening, offending or abusive is not permitted.

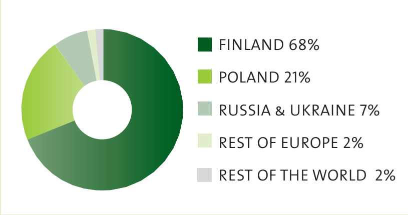
Raisio considers staff versatility a strength. Employees are selected for their duties based on their personal traits and skills. Continuous learning and self-development are made possible by internal and external training and on-the-job learning. Discrimination on the grounds of race, gender, sexual orientation, religion or political beliefs is prohibited. The goal is for Raisio's equality and well-being plans to cover the entire staff.

Raisio's Finnish units have at their disposal a specially drawn up equality plan, which is updated on an annual basis. The plan includes a description of equality in the workplace and the measures taken to promote equality between men and women. The achievement of equality is monitored with a survey carried out among the employees. One of the targets of the equality plan is to increase the share of women in managerial posts and management teams. In 2007 Raisio's management team consisted of two women and five men.

PERSONNEL SURVEY

The improvement of the personnel's job satisfaction is a key indicator for the HR strategy. Raisio's units in Finland, Poland, Russia and the USA all carried out an updated personnel survey in spring 2007. The objective was to determine the organisation's strengths and the most obvious areas in which job satisfaction could be developed both on the level of individuals and the work community. The response percentage was 70, and the best grades were given to physical well-being at work, the meaningfulness of work, the atmosphere at work and social support. Change management, communication and information distribution were areas in which employees wished to see development.

Personnel by geographical areas



Personnel 31 December

Superiors have used the survey results as a basis for feedback discussions with their own personnel, and each unit has agreed on development measures. At the Group level, the focus is on strengthening the role and competence of superiors in personnel communication.

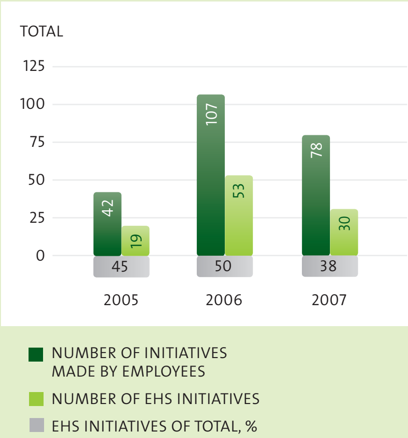
REWARDING

Raisio offers its personnel compensation that is competitive both in terms of country and business area. The company carries out regular reviews of its salary and incentive systems, as well as social and other benefits. Raisio's goal is to maintain and develop systems that are fair and motivating and reward good performance in each country and business area. The Group's reward systems help the company to achieve its targets. Raisio regularly monitors salaries in the market in order to maintain its competitiveness.

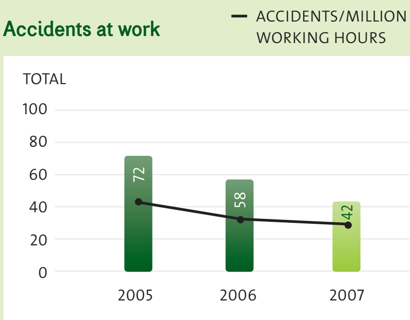
INITIATIVE SCHEME

The initiative system aims to encourage employees to develop their own workplace and environment. Implemented initiatives benefit the proposer of the initiative and the entire work community. In 2007, the initiative committee continued its policy of recent years by rewarding initiatives that were found to be good; the aim being to further encourage employees to make initiatives. Raisio's employees made 78 initiatives in 2007, and around 33% of them were implemented as proposed. Some 38% of the initiatives concerned occupational safety and environmental issues.

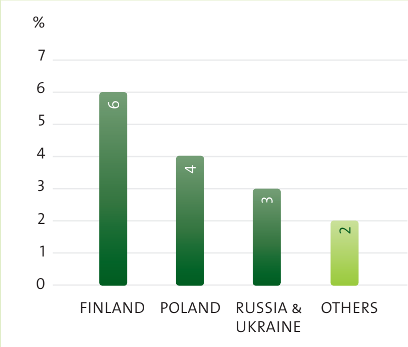
Initiatives



Accidents at work



Absences due to illness as % of theoretical working hours by country



EMPLOYEES' ABSENCE DUE TO ILLNESS, ON AVERAGE, WAS 5% (4% IN 2006).

The action plan for 2007, drawn up by the initiative committee, was carried out as planned. It included, among other things, an initiative competition organised in the summer. One of the main goals of the competition was to reach summer workers and collect their observations and improvement suggestions. This was a great success. The best development ideas are produced in an open and encouraging work community. The initiative committee strives to promote the creation of a good atmosphere through its own activities.

OCCUPATIONAL SAFETY

Raisio has defined corporate safety as being a comprehensive management process of safety issues. It aims to ensure uninterrupted operations and to protect the company's personnel, property, information and environment against accidents, damage and criminal activities. As a rule, safety management is based on unit-specific rescue plans and occupational safety guidelines. The goal is to use the different safety sectors and business operations to formulate a basis for operational activities. In-depth development work started in 2007 and will continue in the coming years.

Raisio aims to ensure uninterrupted operations by good management of occupational safety. The goal is to make Raisio a forerunner in terms of occupational safety in each country where it operates in. The annually-updated action plan for occupational health and safety helps company management to steer the occupational safety operations of different units. The key long-term target is zero accidents.

Employees receive regular training and guidance in occupational health and safety matters. Raisio provides its employees involved in occupational health and safety operations with company-specific training, as well as training outside the company. Occupational safety card training is arranged regularly for both the Group's own personnel and employees of partner companies. Since the beginning of 2006, Raisio has required all of the employees of its service companies in Finland to hold a valid occupational safety card. Occupational health and safety issues play an important part in the development of work induction and guidance offered to new employees.

WELL-BEING AT WORK

The development of well-being at work includes all activities related to the health, well-being, competence, work community, work and working conditions of individual employees.

Activities aiming to improve well-being at work have long traditions in Raisio's Finnish units. Similar activities are arranged at Raisio's international sites. Long-term work aims to increase motivation, make systematic use of competence within the company, decrease absences due to illness and prevent early retirement. The methods used include work community training, supported leisure activities, health-related services and rehabilitation. The state of affairs is monitored through surveys and work community assessments.

Raisio purchases occupational healthcare services from the best provider in each country and area. This enables occupational healthcare services and competence to be continuously developed in co-operation with healthcare professionals. Activities in 2007 focused on preventive work in occupational healthcare.

COMPETENCE

HR management focuses on leadership, competence, well-being at work and operating culture. Measures used to develop competence include recruiting, on-the-job-learning, work induction, training and various development projects. Individual objectives and the methods used to develop competences are determined in performance appraisals between the superior and employee. The immediate superior conducts individual or group discussions with each employee at least once a year. In 2007, the scope of performance appraisals was 65 per cent.

Raisio trains and motivates its employees to maintain their professional skills. Competence development in 2007 focused on professional training and internal operations, as well as language, work safety, first aid and IT training, and quality and environmental issues. Further inputs were made in superior-employee work relations, the focus being on internal communication. In 2007, Raisio invested EUR 370,000 (EUR 440,000) in personnel training. This figure does not include internal training.

The fourth group in the Leading Raisio management training scheme completed its studies in autumn 2007. The scheme will be further developed on the basis of feedback. A new group of 20 superiors and experts began studies in January 2008. The goal is to improve the communication of business strategies, enhance business competence and develop individual managerial and co-operation skills.

Employees are encouraged to take quality, environmental, health and safety aspects into consideration as best they can in their own work. Training in these matters is arranged to improve the personnel's competence and keep it up-to-date. The Group continued its heavy emphasis on occupational health and safety training. In 2007, the occupational safety card was granted to 28 (72) Raisio employees. Summer workers involved in production also completed the training. The company's occupational safety card training was also attended by employees from co-operation companies. Raisio continued its hygiene training for its personnel, customers and representatives of other interest groups.

COMMUNITY INVOLVEMENT

Continuous interaction with the authorities, civic organisations, scientific communities, schools, universities and healthcare services helps to increase contact with the surrounding society. Listening to different interest groups and taking their needs into consideration is important to all Raisio employees. The company encourages its units and personnel to participate in activities that benefit the local community.

Raisio manages interaction between its stakeholders in line with its ethical principles. For the fourth year in a row, Raisio supported the Hyvä Joulumieli (Christmas Spirit) fundraising event, which is jointly organised by the morning TV show of the Finnish Broadcasting Company YLE, the Mannerheim League for Child Welfare, the Finnish Red Cross and Kesko. It aims to give poor families with children food vouchers for a Christmas meal.

The Raisio plc Research Foundation, established in 1958, supports scientific research with annual grants. The objective is to develop the Foundation's operations increasingly more in the direction of a research academy. The Foundation aims to promote the development, quality and safety of human and animal foods and food ingredients. In 2007, it awarded grants to 16 researchers; the total value of grants amounting to EUR 227,200. The Research Foundation's grants in the past ten years total EUR 1.6 million.

Raisio took part for the second time in the event arranged by the Finnish Food and Drink Industries' Federation to promote awareness for the food industry among school children. In this conjunction, Raisio was visited by 25 ninth-graders and their teachers from the Hemminki School in Masku, Finland.

Additional material about Raisio's social responsibility is available at www.raisio.com under heading Responsibility.

TARGETS AND EMPHASIS OF PERSONNEL STRATEGY

COMPARISON OF CORPORATE RESPONSIBILITY REPORTING AND GLOBAL REPORTING INITIATIVE OF G3 GUIDELINES				
GRI GUIDELINES SECTION	**GRI CONTENT**	**TYPE**	**INCLUDED**	**LOCATION IN RAISIO'S REPORT**
STRATEGY AND ANALYSIS				
1.1	STATEMENT FROM THE CHIEF EXECUTIVE		YES	CHIEF EXECUTIVE'S REVIEW
1.2	DESCRIPTION OF KEY IMPACTS, RISKS AND OPPORTUNITIES		YES	FINANCIAL RESPONSIBILITY
ORGANISATIONAL PROFILE				
2.1–2.10	BASIC COMPANY INFORMATION		YES	RAISIO IN BRIEF, VISION, STRATEGY AND VALUES, OPERATING ENVIRONMENT, SOCIAL RESPONSIBILITY, FINANCIAL STATEMENTS
REPORTING PRINCIPLES			YES	CORPORATE RESPONSIBILITY, ENVIRONMENTAL RESPONSIBILITY
REPORT PROFILE				
3.1	REPORTING PERIOD		YES	CORPORATE RESPONSIBILITY
3.2	DATE OF MOST RECENT PREVIOUS REPORT		YES	CORPORATE RESPONSIBILITY
3.3	REPORTING CYCLE		YES	CORPORATE RESPONSIBILITY
3.4	CONTACT POINT FOR QUESTIONS REGARDING THE REPORT		YES	CORPORATE RESPONSIBILITY
REPORT SCOPE AND BOUNDARY				
3.5–3.11	APPLICATION OF GRI/BASES OF CALCULATIONS		PARTLY	CORPORATE RESPONSIBILITY, ENVIRONMENTAL RESPONSIBILITY, GRI COMPLIANCE
3.12	GRI CONTENT INDEX		YES	GRI COMPLIANCE
3.13	EXTERNAL ASSURANCE		NO	
GOVERNANCE				
4.1–4.3	GOVERNANCE STRUCTURE, POSITION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, GOVERNANCE BODIES AND NUMBER OF INDEPENDENT MEMBERS		YES	CORPORATE GOVERNANCE
4.4	INVOLVEMENT OF SHAREHOLDERS AND EMPLOYEES		YES	CORPORATE GOVERNANCE, SOCIAL RESPONSIBILITY, INFORMATION TO SHAREHOLDERS
4.5	LINKAGE BETWEEN COMPENSATION FOR MANAGEMENT AND THE PERFORMANCE IN SUSTAINABLE DEVELOPMENT		NO	
4.6.	AVOIDANCE OF CONFLICT OF INTERESTS		PARTLY	CORPORATE RESPONSIBILITY
4.7	PROCESS FOR DETERMINING THE QUALIFICATIONS AND EXPERTISE OF SUPREME MANAGEMENT		NO	
4.8	VISION, VALUES, CODES OF CONDUCT		YES	VISION, STRATEGY AND VALUES, CORPORATE RESPONSIBILITY
4.9	MONITORING OF THE RESULTS OF SUSTAINABLE DEVELOPMENT		YES	ENVIRONMENTAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
4.10	ASSESSMENT OF SUPREME MANAGEMENT WITH REGARD TO FINANCIAL, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY		NO	
COMMITMENT TO EXTERNAL INITIATIVES				
4.11	APPLICATION OF THE PRECAUTIONARY APPROACH		YES	CORPORATE RESPONSIBILITY, FINANCIAL RESPONSIBILITY, ENVIRONMENTAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
4.12	COMMITMENT TO EXTERNALLY DEVELOPED CHARTERS, INITIATIVES AND OTHER PRINCIPLES CONCERNING CORPORATE RESPONSIBILITY		YES	CORPORATE RESPONSIBILITY
4.13	MEMBERSHIPS		YES	FINANCIAL RESPONSIBILITY
STAKEHOLDER ENGAGEMENT				
4.14–4.17	IDENTIFICATION OF STAKEHOLDERS, APPROACHES TO STAKEHOLDER ENGAGEMENT AND FORMS OF INTERACTION		YES	CORPORATE RESPONSIBILITY, FINANCIAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
MANAGEMENT APPROACH	MANAGEMENT SYSTEMS AND PROCEDURES		YES	CORPORATE RESPONSIBILITY, ENVIRONMENTAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
Financial responsibility				
ECONOMIC PERFORMANCE				
EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, INCLUDING REVENUES, OPERATING COSTS, EMPLOYEE COMPENSATION, DONATIONS AND OTHER COMMUNITY INVESTMENTS	CORE	YES	FINANCIAL RESPONSIBILITY, KEY FIGURES, REPORT OF THE BOARD OF DIRECTORS, FINANCIAL STATEMENTS
EC2	FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE	CORE	PARTLY	ENVIRONMENTAL RESPONSIBILITY
EC3	COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS	CORE	YES	CORPORATE GOVERNANCE, FINANCIAL STATEMENTS
EC4	SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT	CORE	YES	CORPORATE GOVERNANCE, FINANCIAL STATEMENTS
MARKET PRESENCE				
EC6	POLICY, PRACTICES AND PROPORTION OF SPENDING ON LOCALLY BASED SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	CORE	PARTLY	FINANCIAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
EC7	PROCEDURES FOR LOCAL HIRING AND PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT LOCATIONS OF SIGNIFICANT OPERATION	CORE	NO	
INDIRECT ECONOMIC IMPACTS				
EC8	DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES PROVIDED PRIMARILY FOR PUBLIC BENEFIT	CORE	YES	FINANCIAL RESPONSIBILITY, SOCIAL RESPONSIBILITY
Environmental responsibility				
MATERIALS				
EN1	MATERIALS USED BY WEIGHT OR VOLUME	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN2	PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS	CORE	NO	

COMPARISON OF CORPORATE RESPONSIBILITY REPORTING AND GLOBAL REPORTING INITIATIVE OF G3 GUIDELINES

GRI GUIDELINES SECTION	GRI CONTENT	TYPE	INCLUDED	LOCATION IN RAISIO'S REPORT
ENERGY				
EN3	DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN4	INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE	CORE	NO	
WATER				
EN8	TOTAL WATER WITHDRAWAL BY SOURCE	CORE	PARTLY	ENVIRONMENTAL RESPONSIBILITY
BIODIVERSITY				
EN11–EN12	LOCATION AND SIZE OF LAND OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE/IMPACTS OF ACTIVITIES IN SUCH AREAS	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EMISSIONS, EFFLUENTS AND WASTE				
EN16–EN17	DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN19	EMISSIONS OF OZONE-DEPLETING SUBSTANCES	CORE	NO	
EN20	NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN21	TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN22	TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
EN23	TOTAL NUMBER AND VOLUME OF SIGNIFICANT CHEMICALS, OIL AND FUEL SPILLS	CORE	YES	ENVIRONMENTAL RESPONSIBILITY
PRODUCTS AND SERVICES				
EN26	INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES, AND EXTENT OF IMPACT MITIGATION	CORE	NO	
EN27	PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED BY CATEGORY	CORE	NO	
COMPLIANCE				
EN28	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	CORE	NO	
Social responsibility				
EMPLOYMENT				
LA1–LA2	EMPLOYMENT STATISTICS	CORE	YES	SOCIAL RESPONSIBILITY
LABOUR/MANAGEMENT RELATIONS				
LA4	PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	CORE	NO	
LA5	MINIMUM NOTICE PERIOD(S) REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER IT IS SPECIFIED IN COLLECTIVE AGREEMENTS	CORE	NO	
OCCUPATIONAL HEALTH AND SAFETY				
LA7	RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES BY REGION	CORE	YES	SOCIAL RESPONSIBILITY
LA8	EDUCATION, TRAINING, COUNSELING, PREVENTION, AND RISK-CONTROL PROGRAMS REGARDING SERIOUS DISEASES	CORE	NO	
TRAINING AND EDUCATION				
LA10	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY	CORE	YES	SOCIAL RESPONSIBILITY
DIVERSITY AND EQUAL OPPORTUNITIES				
LA13	COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP AND OTHER INDICATORS OF DIVERSITY	CORE	YES	CORPORATE GOVERNANCE
LA14	RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY	CORE	NO	
HUMAN RIGHTS				
HR1–HR2	HUMAN RIGHTS/SURROUNDING COMMUNITIES, HUMAN RIGHTS TRAINING	CORE	YES	CORPORATE RESPONSIBILITY, SOCIAL RESPONSIBILITY
HR4–HR7	TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND ACTIONS TAKEN, FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING, CHILD LABOUR, FORCED AND COMPULSORY LABOUR	CORE	YES	CORPORATE RESPONSIBILITY, SOCIAL RESPONSIBILITY
SOCIETY				
SO1–SO4	NATURE, SCOPE AND EFFECTIVENESS OF ANY PROGRAMMES AND PRACTICES THAT ASSESS AND MANAGE THE IMPACTS OF OPERATIONS ON COMMUNITIES, MANAGEMENT OF CORRUPTION-RELATED RISKS AND RELATED TRAINING, QUESTIONS CONSERNING BRIBERY	CORE	YES	CORPORATE RESPONSIBILITY, SOCIAL RESPONSIBILITY
SO5	PUBLIC POLICY POSITIONS AND PARTICIPATION IN PUBLIC POLICY DEVELOPMENT AND LOBBYING	CORE	YES	CORPORATE GOVERNANCE, SOCIAL RESPONSIBILITY
SO8	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS	CORE	NO	
Product responsibility				
CUSTOMER HEALTH AND SAFETY				
PR1	LIFE CYCLE STAGES IN WHICH THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES ARE ASSESSED FOR IMPROVEMENT, AND PERCENTAGE OF SIGNIFICANT PRODUCTS AND SERVICES CATEGORIES SUBJECT TO SUCH PROCEDURES	CORE	PARTLY	ENVIRONMENTAL RESPONSIBILITY
PR3	TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY PROCEDURES, AND PERCENTAGE OF SIGNIFICANT PRODUCTS	CORE	NO	
PR6	PROGRAMMES FOR ADHERENCE TO LAWS, STANDARDS AND VOLUNTARY CODES RELATED TO MARKETING COMMUNICATIONS, INCLUDING ADVERTISING, PROMOTION AND SPONSORSHIP	CORE	PARTLY	CORPORATE RESPONSIBILITY
PR9	MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES	CORE	NO	

FURTHER INFORMATION ON THE GRI COMPLIANCE IS AVAILABLE ON THE COMPANY'S WEBSITE AT WWW.RAISIO.COM UNDER THE HEADLINE CORPORATE RESPONSIBILITY

CORPORATE GOVERNANCE

Finnish legislation and the Articles of Association form the framework for Raisio's corporate governance. Raisio complies with the corporate governance recommendation for listed companies issued by the OMX Nordic Exchange Helsinki, the Central Chamber of Commerce and the Confederation of Finnish Industries.

CORPORATE GOVERNANCE

Raisio complies with the corporate governance recommendation for listed companies issued by the OMX Nordic Exchange Helsinki, the Central Chamber of Commerce and the Confederation of Finnish Industries.

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body. It 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 members of the Supervisory Board, Board of Directors and the 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 held on 27 March 2008 was published in the following newspapers: Helsingin Sanomat, Turun Sanomat, Maaseudun Tulevaisuus, Hufvudstadsbladet and Landsbygdens Folk.

In 2007, Raisio's Annual General Meeting was held on 30 March 2007 in Turku. The meeting was attended by 2,376 shareholders or their representatives. This corresponded to 26.2 million shares, or 15.9 per cent of the overall share capital. The CEO, Chairman of the Board and three Board members also attended the meeting.

SUPERVISORY BOARD

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 ends at the end of the third Annual General Meeting following the election. One-third of the members are to withdraw 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. A person who has turned 65 years before the beginning of the term cannot be elected as a member of the Supervisory Board.

The Supervisory Board elects a Chairman and Deputy 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 the Managing Director and 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 2007. 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 2007.

CORPORATE GOVERNANCE SYSTEM OF RAISIO PLC

The Supervisory Board convened three times in 2007, with a member attendance of 86.7 per cent. The Annual General Meeting in spring 2007 confirmed the number of members in Raisio plc's Supervisory Board to be 25.

The members of the Supervisory Board are presented on page 55.

SUPERVISORY BOARD WORKGROUPS

The Supervisory Board has set up a nomination group to prepare matters concerning the appointment of members to the Board of Directors, as well as proposals made to the Annual General Meeting on possible Supervisory Board members, which will be handled by the Supervisory Board. The group consists of the Chairman and Deputy Chairman of the Supervisory Board, as well as three members elected by the Supervisory Board from among its members. The group held two meetings in the review period.

The Supervisory Board elects four of its members to inspect the corporate administration run by the Board of Directors and the Managing Director. The inspectors report on their observations to the Supervisory Board. In the review period they made 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 Annual General Meeting (as of spring 2008). Their term begins at the end of the Annual General Meeting at which the election took place and lasts until the end of the following Annual General Meeting. 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 Deputy Chairman among its members for one term 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 over 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 Management Team 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 at the following meeting by all the members that were present.

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 Managing Director and, following the Managing Director's proposal, appoint and discharge the Managing Director'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 key principles, ethical values and operating models.

In 2007, the Board had five members, all of whom were independent of the company and its major shareholders. The Board met 13 times in 2007 and held three teleconferences. Attendance at the meetings was 96.3 per cent.

The Chairman of the Board received a monthly fee of EUR 16,810. 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 2007.

The members of the Board of Directors are presented on pages 52 and 53.

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. The committee has consisted of the Chairman and Deputy Chairman of the Board. It convened five times in 2007. The Board of Directors has not set up other committees.

The purpose of the grain market workgroup appointed by the Board of Directors is to promote the conditions for Raisio's grain and oil plant 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 Vice President of the Feed & Malt Division, the Vice President of Operations and the Director of the Grain Trade operations.

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.

Matti Rihko has been the Managing Director of Raisio plc since November 2006. In 2007, Rihko received a total of EUR 432,749 in salaries, fees and fringe benefits. He has not received Raisio plc's shares or securities entitling to shares from the company.

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.

The company has not appointed a deputy for Managing Director.

MANAGEMENT TEAM

The Management Team is chaired by the Managing Director and consists of the Vice Presidents of two business areas; one of whom is Managing Director Rihko, who takes care of the post in addition to his main duties, as well as the Vice Presidents of business development, operations and the three service functions. The Management Team co-ordinates the Group's operations and defines Group-level operating policies and processes. It formulates the 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 Management Team holds regular meetings every month and shorter meetings once a week.

The Management Team is presented on page 54.

INCENTIVE SCHEMES

Raisio has had separate incentive schemes for management, middle management and the personnel for many years. However, in 2007, the Group did not apply incentive schemes for any group. Thus the company did not have any share-based rewarding systems in the review period either.

Decisions on incentive schemes are made by the Board of Directors based on the reward committee's proposals.

INTERNAL CONTROL

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.

INTERNAL AUDITING

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 divisions 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.

RISK MANAGEMENT

The targets, principles and responsibilities of risk management are defined in the risk management policy approved by the Board of Directors. The key principle is to identify and assess significant internal and external uncertainty factors that may threaten the implementation of the company's strategy and achievement of its targets. Identified risks are eliminated, reduced or transferred to the extent possible. Special emphasis is put on preventive action and its development. Damages caused by products with inadequate safety and the liability risks related to them are key topics in the risk management of food producers.

Risk management is coordinated by the Director of Finance and Treasury, who reports to the Chief Financial Officer. External advisors are also used to develop risk management procedures. Risk management is responsible for Group-wide insurance schemes. Their scope is assessed, for example, in conjunction with risk surveys carried out at individual sites.

Each division carries out practical risk management in compliance with the risk management policy and the Group's guidelines. Operational responsibility is held by the management of each division and function. The divisions survey and identify risks and assess the required measures, for example, in conjunction with annual planning. The Group is prepared for operations in crises and for crisis communication.

Business risks are described in business areas reviews and other financial risks in financial statements on pages 35–36.

INSIDER REGULATIONS

Raisio complies with the Insider Guidelines (2006) issued by the OMX Nordic Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries, with some modifications.

The Group's insiders include insiders with a duty to declare ("public insiders") and permanent company-specific insiders, in addition to which the Group 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 Management Team and auditors. Permanent insiders include people with key responsibility in Raisio's business areas, certain managers and experts in research and development and financial administration, as well as management assistants. Raisio had 35 permanent company-specific insiders on 31 December 2007.

Raisio'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 reports 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 2007. PricewaterhouseCoopers Oy and Kalle Laaksonen, authorised public accountant, acted as deputy auditors. The 2007 Annual General Meeting elected the same auditors for the financial year 2008.

The auditors give the Board of Directors and the Managing Director 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 two of the Board of Directors' meetings in 2007. The auditors give shareholders an annual auditor's report on the financial statements as required by law.

Fees for statutory auditing in 2007 amounted to EUR 223,000. Raisio also purchased other services from PricewaterhouseCoopers Oy and its associates for a total of EUR 166,690.

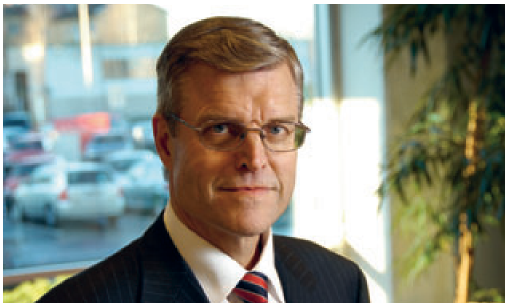
CORPORATE GOVERNANCE RECOMMENDATION

Raisio complies with the corporate governance recommendation for listed companies issued by the OMX Nordic Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries in 2003.

The Board of Directors has not considered it to be necessary to set up an audit committee (recommendation 27) because the entire 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 schemes, the 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 since 2006
Other simultaneous positions of trust: Domus Group Ltd: Deputy Chairman of the Board of Directors; Fund of Jenny and Antti Wihuri: Deputy Chairman of the Board of Directors; Wihuri Ltd: Member of the Supervisory Board
Fees in 2007: EUR 201,720
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 since 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 2007: 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 since 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 2007: EUR 20,400
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 2007: EUR 20,400
Holdings in Raisio: series K 364,940 and series V 172,260

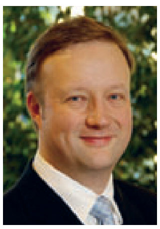
SATU LÄHTEENMÄKI

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 since 2006
Other simultaneous positions of trust: 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
Fees in 2007: EUR 20,400
Holdings in Raisio: –

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

Shareholdings of the Board of Directors on 13 February 2008 (date of signing the financial statements).

GROUP MANAGEMENT TEAM

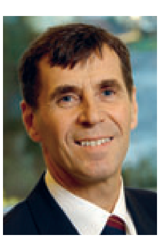


MATTI RIHKO

Year of birth: 1962
Domicile: Kaarina, Finland
Education: M.Sc. (Econ.), M.A. Psychology
Occupation in Raisio: Chief Executive Officer
Principal employment history: Raisio plc 2006–: Vice President, Ingredients Division; Altadis SA, Paris 2004–2006: Regional Director Europe; Altadis Finland Oy 1999–2004: CEO
Positions of trust: Finnish Food and Drink Industries Federation: Member of Executive Committee of the Board of Directors; Turku School of Economics: Member of the Board of Directors
Holdings in Raisio: series V 80,000

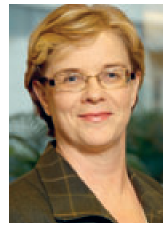
VESA KURULA

Year of birth: 1956
Domicile: Kirkkonummi, Finland
Education: Masters in Process Engineering (DI)
Occupation in Raisio: Vice President, Operations
Principal employment history: Raisio plc from 1 September 2007–; Sucros Ltd/Finnsugar Ltd 2004–2007: CEO; Sucros Ltd 2003–2007: Plant Manager; Danisco Sweeteners 1999–2003: Manufacturing Engineer; Xyrofin Sussmittel GmbH, Austria 1995–1999: Plant Manager; Neson Oy 1992–1995: CEO; American Xyrofin Inc. USA 1989–1992: Plant Manager; Finnsugar Biochemicals USA 1987–1989: Production Manager; American Xyrofin Inc. USA 1985–1987: Manufacturing Engineer; Finnsugar Ltd 1983–1985: Researcher
Positions of trust: –
Holdings in Raisio: series V 20,000



LEIF LIEDES

Year of birth: 1953
Domicile: Naantali, Finland
Education: Business College Graduate
Occupation in Raisio: Vice President, Feed and Malt Division
Principal employment history: Raisio plc 1978–
Positions of trust: Finnish Food and Drink Industries Federation: Chairman of Feed Industry Association
Holdings in Raisio: series V 1,000

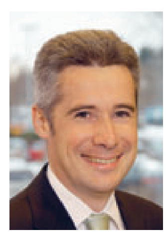


MERJA LUMME

Year of birth: 1961
Domicile: Lieto, Finland
Education: Engineer, eMBA
Occupation in Raisio: 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



VINCENT POUJARDIEU

Year of birth: 1967
Domicile: Brussels, Belgium
Education: Graduated EDHEC business school
Occupation in Raisio: Vice President, Business Development and Ingredients Division
Principal employment history: Raisio plc from 1 September 2007–; Altadis SA, Brussels 2000–2007: Regional Director Benelux and then North Europe; Altadis SA, Paris 1994–2000: Business Development Manager; French Embassy, Nicaragua 1992–1994: Commercial Adviser; Arthur Andersen, Lyon 1989–1992: financial auditor
Positions of trust: –
Holdings in Raisio: series V 55,733

KIRSI SWANLJUNG

Year of birth: 1962
Domicile: Turku, Finland
Education: Master of Laws with court training, M.Sc. (Econ.)
Occupation in Raisio: Vice President, Legal Affairs
Principal employment history: Raisio plc from 1 September 2007–; Ernst & Young Oy 2006–2007: partner and head of Southwest Finland law services; Roschier, Attorneys Ltd. 2004–2006: Specialist Counsel and head of Turku law office; Laakso, Lukander & Ruohola Attorneys at Law Ltd 1998–2004: partner; Roschier, Attorneys Ltd. 1989–1998: Attorney-at-Law
Positions of trust: Central Chamber of Commerce: Member of Law Committee; Turku Chamber of Commerce: Member of Law Committee and Vice Member of Board of Arbitration
Holdings in Raisio: –

Shareholdings of Management team on 13 February 2008 (date of signing the financial statements).

SUPERVISORY BOARD

JUHA SAURA, born 1951
Pöytyä
Chairman since 2004 and
member since 1998**
series K 10,030
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 since 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 2,000

ANTTI LITHOVIUS, born 1950
Lumijoki
Member since 1994**
series K 900 and
series V 3,620

PIRKKO LÖNNQVIST, born 1955
Staff representative since 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 since 2007**
No Raisio shares

HEIKKI POHJALA, born 1959
Harjavalta
Member since 2006**
Series K 2,340 and
series V 900

RAINE REKIKOSKI, born 1971
Kiukainen
Member since 2006*
series K 200 and
series V 240

JARI SANKARI, born 1957
Staff representative since 2007**
series V 350

URBAN SILÉN, born 1959
Perniö
Member since 2003***
series K 80,000 and
series V 32,000

TUULA TALLSKOG, born 1946
Pertteli
Member since 1998***
series K 2,310

HANNU TARKKONEN, born 1950
Helsinki
Member since 2006*
No Raisio shares

JOHAN TAUBE, born 1950
Tammisaari
Member since 1987***
series K 101,180

RITA WEGELIUS, born 1960
Hattula
Member since 2006**
series V 4,500

TAPIO YLITALO, born 1955
Turku
Member since 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 13 February 2008 (date of signing the financial statements).

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

* End of term 2008
** End of term 2009
*** End of term 2010

GLOSSARY

BAT
Best Available Technology

BOD_7
Biochemical oxygen demand indicates the amount of oxygen that micro organisms (bacteria) use to break down organic matter in seven days

Brand
The image and experiences that consumers have of a product or service

BRC Food
A global food safety standard developed by the British Retail Consortium

Cholesterol
Cholesterol is a fat-soluble substance found in all human and animal tissues, especially in fat tissue, the nervous system, liver and kidneys. Cholesterol is produced by the liver and smaller amounts are absorbed from the diet. Blood circulation, as such, cannot transport cholesterol to all the different body parts. This is the task of lipoproteins (HDL and LDL), which carry cholesterol through the circulatory system. LDL, also called "bad cholesterol", transports cholesterol to tissues and the walls of arteries. HDL, or "good cholesterol", transports cholesterol away from tissues and arteries. High overall cholesterol levels, especially the LDL level, increase the accumulation of cholesterol in arteries and contribute to the hardening of blood vessels.

Climate change
The rise in the temperature of the environment caused by the increase in "greenhouse gases" generated by the use of fossil fuels or other human activities

CO_2
Carbon dioxide is a chemical compound consisting of carbon and oxygen. It is also the main component of flue gases generated when the carbon in fuels is oxidised. Carbon dioxide is a significant greenhouse gas that contributes to global warming.

COD
Chemical oxygen demand indicates the oxygen needed to chemically break down slowly-degrading organic compounds found in wastewater

Disposable waste
Landfill waste that contains municipal waste but no hazardous waste

Ecology
A science that studies the relationship between living organisms and the environment, a science of the economy of nature. Ecologic production takes into consideration the production and use of products and the impact of the resulting waste on the living environment. It also aims to develop ways to reduce damage to the environment.

Esterification
A chemical reaction in which an ester bond forms between an alcohol and an acid (for example, plant stanol and a fatty acid). At a plant stanol ester plant, esterification refers to a chemical reaction in which plant stanol and a fatty acid react to form plant stanol ester.

Functional food
Food that not only has nutritional value but also a positive impact on health

GMO
Genetically modified. A plant or other living organism whose genetic makeup has been modified using other than traditional breeding methods, for example, by transferring individual genes from other living organisms.

GRI
Global Reporting Initiative. International guidelines that cover the financial, social and environmental reporting of companies and communities.

HACCP
Hazard Analysis and Critical Control Points. A part of the food industry's self-control system. HACCP is a systematic method used to analyse food production and handling processes, identify hazards and define critical control points in order to ensure products safety to consumers.

Halal
Halal means "clean". It is food that Muslims are allowed to eat according to Islamic religious law.

Hazardous waste
Waste that must be treated separate from other waste, using special methods, because it may cause danger or damage to health and the environment

HoReCa
The hotel, restaurant and catering business

ICC
The International Chamber of Commerce

IFRS
International Financial Reporting Standards

ISO 9001 standard
An international standard for quality management systems

ISO 14001 standard
An international standard for environmental systems

Kosher
Kosher means ”suitable”. It is mainly associated with food prepared and served in compliance with Jewish rules.

Life-cycle assessment
A method developed to assess the environmental impacts of products, materials or services. The environmental impacts of a product are assessed throughout its life-cycle, that is, taking into consideration all activities with either a direct or indirect impact.

NO_x, nitrogen oxides
Products of nitrogen combustion that are produced from the nitrogen in the fuel and the combustion air. Nitrogen emissions are measured and reported as nitrogen dioxide (NO_2).

Offering
A service concept encompassing the personnel, research and development, logistics, sales and marketing, as well as related support operations

Omega-3
Omega-3 fatty acids are polyunsaturated, essential fatty acids that cannot be constructed by the human body. They must be ingested from food or dietary supplements. Omega-3 fatty acids have properties that promote heart health.

Plant stanol ester
The Benecol ingredient that reduces the absorption of cholesterol in the digestive tract. Foods that contain plant stanol ester are safe to use, because plant stanols are basically non-absorbable and pass through the body unchanged. Over 50 scientific studies have shown plant stanol ester to efficiently lower blood serum cholesterol. Taken as part of the daily diet, plant stanol ester lowers total cholesterol up to 10 per cent and harmful LDL cholesterol up to 15 per cent.

Plant sterol
A group of fat-like compounds found in small amounts in plant cells, “cholesterol of the plant world”

QEHS policy
Quality, Environment, Health and Safety policy

Recoverable waste
Waste generated in the company’s own operations and recovered for other use

SO_2, sulphur dioxide
When burning fuel that contains sulphur, most of the sulphur is oxidised and becomes sulphur dioxide

Value-added product
A product whose value to consumers has been enhanced with a property, such as healthiness or convenience of use

Yellow fats
The group of food fats, including margarines, mixes and butter

VOC emissions
Emissions of Volatile Organic Compounds

INFORMATION TO SHAREHOLDERS

SHARES

V share

Shares on 31 Dec. 2007	130,674,780
of which the company holds	8,230,500
Listed on	OMX Nordic Exchange in Helsinki, Middle Cap segment, Consumer Staples sector
Trading code	RAIVV

K share

Shares on 31 Dec. 2007	34,474,250
of which the company holds	158,300
Listed on	OMX Nordic Exchange in Helsinki, Pre List
Trading code	RAIKV

ANNUAL GENERAL MEETING

The Annual General Meeting of Raisio plc will be held on Thursday, 27 March 2008 at 2:00 pm. It will be arranged at the Turku Fair and Congress Centre at the address Messukentänkatu 9–13, Turku, Finland.

The right to attendance is restricted to shareholders who have been entered as such in the shareholder list maintained by the Finnish Central Depository and who have informed Raisio about their participation by Monday, 17 March 2008 at 3:00 pm.

Registration for the Annual General Meeting can be made by:

- telephone: +358 50 386 4350,
- fax: +358 2 443 2315,
- email: eeva.hellsten@raisio.com or
- mail: Raisio plc, Shareholders Contact,
  P.O. Box 101, FI-21201 Raisio.

Shareholders are entitled to have the Annual General Meeting handle a matter that pertains to it under the Companies Act, if requested in writing from the Board of Directors well in advance for it to be included in the call to the meeting.

V shares have one (1) vote and K shares twenty (20) votes in the Annual General Meeting.

DIVIDEND PAYMENT

The Board of Directors proposes a dividend of EUR 0.04 for each V and K share.

Ex-dividend date	28 March 2008
Record date	1 April 2008
Payable date	8 April 2008

DIVIDEND POLICY

Raisio's target is to distribute half of the per-share earnings generated by continuing operations, provided that the dividend payment does not compromise the company's ability to meet its strategic targets.

CHANGES IN CONTACT INFORMATION

We kindly request that Raisio's shareholders inform the bank or brokerage in which they have their book-entry account of any name and address changes. In this way, the information will also be updated in the registers maintained by the Finnish Central Securities Depository. Raisio cannot make changes to shareholders' contact information.

INVESTOR RELATIONS

Raisio's Investor Relations aim to provide all capital market participants with equal, correct, sufficient and up-to-date information about Raisio's strategy, operations, business environment and financial standing to ensure that investors get as realistic picture as possible of Raisio as an investment target.

Every year, Raisio publishes three interim reports, a financial statements, an annual report and stock exchange releases in Finnish and English. The company management is in regular contact with analysts and investors both in Finland and abroad. Raisio's Investor Relations are handled by Group communications.

Raisio complies by a two-week "silent period" before the publication of its financial results. During this time, the company's representatives do not meet with analysts and investors or comment on the Group's finances.

Raisio's website at www.raisio.com contains all topical and historical information relevant to the share price.

INVESTOR RELATIONS IN 2007

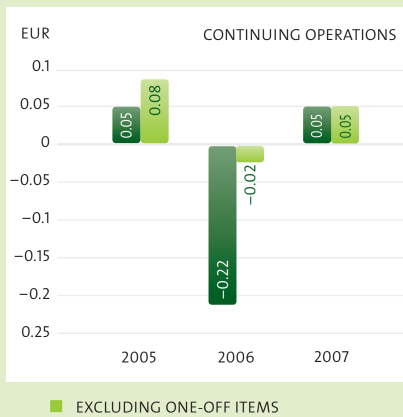
In 2007, Raisio arranged dozens of investor and analyst events. In addition to Finland, the Group met investors, for example, in London, Paris, Oslo, Stockholm, Frankfurt, Amsterdam, Edinburgh and Brussels. In August, the Capital Markets Day and Bankers' Day were arranged in Parainen, Finland. In November, Raisio took part in the Invest event in Helsinki, Finland.

INVESTMENT ANALYSES

At least the following banks and brokerages followed Raisio's development in 2007, analysed the company at their own initiative and prepared written reports.

- ABN Amro
- Carnegie Investment Bank
- E. Öhman J:or Securities Finland
- eQ Bank
- Evli Bank
- Glitnir
- Handelsbanken Capital Markets
- Kaupthing Bank
- Landsbanki
- Mandatum Securities
- Pohjola Bank
- SEB Enskilda
- Standard & Poor's

Earning per share



Dividend per share

* ACCORDING TO THE BOARD PROPOSAL

KEY FIGURES

KEY FIGURES, RESULT FROM CONTINUING OPERATIONS	10–12/2007	7–9/2007	4–6/2007	1–3/2007	2007	2006	2005
TURNOVER							
FOOD, EUR MILLION	50.3	48.6	48.5	49.8	197.1	196.5	191.7
FEED & MALT, EUR MILLION	54.0	59.3	53.0	40.4	206.7	179.0	178.1
INGREDIENTS, EUR MILLION	11.6	10.2	10.7	12.5	44.9	49.7	50.2
OTHER OPERATIONS, EUR MILLION	0.1	0.1	0.1	0.1	0.4	0.6	1.3
INTERDIVISIONAL TURNOVER, EUR MILLION	−6.7	−8.4	−6.1	−5.9	−27.1	−23.3	−23.7
TOTAL TURNOVER, EUR MILLION	109.2	109.8	106.1	96.8	421.9	402.6	397.6
OPERATING RESULT							
FOOD, EUR MILLION	−1.1	−2.1	−1.7	−0.9	−5.8	−10.5	1.7
FEED & MALT, EUR MILLION	0.7	4.1	2.9	0.5	8.2	5.6	8.9
INGREDIENTS, EUR MILLION	2.4	2.1	2.6	2.5	9.5	7.8	9.7
OTHER OPERATIONS, EUR MILLION	−0.4	−0.4	−0.5	−0.8	−2.1	−5.3	−6.9
ELIMINATIONS, EUR MILLION	0.2	0.0	0.0	−0.1	0.1	0.0	0.0
TOTAL OPERATING RESULT, EUR MILLION	1.7	3.7	3.3	1.2	9.9	−2.4	13.3
% OF TURNOVER	1.6	3.4	3.1	1.2	2.3	−0.6	3.3
FINANCIAL INCOME AND EXPENSES, NET, EUR MILLION	−1.0	−0.5	−0.3	1.1	−0.7	1.8	2.6
SHARE OF RESULT OF ASSOCIATED COMPANIES AND JOINT VENTURES, EUR MILLION	0.0	−0.1	−0.1	−0.2	−0.3	−0.4	−0.8
RESULT BEFORE TAXES, EUR MILLION	0.8	3.2	2.8	2.1	8.8	−1.0	15.0
INCOME TAXES, EUR MILLION	1.7	−1.2	−0.8	−0.4	−0.6	−1.0	−2.0
RESULT FOR THE REPORTING PERIOD, EUR MILLION	2.5	2.0	2.1	1.7	8.3	−2.0	13.1
EARNINGS PER SHARE, EUR	0.02	0.01	0.01	0.01	0.05	−0.02	0.08

THE FIGURES DO NOT INCLUDE ONE-OFF ITEMS

KEY FIGURES, BALANCE SHEET	31.12.2007	30.9.2007	30.6.2007	31.3.2007	31.12.2006	31.12.2005
RETURN ON EQUITY (ROE), %	2.9	3.1	2.6	2.4	−10.7	2.4
RETURN ON INVESTMENT (ROI), %	3.6	4.8	3.7	3.1	−9.1	2.7
INTEREST-BEARING LIABILITIES AT THE END OF THE PERIOD, EUR MILLION	8.7	11.2	14.9	22.2	23.2	36.1
EQUITY RATIO, %	77.9	76.9	78.2	74.9	75.0	76.8
GEARING, %	−12.5	−16.6	−10.1	−11.1	−19.1	−25.0
EQUITY PER SHARE, EUR	1.70	1.70	1.71	1.70	1.73	2.06

CALCULATION OF INDICATORS

EARNINGS PER SHARE*

$$\frac{\text{RESULT FOR THE YEAR OF PARENT COMPANY SHAREHOLDERS}}{\text{AVERAGE NUMBER OF SHARES FOR THE YEAR, ADJUSTED FOR SHARE ISSUE}}$$

RETURN ON EQUITY (ROE), %*

$$\frac{\text{RESULT BEFORE TAXES – INCOME TAXES}}{\text{SHAREHOLDERS' EQUITY (AVERAGE OVER THE PERIOD)}} \text{ X 100}$$

RETURN ON INVESTMENT (ROI), %*

$$\frac{\text{RESULT BEFORE TAXES + INTEREST AND OTHER FINANCIAL EXPENSES}}{\text{BALANCE SHEET TOTAL – NON-INTEREST-BEARING LIABILITIES (AVERAGE OVER THE PERIOD)}} \text{ X 100}$$

NET INTEREST-BEARING LIABILITIES

INTEREST-BEARING LIABILITIES – LIQUID ASSETS AND FINANCIAL ASSETS RECORDED AT FAIR VALUE IN THE INCOME STATEMENT

EQUITY RATIO, %

$$\frac{\text{SHAREHOLDERS' EQUITY}}{\text{BALANCE SHEET TOTAL – ADVANCES RECEIVED}} \text{ X 100}$$

GEARING, %

$$\frac{\text{NET INTEREST-BEARING LIABILITIES}}{\text{SHAREHOLDERS' EQUITY}} \text{ X 100}$$

SHAREHOLDERS' EQUITY

$$\frac{\text{EQUITY OF PARENT COMPANY SHAREHOLDERS}}{\text{NUMBER OF SHARES AT THE END OF THE PERIOD ADJUSTED FOR SHARE ISSUE}}$$

* THE CALCULATION OF KEY INDICATORS USES CONTINUING OPERATIONS RESULT

RAISIO WORLDWIDE

RAISIO WORLDWIDE

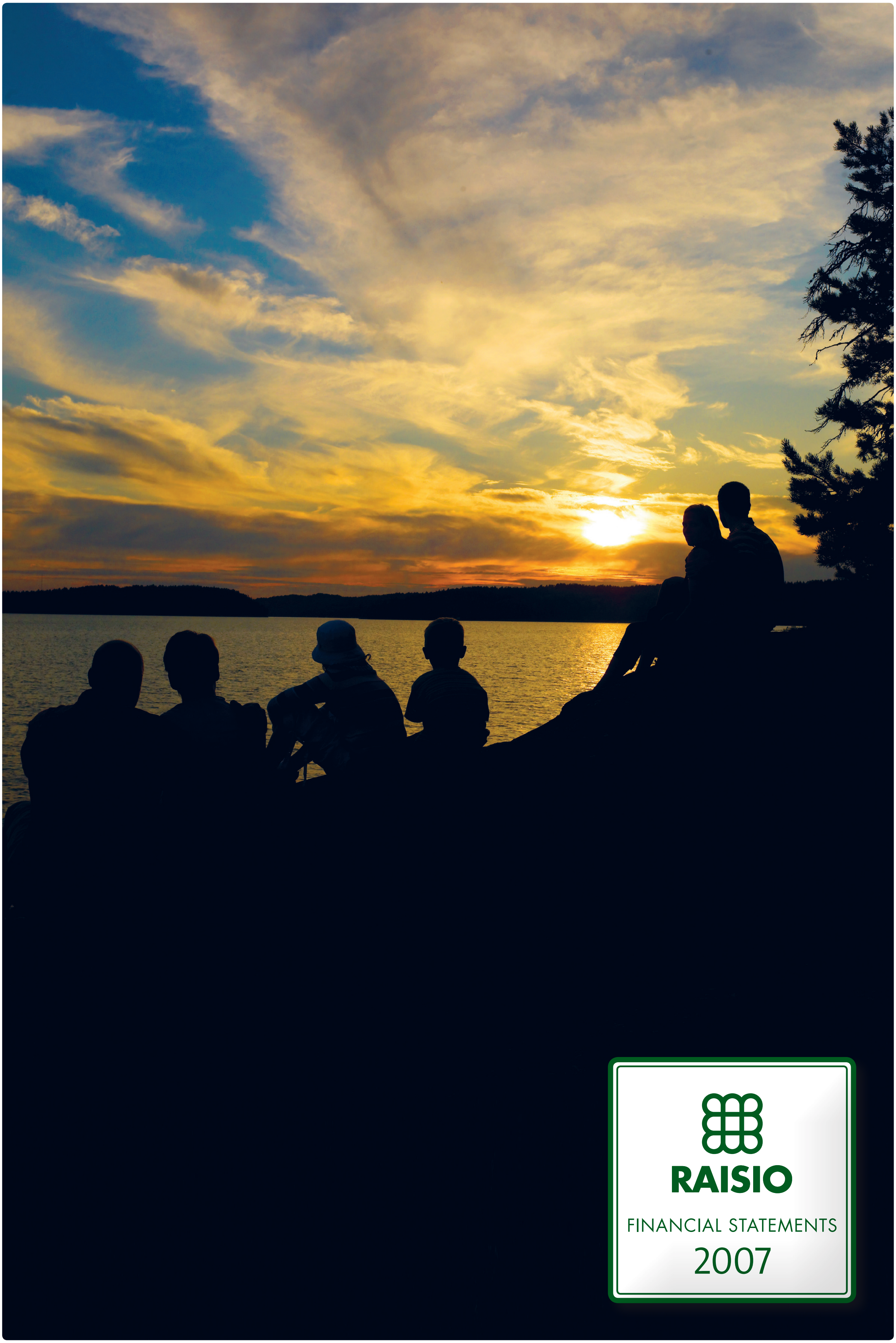
- PRODUCTION PLANT
- SALES OFFICE

PICTURES

MOST OF THE PEOPLE IN THE PICTURES OF THIS REPORT ARE RAISIO'S OWN EMPLOYEES AND THEIR FAMILY

RAISIO

www.raisio.com



RAISIO

FINANCIAL STATEMENTS 2007

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

Raisio's main target in 2007 was to improve profitability. The company's measures to enhance business operations and adjust them to the market situation in order to improve profitability were effective, despite the grain raw material prices nearly doubled in the second half of the year.

Raisio made its result less dependent on volatility in grain prices by adding predictability to purchase prices and flexibility to sales prices. This was done by adopting new pricing models. The Group structure was also streamlined and the brand strategy in the Food Division was revised. Raisio's brands are now offered to consumers under three worlds: breakfast and snacks, spreads and baking worlds.

Raisio's vision is to be a forerunner and a specialist in ecologic, plant-based nutrition with leading brands. The company's product range includes foods and functional food ingredients, as well as feeds and malts. A raw material base consisting of cultivated products gives Raisio good opportunities to develop as a company with ecologically sustainable operations.

The Group's main targets in 2008 are continuous improvement in profitability, internationalisation and growth.

TURNOVER FROM CONTINUING OPERATIONS

In 2007, Raisio's turnover increased by 4.8 per cent to EUR 421.9 million (EUR 402.6 million in 2006). The Food Division posted a turnover of EUR 197.1 million (EUR 196.5 million), Feed & Malt EUR 206.7 million (EUR 179.0 million) and Ingredients EUR 44.9 million (EUR 49.7 million).

The strongest growth was recorded in the turnover of Feed & Malt. Turnover also grew in the Finnish margarine and soy-oat businesses, as well as in Russia, where flake sales continued to grow strongly.

Turnover from outside Finland accounted for 37.5 per cent (39.4%), that is, EUR 158.0 million (EUR 158.7 million).

RESULT FROM CONTINUING OPERATIONS, EXCLUDING ONE-OFF ITEMS

The Group's operating result in 2007 was EUR 9.9 million (EUR -2.4 million) and, including one-off items, EUR 10.6 million (EUR -28.1 million). The Food Division posted an operating result of EUR -5.8 million (EUR -10.5 million), Feed & Malt EUR 8.2 million (EUR 5.6 million), Ingredients EUR 9.5 million (EUR 7.8 million) and other operations EUR -2.1 million (EUR -5.3 million). Depreciation, allocated to operations in the income statement, totalled EUR 18.3 million (EUR 21.5 million).

The Group's net financial items totalled EUR -0.7 million (EUR 1.8 million). Raisio amended its accounting principles for financial statements concerning the recognition of raw material futures. This was done because the requirements for hedging in IAS 39 were not met, and because big fluctuations in the fair value of derivative contracts affect the operating result at a different time than raw material use. Changes in the fair value of soy and rapeseed futures are now recognised under financial income and expenses. They were previously recognised under other operating income and expenses.

Raisio's result before taxes was EUR 8.8 million (EUR -1.0 million). The result for the reporting period before taxes was EUR 8.3 million (EUR -2.0 million). The period's taxes were EUR -0.6 million (EUR -1.0 million). Earnings per share were EUR 0.05 (EUR -0.02). Return on investment was 3.6 per cent (-9.1%).

ONE-OFF ITEMS

Raisio's balance sheet items have been measured in compliance with the IFRS, using updated business plans and the forecasts based on them. The divestment of the unprofitable flour sales in the Nokia unit led to an impairment of EUR -1.3 million in the goodwill of the milling business and an impairment of EUR -2.1 million in fixed assets.

ONE-OFF ITEMS (EUR MILLION)		
CONTINUING OPERATIONS:	**2007**	**2006**
FOOD	-5.3	-27.4
GOODWILL IMPAIRMENT	-1.3	–
OTHER IMPAIRMENTS	-4.0	–
FEED & MALT	6.0	1.7
REVERSAL OF IMPAIRMENT IN THE FIXED ASSETS OF MALT	6.0	–
INGREDIENTS	–	–
OTHER OPERATIONS	–	–
IMPACT ON THE OPERATING RESULT OF CONTINUING OPERATIONS	0.7	-25.7
PERFORMANCE OF ASSOCIATES	–	-2.2
FINANCIAL ITEMS	–	-4.3
IMPACT OF ONE-OFF ITEMS ON THE RESULT FROM CONTINUING OPERATIONS BEFORE TAXES	0.7	-32.2

In addition, an impairment of EUR -1.5 million was recognised for the flake mill included in the milling business. The impairment of fixed assets in the malt business was reversed by EUR 6.0 million due to an improved market situation and changes in the pricing structure.

Impairments in the Food Division totalled EUR -5.3 million and the reversal of impairment in the Feed & Malt business was EUR 6.0 million. The impact of one-off items on the operating profit from continuing operations was EUR 0.7 million (EUR -25.7 million).

INVESTMENTS

The Group's gross investments in 2007 totalled EUR 31.4 million (EUR 27.6 million), or 7.5 per cent (6.9%) of turnover. The Food Division made gross investments of EUR 7.2 million (EUR 15.3 million), Feed & Malt EUR 16.7 million (EUR 4.9 million), Ingredients EUR 7.5 million (EUR 4.3 million) and other operations EUR 1.6 million (EUR 3.2 million).

The most significant investments were made in the new feed plant, which will be completed in Ylivieska in summer 2008, and in the second expansion to the plant stanol ester plant in Raisio, which was completed in autumn 2007.

BALANCE SHEET AND FINANCIAL POSITION

Raisio's balance sheet total was EUR 360.3 million (EUR 387.4 million) and shareholders' equity totalled EUR 278.8 million (EUR 290.4 million). Equity per share was EUR 1.70 (EUR 1.73) at the end of December.

The Group's interest-bearing debt at the end of the financial period was EUR 8.7 million (EUR 23.2 million). The net interest-bearing debt totalled EUR -34.9 million (EUR -55.6 million). The equity ratio at the end of the year was 77.9 per cent (75.0%), and the gearing ratio was -12.5 per cent (-19.1 %). Cash flow from business operations before investments was EUR 15.6 million (EUR 15.1 million) despite the nearly 10-million-euro increase in inventories caused by the high raw material prices.

Raisio plc paid EUR 4.8 million in dividends and used EUR 6.5 million for share repurchases.

At the end of the year, working capital totalled EUR 100.5 million (EUR 96.7 million on 31 December 2006).

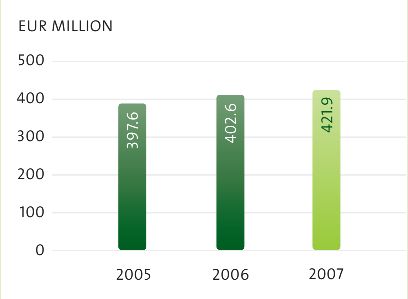
BUSINESS AREAS

Food

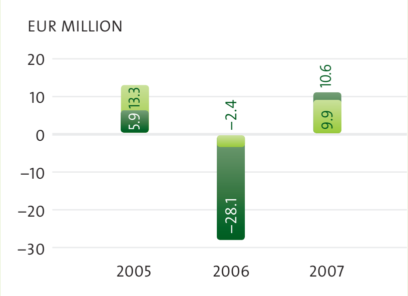
Turnover of Raisio's Food Division was EUR 197.1 million (EUR 196.5 million). The turnover remained at the previous year's level despite the stock keeping units reduced by some 30 per cent. Turnover grew in the Finnish margarine and soy-oat businesses, as well as in Russia, where flake sales continued to grow strongly.

In 2007, the Food Division's result was made less dependent on volatility in grain prices, and a new, flexible pricing model was negotiated with customers.

Turnover*

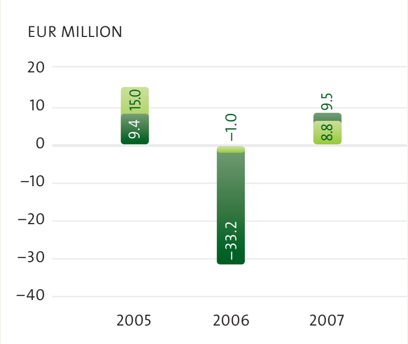


Operating result*



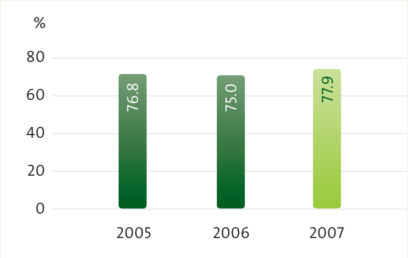
EXCLUDING ONE-OFF ITEMS

Result before taxes*



EXCLUDING ONE-OFF ITEMS

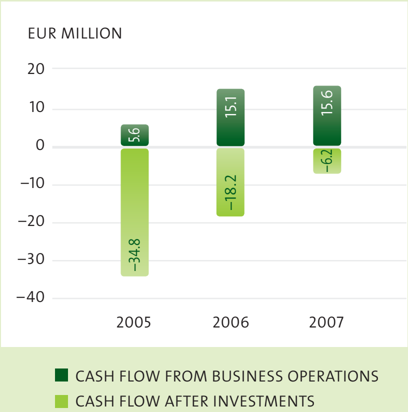
Equity ratio



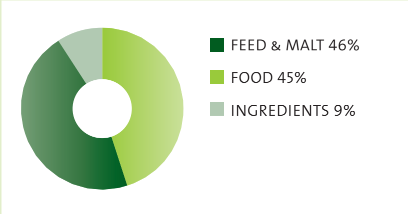
* CONTINUING OPERATIONS

Gearing

Cash flow



Distribution of turnover*



* CONTINUING OPERATIONS

In addition, operations were centralised and streamlined. Unprofitable domestic bakery flour sales were divested in Nokia, Finland, and overcapacity in production was reduced by closing two mills. The potato business was divested and the holding in Obory, a Polish dairy company, was sold.

Raisio revised its brand strategy. The main change to the portfolio was its division into three main brands in Finland: Elovena, Keiju and Sunnuntai. The updated brand portfolio enables Raisio to improve its cost-effectiveness and increase the visibility, recognition and availability of its products. Raisio's brands are now offered to consumers under three worlds: breakfast and snacks, spreads and baking worlds. Raisio boosted its market position in the Finnish market for retail products, as well as in the Polish market for yellow fats and the Russian flake markets.

The Finnish supply chain management focused on improving product availability and reducing wastage. Raisio was able to considerably improve the precision of sales predictions. The production, procurement of raw materials and packaging materials are based on sales predictions.

The Food Division's operating result was EUR –5.8 million (EUR –10.5 million). The Division's reported operating result was EUR –11.1 million (EUR –37.9 million), and the related impairment totalled EUR –5.3 million. The divestment of the unprofitable flour sales in the Nokia unit led to an impairment of EUR –1.3 million in the goodwill of the milling business and an impairment of EUR –2.1 million in fixed assets. In addition, an impairment of EUR –1.5 million was recognised for the flake mill included in the milling business.

In 2007, the improvement of Food Division's profitability was slowed in all market areas by the rapid and steep rise in the price of grain raw material. The pricing models revised last autumn will add flexibility to sales prices from the beginning of 2008 onward.

In 2008, Raisio's Food Division aims to improve profitability, strengthen its market position in Finland and the Baltic Sea region, focus on its main brands and introduce innovative new products that meet consumer needs.

KEY FIGURES FOR THE FOOD DIVISION

	10–12/2007	7–9/2007	4–6/2007	1–3/2007	2007	2006
TURNOVER, EUR MILLION	50.3	48.6	48.5	49.8	197.1	196.5
MARGARINES AND SOY-OAT PRODUCTS	29.6	27.6	28.0	28.9	114.1	118.6
MILLING PRODUCTS	20.6	21.0	20.5	21.0	83.0	78.1
OTHER	0.2	0.0	0.0	0.0	0.2	0.0
INTERNAL SALES	0.0	0.0	0.0	–0.1	–0.2	–0.1
OPERATING RESULT, EUR MILLION	–2.7	–5.7	–1.7	–0.9	–11.1	–37.9
ONE-OFF ITEMS, EUR MILLION	–1.6	–3.6	0.0	0.0	–5.3	–27.4
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	–1.1	–2.1	–1.7	–0.9	–5.8	–10.5
% OF TURNOVER	–2.2	–4.2	–3.6	–1.8	–2.9	–5.3
INVESTMENTS, EUR MILLION	1.4	1.5	1.0	3.3	7.2	15.3
NET ASSETS, EUR MILLION	85.8	88.4	97.8	94.1	85.8	85.5

Feed & Malt

The Feed & Malt Division's turnover increased by 15.5 per cent over the comparison period and amounted to EUR 206.7 million (EUR 179.0 million). Turnover grew from the comparison period as a result of increases made to the sales prices of feeds and malts, which mirrored price rises in grain raw materials. The overall volumes of feed mixes and malts remained at the comparison year's level. The structural changes of the business environment influenced the markets, further tightening competition in the feed market.

The pricing structure of malts was modified: pricing is now based on the value of upgrading and takes into account any changes in raw material prices. The service concept and product range in malts were expanded by launching a wheat malt.

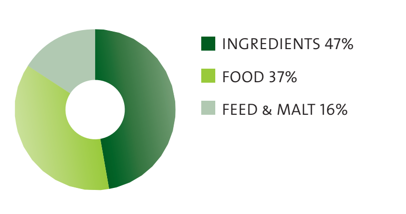
The Feed & Malt Division's operating result was EUR 8.2 million (EUR 5.6 million). The reported operating result was EUR 14.2 million (EUR 7.4 million), including an impairment of EUR 6.0 million on the fixed assets of Malt.

After a reassessment of distribution solutions, Raisio initiated direct invoicing of feed mixes. Exports of farm and fish feeds to northwestern Russia decreased slightly year-over-year in terms of value. Monäs Feed, a producer of special feeds, was sold to a local player at the end of the year. The company's result is treated under discontinued operations, and the comparison figures have been amended accordingly.

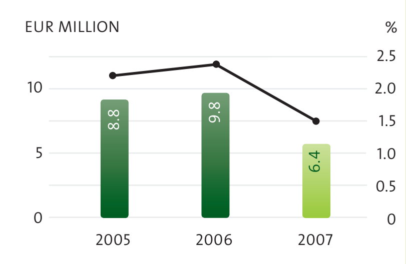
The changes in the grain market were global and rapid. Grain prices are expected to remain at the new, higher level, but to fluctuate markedly. Raisio is Finland's biggest processor of field produce. In 2007, Raisio used over 500 million kilograms of grain, over 90 per cent of which was of domestic origin. Raisio gets over one-third of its grain from contract farmers. The target is to considerably increase contract farming in 2008. Direct contract farming can better ensure the availability of grain raw material at the right time, as well as its quality and competitive pricing.

In 2008, Raisio's feed industry aims to preserve its market position in stiff market conditions, efficiently use the feed plant completed in Ylivieska in summer 2008 in the neighbouring regions and strengthen the market position in northwestern Russia. The targets in the malt business are to maintain reaction speed in changing markets and secure the supply of Finnish malt barley.

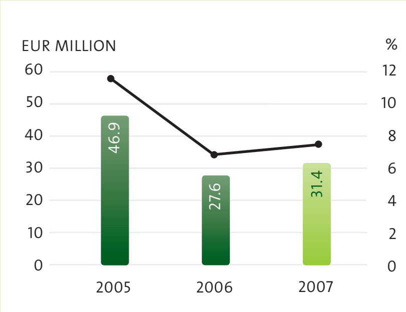
Distribution of R&D expenses*



R&D expenses*



Investments*



* CONTINUING OPERATIONS

KEY FIGURES FOR THE FEED & MALT DIVISION

	10–12/2007	7–9/2007	4–6/2007	1–3/2007	2007	2006
TURNOVER, EUR MILLION	54.0	59.3	53.0	40.4	206.7	179.0
FEED	48.9	48.6	43.3	34.6	175.5	157.7
MALT	5.0	10.7	8.7	5.7	30.1	20.0
OTHER	0.3	0.2	1.0	0.2	1.7	1.7
INTERNAL SALES	−0.2	−0.1	−0.1	−0.1	−0.6	−0.4
OPERATING RESULT, EUR MILLION	1.2	9.6	2.9	0.5	14.2	7.4
ONE-OFF ITEMS, EUR MILLION	0.5	5.5	0.0	0.0	6.0	1.7
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	0.7	4.1	2.9	0.5	8.2	5.6
% OF TURNOVER	1.4	6.9	5.5	1.1	4.0	3.2
INVESTMENTS, EUR MILLION	6.4	5.7	2.7	1.9	16.7	4.9
NET ASSETS, EUR MILLION	86.0	77.8	76.5	76.0	86.0	61.2

Ingredients

The turnover of the Ingredients Division totalled EUR 44.9 million (EUR 49.7 million). It decreased from the comparison period due to smaller volumes in the French and German markets and seasonal fluctuations in deliveries. Sales in Turkey developed slower than expected, because the use of health-related marketing claims was not allowed in the country. This ban was reversed in December 2007, and Raisio's local partner has adopted measures to improve its market position.

McNeil, a long-term partner, returned more rights to plant stanol ester and the Benecol brand to Raisio in 2007. This enables business to be developed in new directions. Raisio and Unilever agreed on partial cross-licensing, which grants non-exclusive rights to the global plant sterol and stanol patents defined by the companies. The agreement brings an end to the patent opposition proceedings between the two companies.

The operating result improved by 21.8 per cent thanks to business reorganisation and totalled EUR 9.5 million (EUR 7.8 million).

Raisio continued to prepare its entry into the Asian market with the authorities and local partners. In early 2008, Raisio's partner started test marketing of a nutritional powder containing Benecol in India.

Raisio aims to be an active player in the growing market for cholesterol-lowering functional foods in Europe, Asia and North and South America by providing the markets with innovative product applications. The target is to put business on a growth trend.

RESEARCH AND DEVELOPMENT

The Group's research and development expenses in 2007 totalled EUR 6.4 million (EUR 9.8 million), or 1.5 per cent (2.4%) of turnover. The decrease was caused by the closedown of the unit in Viikki, the concentration of activities in the town of Raisio, as well as R&D being made part of businesses, which serve their needs better and brought cost savings.

In 2007, the focus of research and development in foods moved to product development based on consumer needs. Value-added products accounted for some 30 per cent of the turnover in Finland in 2007. Ingredients concentrated on developing new, healthy ingredients and product applications. Product development in feeds focused on feed mixes and feeding solutions that increase the well-being of animals, as well as the efficiency and profitability of livestock production.

Research and development expenses in the Food Division totalled EUR 2.4 million (EUR 5.3 million), Feed & Malt EUR 1.0 million (EUR 1.5 million) and Ingredients EUR 3.0 million (EUR 2.9 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 is included in the annual report.

No significant financial environmental risks are recorded in Raisio's financial statements.

GOVERNANCE, MANAGEMENT AND PERSONNEL

Raisio's Board of Directors had five members in 2007: Simo Palokangas (Chairman), Anssi Aapola, Erkki Haavisto, Satu Lähteenmäki and Michael Ramm-Schmidt (Deputy Chairman). The Board members are independent of the company and significant shareholders.

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

Of the group's management team members, Denis Mattsson, President of the Food Division, left the company in September 2007 and Mikko Korttila, Vice President of Legal Affairs in August 2007.

In September, Kirsi Swanljung took up the post of Vice President of Legal Affairs, Vincent Poujardieu became Vice President of the Ingredients Division and Business Development and Vesa Kurula became Vice President of Operations. All three are members of the management team.

On 31 December 2007, Raisio's continuing operations employed 1,072 people (1,200 in 2006 and 1,250 in 2005). Employees working abroad accounted for 31.9 per cent (32.8%) of the personnel. The headcount was reduced by operations enhancement programmes in the Food and Ingredients Divisions and service functions. At the end of the year, the Food Division had 686 employees, the Feed & Malt Division 266 employees, the Ingredients Division 69 employees and Group administration 51 employees.

KEY FIGURES FOR THE INGREDIENTS DIVISION

	10–12/2007	7–9/2007	4–6/2007	1–3/2007	2007	2006
TURNOVER, EUR MILLION	11.6	10.2	10.7	12.5	44.9	49.7
OPERATING RESULT, EUR MILLION	2.4	2.1	2.6	2.5	9.5	7.8
ONE-OFF ITEMS, EUR MILLION	0.0	0.0	0.0	0.0	0.0	0.0
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	2.4	2.1	2.6	2.5	9.5	7.8
% OF TURNOVER	20.5	20.7	24.1	19.7	21.2	15.6
INVESTMENTS, EUR MILLION	1.8	1.6	1.8	2.4	7.5	4.3
NET ASSETS, EUR MILLION	46.0	43.8	45.5	45.5	46.0	44.5

Wages and fees totalled EUR 43.8 million in 2007 (EUR 48.2 million in 2006 and EUR 46.5 million in 2005).

Personnel matters are described in more detail in the annual report, under social responsibility.

CHANGES IN THE ORGANISATION AND GROUP STRUCTURE

Raisio's commercial and production operations were separated at the beginning of October 2007. Production operations were made into a service function alongside other activities that support and serve business.

The Group's legal structure was revised in phases to correspond to the new organisation. Raisio plc transferred its administrative service function to the newly-founded Raision Konsernipalvelut Oy at the beginning of October. At the end of the review period, Raisio Nutrition Ltd, Raisio Benecol Ltd and Raisio Feed Ltd were dissolved through demerger. By these demergers the commercial operations of Raisio Nutrition Ltd and Raisio Benecol Ltd were transferred to the newly-formed Raisio Nutrition and those of Raisio Feed Ltd to the newly-formed Raisio Feed Ltd. The real estates and production plants of the demerged companies were transferred to Raisionkaari Industrial Park Ltd.

Raisio plc also transferred its real estate service business and the related assets and debts as a business transaction to Raisionkaari Industrial Park Ltd. Raisio Staest Ltd merged with Raisio Benecol Ltd in December, and the business of both companies became part of the new Raisio Nutrition Ltd when Raisio Benecol Ltd demerged.

Camelina Oy was merged with Raisio Nutrition Ltd at the end of September. The number of US subsidiaries decreased to one at the end of September when Sterol Trading US Inc. merged with Raisio Staest US Inc.

According to Raisio's strategy the diagnostics business was divested and business was transferred to BioControl Systems Inc. at the beginning of September 2007.

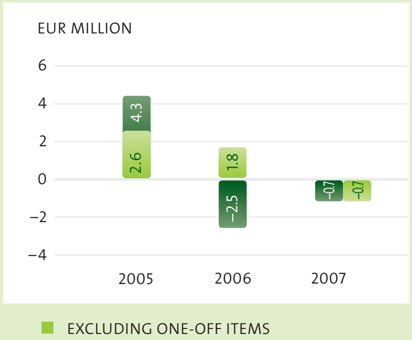
SHARES AND SHAREHOLDERS

The trading volume of Raisio plc's free shares on the OMX Nordic Exchange in Helsinki from January to December was 51.3 million (64.3 million), which is some 39 per cent of the overall volume of free shares. The value of share trading was EUR 100.0 million (EUR 121.1 million). The highest price of the series V share was EUR 2.33 and the lowest EUR 1.39. The average price was EUR 1.95. The year-end price of the V share was EUR 1.50.

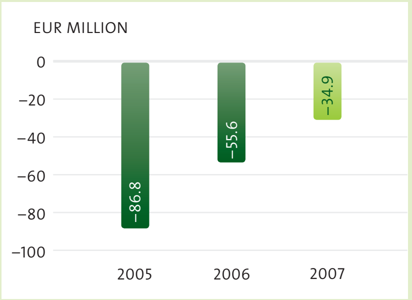
A total of 1.3 million (1.5 million) of Raisio's restricted shares were traded over the year. The value of share trading was EUR 2.6 million (EUR 2.8 million). The highest price of the series K share was EUR 2.25 and the lowest EUR 1.50. The average price was EUR 1.96. The year-end price of the K share was EUR 1.52.

The company had 37,873 registered shareholders on 31 December 2007 (40,822). Foreign ownership of the entire share capital was 15.4 per cent (15.5%). Approximately 0.5 per cent of the shares remain outside the book-entry system.

Net financial expenses/income*



Net interest-bearing debt



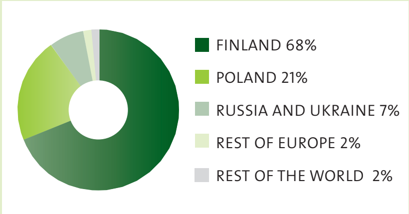
Dividend per share

* BOARD'S PROPOSAL

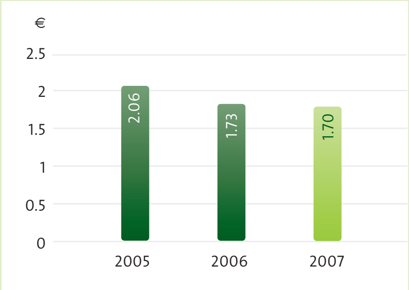
Average personnel*

* CONTINUING OPERATIONS

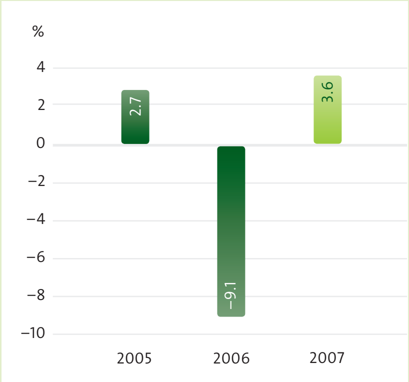
Personnel by geographical area*



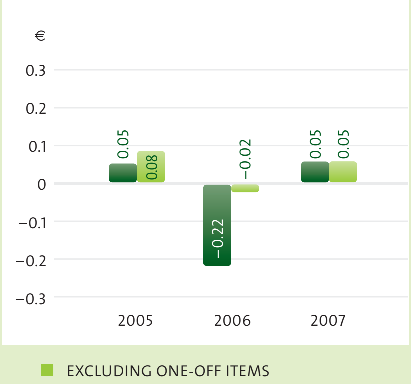
Equity per share



Return on investment



Earning per share*



* CONTINUING OPERATIONS

The market value of Raisio plc's shares totalled EUR 248.4 million at the end of the review period (EUR 295.9 million) and, excluding the shares held by the company, EUR 235.8 million (EUR 287.1 million).

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

A statement of factors that are likely to have a material effect on a public offer for the company's shares, pursuant to section 6b, Chapter 2 of the Securities Market Act is included in the notes to the financial statements.

REPURCHASE OF COMPANY SHARES

At the end of the review period Raisio plc held 8,230,500 free shares and 158,300 restricted shares, which were acquired from 2005 to 2007 based on the authorisations given by the Annual General Meeting. The number of free shares accounts for 6.3 per cent of all free shares and the votes they represent, while the corresponding percentage for restricted shares is 0.46 per cent. Overall, the company's shares represent 5.1 per cent of the whole share capital and 1.4 per cent of the votes. The company does not have any shares as collateral and did not have any in the review period. Since all of the shares were purchased in public trading, the company does not know what proportion of them may have been purchased from insiders.

Of the shares held by the company, 3,300,000 free shares and 117,100 restricted shares have been repurchased on the basis of the authorisation given by the Annual General Meeting in 2007 from April 2007 onward. Repurchases of free shares ended in October when the maximum authorised number was reached. The number of free shares repurchased in the review period accounts for 2.53 per cent of all free shares and the votes they represent, while the corresponding percentage for restricted shares is 0.34 per cent. The shares repurchased in the review period account for 2.1 per cent of the share capital and 0.7 of the votes it represents.

The Board of Directors was authorised by the Annual General Meeting in 2007 to dispose of all company shares. According to the Companies Act, the Board of Directors is also entitled to annull company shares. None of the shares held by the company were disposed or annulled in the review period.

Subsidiaries do not and did not hold parent company shares and they do not and have not held them as collateral. The Raisio Group Research Foundation holds 150,510 restricted shares, which is 0.44 per cent of the restricted shares and the votes they represent and, correspondingly, 0.09 per cent of the whole share capital and 0.37 per cent of the votes it represents. A company share held by Raisio or its subsidiary does not entitle the holder to participate in the Annual General Meeting.

BOARD OF DIRECTORS' PROPOSAL FOR THE ALLOCATION OF PROFITS

The parent company's distributable equity was EUR 206,361,806.40 on 31 December 2007. The Board of Directors will propose a dividend of EUR 0.04 per share at the Annual General Meeting on 27 March 2008.

The ex-dividend date is 28 March 2008 and the record date is 1 April 2008. The dividend will be paid on 8 April 2008.

EVENTS AFTER THE REVIEW PERIOD

In January, Raisio's partner, British Biologicals, initiated test marketing of Benecol in India. The company is conducting limited test marketing of a nutritional powder containing the Benecol ingredient, as well as introducing the product to medical doctors in a few major cities.

Raisio plc and a Swedish Lantmännen signed an agreement concerning ownership arrangements in their jointly owned companies. Based on the agreement, Lantmännen handed over its 25% holding in Melia Ltd, a Finnish mill, to Raisio. In turn, Raisio handed over its 50% holding in the joint venture company GoGreen AB and its 27% holding in the AS Rigas Dzirnavnieks mill company in Latvia. Full ownership of Melia gives Raisio better opportunities to develop the Elovena brand independently.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

Controlling the volatility of raw material prices is the most significant factor affecting Raisio's profitability in 2008. The increase in energy prices works in two ways: it raises production costs, but it also provides new opportunities for the commercial use of bioenergy.

Raisio aims to increase direct contract farming since it is becoming increasingly important to future success to ensure the availability of raw materials at the right time, as well as their quality and competitive pricing. The exceptional conditions on the grain markets did not give the best possible picture of the functionality of the fixed-price system that Raisio implemented in 2007. Raisio is actively developing new pricing models that take both the buyer's and seller's interests into consideration.

In Russia, the development and westernisation of trade has led to increased chaining, which increases costs in listing fees and expansion outside St. Petersburg and Moscow. The demands to increase direct delivery logistics may also raise business expenses in Russia.

The negative publicity related to sterols in Central Europe may also be linked to stanols, although the differences between sterols and the stanols used in Raisio's Benecol ingredient in terms of efficiency and safety have been shown in clinical trials. The uncertainty factors in the Ingredients Division are related to the securing of growth. Preparations for entry into new markets are underway, but it is difficult to estimate how long the processing of permit applications may take in different countries. To secure growth in the European markets for cholesterol-lowering, functional foods, new product applications must be introduced and the co-operation with partners enhanced.

The feed business will experience unhealthy development, with overcapacity being constructed locally on the Finnish market. There is also a risk of agricultural trade making feed into a "draw" product, which means separating pricing from the cost base.

Worldwide centralisation in the brewery business affects the malt markets in Finland and Russia. Global consolidation has only started in the malt business, and the sector is growing narrower for individual companies.

According to the decision made by the Assessment Adjustment Board of the Tax Office for Major Corporations in November 2006, the sales profit of the divestment of Raisio Chemicals, totalling approximately EUR 220 million, is free of tax. The case is still under consideration in the Helsinki administrative court. Raisio's stand, supported by the expert statements obtained by the company, remains the same: the sales profit is free of tax.

OUTLOOK FOR 2008

Raisio's turnover in 2008 is expected to increase and the operating result from continuing operations, excluding one-off items, is expected to improve from the previous year. All divisions are expected to post positive annual results although the pressure on profitability will increase in feed. The overall operating result in the Food Division is expected to be positive although the target operating result rate of 5 per cent will probably not be achieved due to increased marketing inputs, new product launches and preparations for entry into new markets. The Ingredients Division is expected to increase turnover and improve profitability.

Raisio, 13 February 2008

Raisio plc

Board of Directors

CONSOLIDATED INCOME STATEMENT

(EUR MILLION)	NOTE	1.1.–31.12.2007	1.1.–31.12.2006
CONTINUING OPERATIONS:			
TURNOVER	1	421.9	402.6
Cost of sales		–352.0	–356.3
Gross profit		69.9	46.2
Sales and marketing expenses		–34.7	–36.5
Administration expenses		–16.8	–21.8
Research and development expenses		–6.4	–9.8
Other income and expenses from business operations	3	–1.3	–6.3
OPERATING RESULT	4, 5	10.6	–28.1
Financial income	6	2.5	4.7
Financial expenses	6	–3.2	–7.3
Share of the result of associates and joint ventures		–0.3	–2.7
RESULT BEFORE TAXES		9.5	–33.2
Income taxes	7	–1.2	–0.8
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS		8.3	–34.0
DISCONTINUED OPERATIONS:	2		
Result for the financial period for discontinued operations		–7.3	–7.1
RESULT FOR THE FINANCIAL PERIOD		1.1	–41.1
ATTRIBUTABLE TO:			
Parent company shareholders		1.4	–41.7
Minority interest		–0.4	0.5
		1.1	–41.1
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF PARENT COMPANY SHAREHOLDERS	8		
Earnings per share from continuing operations			
Undiluted earnings per share		0.05	–0.22
Diluted earnings per share		0.05	–0.22

CONSOLIDATED BALANCE SHEET

(EUR MILLION)	NOTE	31.12.2007	31.12.2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	10.9	13.0
Goodwill	9, 10	1.3	2.6
Tangible assets	9	127.9	117.7
Shares in associated companies and joint ventures	11	1.4	2.4
Financial assets available for sale	12	0.6	1.5
Long-term receivables	13	1.3	3.1
Deferred tax assets	19	11.3	10.7
		154.7	151.0
CURRENT ASSETS			
Inventories	14	91.7	82.1
Accounts receivables and other receivables	15	70.1	75.4
Financial assets through profit or loss at fair value	16	27.9	64.4
Cash in hand and at banks	17	15.9	14.5
		205.6	236.4
TOTAL ASSETS		360.3	387.4
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		–17.9	–11.4
Translation differences		–2.3	–1.2
Retained earnings		167.0	170.4
		266.1	277.1
Minority interest		12.7	13.3
TOTAL SHAREHOLDERS' EQUITY		278.8	290.4
LIABILITIES			
Non-current liabilities			
Deferred tax liability	19	9.1	7.9
Pension contributions	20	0.2	0.2
Interest-bearing liabilities	23	0.4	1.4
Other liabilities	24	0.0	1.0
		9.7	10.4
Current liabilities			
Accounts payable and other liabilities	24	60.4	59.6
Tax liability based on the taxable income for the period		0.0	0.1
Reserves	21	1.9	5.1
Financial liabilities at fair value through profit or loss	22	1.5	0.1
Current interest-bearing liabilities	23	8.2	21.6
		71.9	86.6
TOTAL LIABILITIES		81.5	97.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		360.3	387.4

CHANGES IN SHAREHOLDERS' EQUITY IN THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007

(EUR MILLION)	SHARE CAPITAL	PREMIUM FUND	RESERVE FUND	COMPANY SHARES	TRANSLATION DIFFERENCES	RETAINED EARNINGS	EQUITY OF PARENT COMPANY SHARE-HOLDERS	MINORITY INTEREST	TOTAL SHARE-HOLDERS' EQUITY
SHAREHOLDERS' EQUITY 31.12.2005	27.8	2.9	88.6	−8.7	1.3	220.1	332.0	15.3	347.3
Exchange rate differences from receivables considered to be net investments from a foreign unit tax deducted					0.1		0.1		0.1
Cash flow hedges:									
Gains or losses recorded in shareholders' equity tax deducted							0.0		0.0
Transferred to the profit or loss for the year tax deducted							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	−2.6	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	−2.6	−41.7	−44.2	0.5	−43.7
Dividends						−8.0	−8.0	−2.5	−10.5
Repurchase of own shares				−2.6			−2.6		−2.6
Total other changes	0.0	0.0	0.0	−2.6	0.0	−8.0	−10.7	−2.5	−13.2
SHAREHOLDERS' EQUITY ON 31.12.2006	27.8	2.9	88.6	−11.4	−1.2	170.4	277.1	13.3	290.4
Translation differences, transferred to the income statement on disposal of subsidiaries					0.4		0.4	0.0	0.4
Translation differences, generated in the financial period					−1.5		−1.5	0.0	−1.5
Other changes						0.0	0.0		0.0
Net income recorded directly in shareholders' equity	0.0	0.0	0.0	0.0	−1.1	0.0	−1.1	0.0	−1.1
Result for the financial period						1.4	1.4	−0.4	1.1
Net profit for the financial period	0.0	0.0	0.0	0.0	−1.1	1.4	0.4	−0.4	0.0
Dividends						−4.8	−4.8	−0.3	−5.1
Repurchase of own shares				−6.5			−6.5		−6.5
Total other changes	0.0	0.0	0.0	−6.5	0.0	−4.8	−11.3	−0.3	−11.6
SHAREHOLDERS' EQUITY ON 31.12.2007	27.8	2.9	88.6	−17.9	−2.3	167.0	266.1	12.7	278.8

CONSOLIDATED CASH FLOW STATEMENT

(EUR MILLION)	2007	2006
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	3.3	–33.2
Adjustments to operating result:		
Depreciation and impairment	19.5	51.0
Other income and expenses not involving disbursement	0.3	3.4
Other adjustments [1)]	2.5	–0.1
Cash flow before change in working capital	25.6	21.2
Change in current receivables	1.9	0.8
Change in inventories	–12.1	–8.8
Change in current non-interest-bearing liabilities	0.2	0.7
Change in working capital	–9.9	–7.3
Cash flow from business operations before financial items and taxes	15.6	13.8
Interest paid	–1.3	–1.6
Dividends received	0.2	0.2
Interest received	1.8	1.6
Other financial items, net	0.2	2.4
Income taxes paid	–0.9	–1.4
CASH FLOW FROM BUSINESS OPERATIONS	15.6	15.1
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries, minus liquid assets on the date of acquisition	–0.2	0.0
Acquisition of associated companies and joint ventures	0.0	–0.1
Investments available for sale	0.0	–0.2
Investments in tangible and intangible assets	–30.6	–31.8
Divestment of subsidiaries less liquid assets at the time of divestment	4.1	0.0
Income from divestment of associated companies and joint ventures	0.7	0.0
Income from investments available for sale	0.0	0.0
Income from tangible and intangible assets	2.8	0.3
Loans granted	–0.1	–1.5
Repayment of loan receivables	1.3	0.1
CASH FLOW FROM INVESTMENTS	–21.9	–33.3
Cash flow after investments	–6.2	–18.2
CASH FLOW FROM FINANCIAL OPERATIONS		
Non-current loans taken out	0.0	1.0
Repayment of non-current loans	–11.7	–13.6
Change in current loans	–5.3	0.8
Dividends paid	–5.1	–10.5
Repurchase of own shares	–6.5	–2.6
CASH FLOW FROM FINANCIAL OPERATIONS	–28.6	–24.9
Change in liquid funds according to statement	–34.8	–43.1
Adjustment to translation difference	–0.5	0.1
Change in liquid funds	–35.3	–43.0
Liquid funds at the beginning of the period	78.8	122.9
Impact of change in market value on liquid funds	0.1	–1.0
Liquid funds at the end of the period	43.6	78.8

1) Adjustments resulting from divestment of working capital and investments

ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION

Raisio develops, produces and markets foods, functional food ingredients, feeds and malts. The Group operates in 9 countries. Raisio's organisation consists of three divisions – Food, Feed & Malt and Ingredients – 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 13 February 2008.

BASIS OF PRESENTATION

Raisio's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and follow the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2007. 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 and loss, as well as derivative contracts measured at fair value. Non-current assets held for sale have been valued at the lower of the following: fair value less costs to sell or book value.

The Group has adopted the following amended standards and interpretations as of 1 January 2007:

- 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 information required by the standard is presented in the notes to the consolidated financial statements.
- IFRIC 7 *Applying the Restatement Approach* under IAS 29 *Financial Reporting in Hyperinflationary Economies*. 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 interpretation has not affected the Group's financial statements.
- IFRIC 8 *Scope of IFRS 2*. 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 instruments granted. The Group has not had the type of arrangements that the interpretation refers to in the latest or previous review periods.
- IFRIC 9 *Reassessment of Embedded Derivatives*. 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 interpretation has not affected the Group's financial statements.
- IFRIC 10 *Interim Financial Reporting and Impairment*. IFRIC 10 prohibits the reversal of an impairment loss recognised in a previous interim report concerning goodwill, available-for-sale equity instruments and financial assets recognised at original purchase cost in the balance sheet. The interpretation has not affected the Group's financial statements.

When preparing the financial statements in accordance with the IFRS, the Group management must make certain estimates and judgments concerning the application of accounting principles. Information on the estimates and judgments the management has made when applying the Group's accounting principles, and that have the biggest impact on the figures presented in the financial statements is presented in conjunction with the accounting principles under "Critical accounting judgments and key sources of estimation uncertainty".

SCOPE AND ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

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

In the consolidated financial statements, mutual shareholding is eliminated using the acquisition cost method. Acquisition cost is determined on the basis of the fair value of acquired 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 acquires control and assigns 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 are companies in which the Group owns 20–50% of the voting rights or over which it has considerable influence but no control. Joint ventures are companies where, according to an agreement-based arrangement, the Group is committed to sharing the control of financial and business principles with one or more parties. 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 transactions in foreign currency

Business operations in foreign currency are entered in the functional currency 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.

Conversion of financial statements in foreign currency

The income statements for foreign Group companies, where the valuation or closing currency is not the euro, are converted to the euro using the average exchange rates of the reporting period, and balance sheets using the closing date exchange rates. Converting earnings from the financial period 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 purchase cost of foreign entities and the conversion of shareholders' equity items accrued post-acquisition are entered under shareholders' equity. When disposing of a foreign Group company during the period, the accumulated translation differences are entered in the income statement as part of the sales profit or loss 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.

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. Business segments produce products and services, the related risks and productivity of which are different to those of other business segments. The risks and productivity related to the products and services of geographical segments are different to those related to products and services of segments operating in different financial environments.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at the original purchase cost minus 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 only included in the book value of the tangible fixed asset 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 corresponding adjustments are made to the depreciation periods if they differ significantly from the previous figures. 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. Impairment is discussed in greater detail under "Impairment of tangible and intangible assets".

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

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 of selling.

BORROWING COSTS

Borrowing costs are entered as expenses 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 assets' book values when the Group has reasonable assurance of receiving the grants. In the case of grants, revenue recognition takes place through lower depreciations within the asset's useful life. Other public subsidies are entered in the income statement under returns for the financial periods in which the costs corresponding to the subsidies are generated.

INCOME STATEMENT BY 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, procurement and other expenses incurred from the production and acquisition of products. Administrative expenses include general administrative costs and Group management costs. Administrative expenses have been allocated to functions according to the matching principle.

OTHER OPERATING INCOME AND EXPENSES

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

INTANGIBLE ASSETS

Goodwill

Goodwill generated from business acquisitions represents the part of purchase cost on the acquisition date that exceeds the Group's share of the fair value of net assets, debts and conditional debts of the companies acquired after 1 January 2004 (IFRS transition date). Other expenses directly resulting from the acquisition are also included in the acquisition cost. 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 1 January 2004 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 and fair value measurement at the time of acquisition are treated as assets and liabilities of the acquired company. 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 costs are entered in the income statement as expenses for the year in which they were generated. Research costs are activated in the balance sheet as intangible assets from the date after which the product can be technically implemented and commercially utilised and after which it is expected to generate financial benefit. Research costs previously entered as expenses cannot be recognised as assets in later reporting periods.

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 only ensured when the products are launched. Therefore, the Group has no activated development costs on the balance sheet on the closing date.

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 a lower net realisation value. The purchase cost is determined 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 of selling. 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 AGREEMENTS

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 a financial leasing agreement are entered on the balance sheet at the fair value of the leased asset at the commencement date of the rental agreement or at a lower current value of minimum rents. Payable leasing rents are divided into leasing costs and debt deductions. Financing interest is entered in the income statement during the leasing agreement in such a manner that the remaining debt will carry equal interest in each financial period. Depreciations from goods acquired via a financial leasing agreement are made within the economic useful lifetime of the goods or a lower rental period. Rental liabilities are included in interest-bearing debts.

Rental agreements that 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.

Group as lessor

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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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 of selling, or a higher value in use. When determining the fair value of cash-generating units, 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 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. Impairment losses recognised for goodwill are not reversed under any circumstances.

PENSION LIABILITIES

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

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. Payments made to defined contribution pension schemes are entered into the income statement for the financial period the charge applies to. The Group has no material defined benefit schemes.

PROVISIONS

Provisions are entered when the Group has a legal or actual liability due to a previous transaction, the realisation of the payment liability is likely and the amount of the liability can be reliably estimated. If part of the liability can be compensated by a third party, the compensation is entered as a separate asset, but only when, 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 an 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 companies 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 or tax rates whose approved content has been announced 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 and 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 fixed-income fund units. Derivatives that do not fulfil the terms of hedge accounting have been classified as those held for trading purposes. Assets held for trading purposes are all 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 in which they were generated.

Loans and other receivables are assets not included in 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 Group's financial assets, sales and loan receivables and financial instruments included in deferred liabilities. They 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 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 equal 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 liabilities

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 that do not fulfil the terms of hedge accounting. Other financial debts are valued at amortised cost 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

The Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets at each closing date. 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 and 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 and loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative contracts are originally entered in the books under purchase costs representing their fair value. Following the purchase, derivative contracts are valued at fair value. Profits and losses generated from the valuation at fair value are treated according to the derivative contract purpose of use.

According to its financial risk management policy, the Group uses various derivatives for hedging from currency and commodity price risks. Currency forward contracts are used both for hedging receivables and debts in foreign currencies, and for future commercial cash flows. Quoted soy and rapeseed forward contracts are used against the price risk caused by temporal differences in the fixed-price raw material purchases and product sales of so-called vegetable oil chains.

Although the hedges meet the requirements for efficient hedging determined in the Group's risk management policy, the Group does not currently comply with the hedging policies of IAS 39. The changes in the fair value of forward contracts are entered under other operating income and expenses, and the effects of the contracts' interest rate element are entered under financial income and expenses. The changes in the fair value of soy and rapeseed forward contracts are entered under financial income and expenses. The Group amended its accounting principles for financial statements concerning the recognition of raw material futures. This was done because, in the case of rapeseed, the requirements for hedging in IAS 39 could not be shown to be efficient, and because fluctuations in the fair value of derivative contracts and, on the other hand, raw material use affected the operating result at different times. Changes in fair value were previously entered under other operating income and expenses. The comparison data for 2006 has been amended to correspond to current accounting principles.

The fair values of derivatives are presented in note 26.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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.

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

Impairment testing

The Group performs regular annual tests on goodwill 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

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

- IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions* (effective in periods starting on or after 1 March 2007). IFRIC 11 clarifies the treatment of transactions concerning group or treasury shares in the financial statements of the parent company or group companies by categorising them into equity-settled or cash-settled share-based payments. The new interpretation will not affect the Group's future financial statements. The interpretation has been endorsed in the EU.

- 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 future financial statements because the Group has not entered into agreements with the public sector as referred to in the interpretation. The interpretation has not yet been endorsed in the EU.
- IFRIC 14 *IAS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective in periods beginning on 1 January 2008). The interpretation is applied to post-employment arrangements and certain long-term defined benefit arrangements in compliance with IAS 19 when the arrangement involves minimum funding requirements. The interpretation also specifies the entry requirements of refunds or assets entered in the balance sheet through reductions in future contributions. Since the Group does not have pension schemes referred to in the interpretation, the Group estimates that the interpretation will not affect its future financial statements. The interpretation has not yet been endorsed in the EU.
- IFRS 8 *Operating Segments* (effective in periods starting on or after 1 January 2009). IFRS 8 replaces IAS 14 *Segment Reporting*. According to the new standard, segment information is presented according to the "management approach", meaning that the data is presented in the same way as in internal reporting. The standard requires that data be presented on the Group's products, services, geographical areas and significant customers. The Group's management has been examining the standard's impact on segment reporting and estimates that it may affect the current segment reporting as the divisions defined in accordance with internal reporting may not fully correspond to the Group's current primary reporting. Currently, both internal reporting and segment reporting use the same IFRS accounting principles. The standard has been endorsed in the EU.
- Amendment to IAS 23 *Borrowing Costs* (effective in periods starting on or after 1 January 2009). The amended standard requires that the acquisition cost of an asset, such as a production plant, that meets the conditions shall directly include borrowing costs incurred from the acquisition, construction or production of the asset in question. The Group has entered borrowing costs as expenses in the period in which they were incurred, as was allowed in the standard prior to the amendment. The Group estimates that the amendment will not affect future consolidated financial statements. The amended standard has not yet been endorsed in the EU.
- Amendment to IAS 1 *Presentation of Financial Statements* (effective in periods starting on or after 1 January 2009). The amendment changes the presentation of financial statements by separating changes in equity related to capital transactions with owners from non-owner changes in equity. The Group estimates that the changes will mainly affect the presentation of the income statement and the statement of changes in equity. The amended standard has not yet been endorsed in the EU.
- IFRIC 13 *Customer Loyalty Programmes* (effective in periods starting on or after 1 July 2008). The statement addresses loyalty award credits. The Group estimates that the interpretation will not affect future financial statements because the Group has not adopted any customer loyalty programmes referred to in the interpretation. The interpretation has not yet been endorsed in the EU.
- Amendment to IFRS 3 *Business Combinations* (effective in periods starting on or after 1 July 2009). While still requiring business combinations to be treated using the purchase method, the amended standard introduces a few significant changes. For example, all acquisition-related payments must be entered at fair value at the time of acquisition and certain contingent considerations are measured post-acquisition at fair value in profit and loss. Goodwill may be calculated based on the parent company's portion of net assets or it may include the goodwill allocated to the minority interest. All transaction costs are entered as expenses. The Group management is examining the impact of the amendment on the consolidated financial statements. The amended standard has not yet been endorsed in the EU.
- Amendment to IAS 27 *Consolidated and Separate Financial Statements* (effective in periods starting on or after 1 July 2009). The amendment requires all minority interests to be entered in equity if control is retained. In other words, minority transactions no longer result in goodwill entries or entries of gain or loss through profit and loss. The standard defines how transactions when control is lost are to be handled. The remaining holding in the acquired entity is measured at fair value and the resulting gain is entered through profit and loss. The Group management is examining the impact of the amendment on the consolidated financial statements. The amended standard has not yet been endorsed in the EU.
- Amendment to IFRS 2 *Share-Based Payment (Vesting Conditions and Cancellations)* (effective for annual periods beginning on or after 1 January 2009). The amendment restricts vesting conditions to mean service conditions and performance conditions only. All other features shall be included in the grant date fair value and they do not affect the quantity of benefits expected to be vested or the measurement after the grant date. The Group estimates that the amendment will not affect future consolidated financial statements. The amended standard has not yet been endorsed in the EU.

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.

Pricing between segments is according to the fair market value.

Assets and liabilities of segments include items that are used in the segment's business operations or can, with good reason, be allocated to the segment. Unallocated items include tax and financial items, as well as items pertaining to the entire Group. Investments consist of tangible fixed assets and intangible asset additions, which are used over more than one financial period.

Primary reporting format – business segment

The Group is divided into four business segments: Food, Feed & Malt, Ingredients, and other operations. The Food segment processes and markets food for consumers, the catering business and others in food industry. Its home market covers Finland and the Baltic Sea region. Feed & Malt produces feed mixes for farm animals, special feeds for fish, 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 food ingredients to food companies worldwide. In 2007, Raisio sold its Diagnostics segment in its entirety, its potato production reported within its Food segment, as well as its special feeds manufacturing company, Monäs Feed Oy Ab, part of its Feed & Malt segment. These three business operations have been reported as discontinued operations in the 2007 income statement, and the comparison figures from the 2006 income statement have been adjusted to comply with the new segment structure (note 2).

(EUR MILLION)	FOOD		FEED & MALT		INGREDIENTS		OTHER OPERATIONS		DISCONTINUED OPERATIONS		ELIMINATIONS		GROUP TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External sales														
Services							0.3	0.5					0.3	0.5
Goods	190.4	192.6	194.7	166.4	35.4	41.9	0.1	0.1					420.6	401.0
Royalties			0.0	0.0	1.0	1.0							1.0	1.0
Total external sales	190.4	192.6	194.7	166.4	36.4	42.9	0.4	0.6					421.9	402.6
Internal sales	6.7	3.9	12.0	12.6	8.4	6.7					−27.1	−23.3	0.0	0.0
Turnover	197.1	196.5	206.7	179.0	44.9	49.7	0.4	0.6			−27.1	−23.3	421.9	402.6
Segment operating result	−11.1	−37.9	14.2	7.4	9.5	7.8	−2.1	−5.3			0.1	0.0	10.6	−28.1
Share of associated companies' results	−0.4	−2.6	0.0	−0.1									−0.3	−2.7
Unallocated items													−1.9	−3.3
Result for the financial period from continuing operations													8.3	−34.0
Result for the financial period from discontinued operations													−7.3	−7.1
Result for the financial period													1.1	−41.1
Segment's assets	109.6	110.7	123.6	87.3	48.1	50.0	18.8	22.6		19.9	−6.3	−8.0	293.7	282.6
Holdings in associated companies and joint ventures	0.8	1.6	0.6	0.7									1.4	2.4
Unallocated assets													65.2	102.4
Total assets													360.3	387.4
Segment's liabilities	24.6	26.8	38.1	26.9	2.1	5.4	4.4	7.5		5.2	−6.1	−8.0	63.1	64.0
Unallocated liabilities													18.5	33.0
Total liabilities													81.5	97.0
Investments	7.2	15.3	16.7	4.9	7.5	4.3	1.6	3.2	0.9	2.9	−1.6	−0.3	32.3	30.3
Depreciation	8.3	10.5	3.5	3.1	3.2	4.3	3.0	3.6		1.0			18.0	22.5
Goodwill impairment	1.3	3.2								5.9			1.3	9.1
Other impairment and their returns	2.4	18.4	−6.0	0.1						0.9			−3.5	19.4
Other expenses that do not involve payment: Withdrawal from the investment project	1.5	5.1											1.5	5.1

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.

Net sales from the continued operations of geographical segments are presented by customer location. Assets and investments from continued operations are presented by asset location.

(EUR MILLION)	FINLAND		POLAND		RUSSIA		REST OF EUROPE		REST OF THE WORLD		ELIMINATIONS		GROUP TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Turnover	263.9	243.8	38.5	41.1	39.5	33.3	74.8	77.5	5.2	6.9			421.9	402.6
Segment's assets	326.5	346.7	18.4	19.7	10.7	9.5	5.9	10.7	11.7	22.1	−12.9	−21.3	360.3	387.4
Investments	29.6	23.0	1.1	2.6	0.7	2.1	0.0	0.0	0.0	0.1	0.0	−0.2	31.4	27.6

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

In February 2007, the Group signed a preliminary agreement concerning the sale of its potato business. In March, the Group signed a contract of sale which would transfer the business to the new owner from the beginning of June 2007. The potato business was classified as discontinued operations from 6 February 2007.

In January 2007, the Group announced that it would divest its diagnostics business. The contract of sale was duly signed and the sale was completed at the beginning of September 2007. The diagnostics business was classified as discontinued operations from 16 January 2007.

In November 2007, the Group classified Monäs Feed Oy Ab, its special feeds manufacturing company, as available for sale as of 15 November 2007. This business sale was completed on 31 December 2007, when the business was transferred to the new owner.

In the 2007 income statement, the potato business, diagnostics business and Monäs Feed Oy Ab have been reported in the income from discontinued operations. The comparison figures for 2006 were adjusted correspondingly. For 2006, discontinued operations also include non-recurring profits. Raisio was compensated for explosion damage, associated with the chemicals business sold in 2004.

(EUR MILLION)	2007	2006
Result for discontinued operations:		
Income from ordinary operations	19.3	38.5
Expenses	−23.7	−44.6
Profit before taxes	−4.5	−6.1
Taxes	−0.1	−1.0
Profit after taxes	−4.6	−7.1
Earnings due to discontinuation	−2.9	
Taxes	0.1	
Result after taxes	−2.7	
Profit for the financial period from discontinued operations	−7.3	−7.1
Cash flows for discontinued operations:		
Cash flows from business operations	1.3	3.2
Cash flows from investments	5.8	−3.5
Cash flows from financial operations	−0.1	0.1
Total cash flows	7.0	−0.3
Impact of divested operations on the Group's financial position:		
Non-current assets	5.8	
Inventories	5.0	
Current receivables	5.4	
Liquid funds	0.4	
	16.5	
Short-term creditors	3.2	
Accumulated translation differences	−0.5	

(EUR MILLION)	2007	2006
Loss on sale of business operations	−2.9	
Costs allocated to sales	1.3	
Sales price	12.3	
Available from the sales price on the closing date	1.1	
Cash flow from sales	9.4	
In the cash flow statement:		
Divestment of subsidiaries less liquid assets at the time of divestment	4.1	
Disposal income from tangible and intangible assets	2.6	
Cash flow from business operations	2.7	
	9.4	

3. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS

(EUR MILLION)	2007	2006
Sales profit from tangible assets	1.1	0.0
Goodwill impairment	−1.3	−3.2
Other income and expenses from business operations	−1.1	−3.1
Total	−1.3	−6.3

4. DEPRECIATION AND IMPAIRMENT

(EUR MILLION)	2007	2006
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	0.9	1.1
Other intangible assets	1.9	1.9
Total	2.8	3.0
Depreciation on tangible assets		
Buildings	4.6	4.1
Machinery and equipment	10.2	14.2
Other tangible assets	0.5	0.1
Total	15.3	18.5
Impairment by asset group		
Goodwill	1.5	3.2
Intangible rights	0.2	0.0
Other intangible assets	0.0	1.7
Buildings	−4.3	0.1
Machinery and equipment	0.6	16.7
Total	−2.0	21.7
Total depreciation and impairment	16.0	43.2
Depreciation by activity		
Cost of sales	12.7	15.7
Sales and marketing	0.3	0.6
Administration	4.2	4.4
Research and development	0.8	0.8
Total	18.0	21.5
Impairment and their returns		
Expenses corresponding to products sold	−3.7	18.4
Administration	0.2	0.1
Other income and expenses from business operations	1.5	3.2
Total	−2.0	21.7

5. EXPENSES FROM EMPLOYMENT BENEFITS

(EUR MILLION)	2007	2006
Salaries	40.6	43.1
Pension expenses – defined contribution plans	6.0	6.6
Pension expenses – defined benefit plans	0.0	−0.1
Other indirect personnel costs	4.0	4.1
Total	50.7	53.7

(EUR MILLION)	2007	2006
AVERAGE NUMBER OF PEOPLE EMPLOYED BY THE GROUP IN THE FINANCIAL PERIOD		
Food	749	723
Feed & Malt	278	277
Ingredients	73	71
Joint operations	57	192
Total	1,157	1,263

6. FINANCIAL INCOME AND EXPENSES

(EUR MILLION)	2007	2006
Dividend income from available-for-sale financial assets	0.2	0.1
Sales profits of financial assets at fair value through profit or loss	0.9	2.4
Fair value change in financial assets at fair value through profit or loss	0.0	0.0
Interest income from financial assets at fair value through profit or loss	0.7	0.9
Interest income from loan receivables	0.1	0.5
Other interest income	0.6	0.6
Exchange rate differences, net	0.0	0.1
Other financial income	0.0	0.0
Total financial income	2.5	4.7
Impairment of loan receivables	0.0	−4.3
Fair value change in financial assets at fair value through profit or loss	0.0	−1.0
Interest expenses from loans	−0.5	−0.8
Other interest expenses	−0.5	−0.8
Changes in value of commodity derivatives	−2.0	−0.4
Exchange rate differences, net	−0.1	0.0
Other financial expenses	−0.1	0.0
Total financial expenses	−3.2	−7.3

Items comprising the operating result include exchange rate gains and losses amounting to EUR −0.3 million in 2007 (EUR −0.5 million in 2006).

7. INCOME TAXES

(EUR MILLION)	2007	2006
Tax based on the taxable income for the financial period	−0.5	0.2
Taxes paid in previous financial periods	0.0	0.1
Deferred taxes	−0.7	−1.0
Total	−1.2	−0.8

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%)

(EUR MILLION)	2007	2006
Taxes calculated on the basis of the domestic tax rate	−2.5	8.6
Impact of a deviating tax rate used in foreign subsidiaries	−0.3	0.2
Impairment of goodwill	−0.4	−1.4
Returns exempt from tax	0.1	0.1
Non-deductible expenses	−0.1	−0.2
Unused losses in the financial period	−0.9	−3.9
Use of previously unrecognised fiscal losses	0.5	0.3
Recognition of deferred tax assets for depreciation not deducted previously in taxation	2.5	0.0
Depreciation not deducted in taxation	0.0	−3.9
Other items	−0.1	−0.6
Total	−1.2	−0.8

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.

(EUR MILLION)	2007	2006
Profit for the period for parent company shareholders, continuing operations (EUR million)	8.7	−34.5
Profit for the period for parent company shareholders, discontinued operations (EUR million)	−7.3	−7.1
Weighted average number of outstanding shares over the financial period	159,014,892	160,366,891
Undiluted earnings per share, continuing operations (EUR/share)	0.05	−0.22
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	0.05	−0.22
Undiluted earnings per share, discontinued operations (EUR/share)	−0.05	−0.04
Earnings per share adjusted by the dilution effect, discontinued operations (EUR/share)	−0.05	−0.04

NOTES TO THE CONSOLIDATED BALANCE SHEET

9. CONSOLIDATED INTANGIBLE ASSETS 2007

(EUR MILLION)	INTANGIBLE RIGHTS	GOODWILL	OTHER LONG-TERM EXPENDITURE	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	INTANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	34.3	43.8	19.4	0.1	97.6
Exchange rate differences	−0.2	−1.1	0.0	0.0	−1.4
Increase	1.3	0.2	0.6	0.8	2.9
Divestments and other decreases	3.3	15.8	0.6	0.0	19.7
Reclassifications between items	0.0	0.0	0.1	−0.1	0.0
Acquisition cost 31.12.	**32.0**	**27.1**	**19.5**	**0.8**	**79.4**
Accumulated depreciation and write-downs 1.1.	29.3	41.2	11.5	0.0	82.0
Exchange rate differences	−0.2	−1.5	0.0	0.0	−1.7
Accumulated depreciation of decrease and transfers	1.8	15.5	0.3	0.0	17.6
Depreciation for the financial period	0.9	0.0	1.9	0.0	2.8
Write-downs and their returns	0.2	1.5	0.0	0.0	1.7
Accumulated depreciation 31.12.	**28.3**	**25.8**	**13.1**	**0.0**	**67.2**
Book value 31.12.2007	**3.7**	**1.3**	**6.4**	**0.8**	**12.2**

9. CONSOLIDATED TANGIBLE ASSETS 2007

(EUR MILLION)	LAND AND WATER AREAS	BUILDINGS AND CONSTRUC-TIONS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	TANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	5.1	137.1	294.7	1.7	11.9	450.5
Exchange rate differences	−0.1	−0.3	−1.3	0.1	0.1	−1.4
Increase	0.2	4.2	8.2	0.2	16.6	29.4
Divestments and other decreases	0.3	16.3	29.6	0.5	1.6	48.3
Reclassifications between items	0.0	4.4	2.3	0.0	−6.6	0.0
Acquisition cost 31.12.	**4.9**	**129.2**	**274.3**	**1.4**	**20.4**	**430.2**
Accumulated depreciation and write-downs 1.1.	0.0	89.9	241.8	1.1	0.0	332.8
Exchange rate differences	0.0	0.0	−1.0	0.0	0.0	−1.0
Accumulated depreciation of decrease and transfers	0.0	15.8	26.6	0.4	0.0	42.8
Depreciation for the financial period	0.0	4.7	10.4	0.1	0.0	15.1
Write-downs and their returns	0.0	−3.1	1.3	0.0	0.0	−1.9
Accumulated depreciation 31.12.	**0.0**	**75.5**	**225.9**	**0.9**	**0.0**	**302.3**
Book value 31.12.2007	**4.9**	**53.6**	**48.4**	**0.5**	**20.4**	**127.9**
Book value of the machinery and equipment 31.12.			**45.9**			

The book value of intangible and tangible assets includes machinery and equipment purchased via financial leasing to the value of EUR 0.7 million.

Raisio reduced the overcapacity of its milling business by closing down its wheat and rye mills in Nokia, for which reason a value adjustment of EUR 2.0 million was entered under machinery, and a total of EUR 1.3 million was written down. A weakened profitability outlook for the special feed factory resulted in the reassessment of assets. A EUR 1.8 million value adjustment was entered in assets. At the end of the year, the business was sold in its entirety. The value adjustment entered in the assets of the malt business in 2005 was reassessed due to the improved market situation and changed pricing structure. On the basis of this reassessment, there were no longer any grounds for the value adjustment, and therefore, a EUR 6.0 million cancellation of value adjustments was booked.

9. CONSOLIDATED INTANGIBLE ASSETS 2006

(EUR MILLION)	INTANGIBLE RIGHTS	GOODWILL	OTHER LONG-TERM EXPENDITURE	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	INTANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	35.2	42.5	12.8	3.6	94.1
Exchange rate differences	0.3	1.3	0.0	0.0	1.6
Increase	1.2	0.0	3.0	0.1	4.3
Divestments and other decreases	2.7	0.0	0.0	0.0	2.7
Reclassifications between items	0.3	0.0	3.7	−3.6	0.3
Acquisition cost 31.12.	**34.3**	**43.8**	**19.4**	**0.1**	**97.6**
Accumulated depreciation and write-downs 1.1.	30.3	30.9	8.0	0.0	69.1
Exchange rate differences	0.3	1.2	0.0	0.0	1.5
Accumulated depreciation of decrease and transfers	2.6	0.0	0.0	0.0	2.6
Depreciation for the financial period	1.4	0.0	1.9	0.0	3.3
Write-downs	0.0	9.1	1.7	0.0	10.8
Accumulated depreciation 31.12.	**29.3**	**41.2**	**11.5**	**0.0**	**82.0**
Book value 31.12.2006	**5.0**	**2.6**	**7.9**	**0.1**	**15.6**

9. CONSOLIDATED TANGIBLE ASSETS 2006

(EUR MILLION)	LAND AND WATER AREAS	BUILDINGS AND CONSTRUC-TIONS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE ASSETS	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	TANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	5.2	130.4	281.1	1.8	11.5	430.0
Exchange rate differences	−0.1	−0.5	−1.9	0.0	0.0	−2.5
Increase	0.0	2.8	10.7	0.1	12.7	26.3
Divestments and other decreases	0.0	0.2	0.7	0.2	1.8	2.9
Reclassifications between items	0.0	4.7	5.5	0.0	−10.5	−0.3
Acquisition cost 31.12.	**5.1**	**137.1**	**294.7**	**1.7**	**11.9**	**450.5**
Accumulated depreciation and write-downs 1.1.	0.0	85.3	211.8	1.2	1.2	299.5
Exchange rate differences	0.0	−0.2	−1.3	0.0	0.0	−1.5
Accumulated depreciation of decrease and transfers	0.0	0.0	0.6	0.2	1.2	2.0
Depreciation for the financial period	0.0	4.2	14.8	0.1	0.0	19.1
Write-downs	0.0	0.6	17.1	0.0	0.0	17.7
Accumulated depreciation 31.12.	**0.0**	**89.9**	**241.8**	**1.1**	**0.0**	**332.8**
Book value 31.12.2006	**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 intangible and tangible assets includes machinery and equipment purchased via financial leasing to the value of 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.

10. GOODWILL TESTING

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

(EUR MILLION)	FOOD	
	2007	2006
Finland	0.0	1.3
Poland	1.3	1.2
Russia	0.0	0.0
Rest of Europe	0.0	0.0
Total	1.3	2.6

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:

(EUR MILLION)	FOOD		FEED & MALT	
	2007	2006	2007	2006
Budgeted operating margin percentage *)	8.0	6.8		7.2
Growth percentage **)	1.9	2.0		0.0
Discount rate	10.6	10.3		10.4

*) 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:

In 2007, the Group reduced the overcapacity of its milling business, which was part of the food segment, and therefore, also the goodwill related to this business was tested. As a result of this testing, the entire goodwill was derecognised.

In 2006, the remaining goodwill from the diagnostics unit was fully derecognised. The goodwill related to the margarine business in Finland, Sweden and Russia, totalling EUR 3.2 million, was reassessed due to the weaker profitability and market outlook, and was fully derecognised.

(EUR MILLION)	FOOD		FEED & MALT		DIAGNOSTICS		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
Finland	1.3	2.0		0.1			1.3	2.1
Russia	0.0	0.3					0.0	0.3
Rest of Europe	0.0	0.9				5.8	0.0	6.7
Total	1.3	3.2	0.0	0.1	0.0	5.8	1.3	9.1

(EUR MILLION)	2007	2006

11. HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES

JOINT VENTURES

	2007	2006
Book value 1.1.	0.5	1.6
Exchange rate differences	0.0	0.0
Increase	0.0	0.1
Decrease	−0.1	0.0
Goodwill impairment	0.0	−0.8
Share of result for the financial period	−0.3	−0.5
Book value 31.12.	0.1	0.5

The book value of joint ventures does not include goodwill. During the financial period, the joint venture ZAO Skandinavskij Korm, in Russia, was terminated. In 2007, the Group has not booked its share exceeding the balance sheet value of its investment loss in the joint venture GoGreen Ab, because the Group does not have any commitments to fulfil GoGreen's liabilities. The amount left unbooked is EUR 0.2 million. In 2006, the goodwill of GoGreen, totalling EUR 0.8 million, was derecognised.

ASSOCIATED COMPANIES

	2007	2006
Book value 1.1.	1.8	3.2
Exchange rate differences	−0.2	0.0
Increase	0.0	0.0
Decrease	−0.3	0.0
Goodwill impairment	0.0	−1.4
Share of result for the financial period	0.0	0.1
Book value 31.12.	1.4	1.8

The book value of associated companies on 31 December 2007 includes EUR 0.2 million of goodwill (EUR 0.2 million in 2006). In October 2007, the Group sold its Polish associate, Obory, the goodwill of which, totalling EUR 1.4 million, was derecognised in 2006. Its associate Vihannin Vedenpuhdistamo Oy was sold at the beginning of June 2007.

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

	2007	2006
Assets and liabilities related to investments in joint ventures:		
Non-current assets	0.2	0.3
Current assets	2.6	3.2
Non-current liabilities	0.0	0.0
Current liabilities	3.0	3.0
Assets, net	−0.1	0.5
Income and expenses related to investments in joint ventures:		
Turnover	18.5	17.8
Expenses	19.0	18.3
Profit/loss	−0.5	−0.5

Total assets, liabilities, turnover and profit/loss of associated companies:

	2007	2006
Assets	29.6	28.2
Liabilities	26.1	22.7
Turnover	22.0	26.8
Profit/loss	−0.3	0.2

12. FINANCIAL ASSETS AVAILABLE FOR SALE

	2007	2006
Unquoted investments in shares	0.6	1.5
Total investments available for sale	0.6	1.5

Unquoted investments in shares are presented at their purchase price, because their reliable fair values are not available.

In 2006, financial assets available for sale included a total of EUR 0.8 million in value adjustments, which have been recognised in financial expenses during the period. The financial items in question were related to the diagnostics business sold in 2007.

(EUR MILLION)	2007	2006

13. LONG-TERM RECEIVABLES

Loan receivables from associated companies	0.9	1.5
Other long-term receivables	0.4	1.6
Total long-term receivables	1.3	3.1

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 Note 26.

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.

14. INVENTORIES

Materials and supplies	64.4	58.5
Production in progress	8.3	4.2
Finished products and goods	18.8	19.2
Advances paid	0.2	0.2
Total inventories	91.7	82.1

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

15. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

Accounts receivables	45.0	48.8
Receivables from Group companies	2.3	3.6
Prepaid expenses and accrued income	4.1	5.0
Advance payment receivables	0.0	0.1
Amortisation instalment for long-term loan receivables	0.4	1.5
Current loan receivables	0.0	0.4
Avoir fiscal tax credit receivables	7.3	7.4
Other receivables	11.0	8.5
Total accounts receivable and other receivables	70.1	75.4

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

At the reporting date, the Group had accounts receivables that had matured over 60 days earlier and whose value had not decreased: EUR 2.2 million (EUR 2.9 million) The overdue receivables have the following age distribution:

Overdue 61–180 days	2.0	2.0
Overdue more than 180 days	0.2	0.9
	2.2	2.9

The following items have been deducted from accounts receivables:

Value on 1.1.	0.9	1.5
Increase	0.2	0.3
Decrease	–0.4	–1.0
Value on 31.12.	0.6	0.9

The Group recognised a total of EUR 0.3 million (EUR 0.3 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 Note 26.

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.

(EUR MILLION)	2007	2006
16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Securities under financial assets	27.7	64.4
Derivative contracts	0.2	0.1
Total financial assets recognised at fair value in the income statement	27.9	64.4

Financial assets recognised at fair value in the income statement include bonds held for trading purposes, fund units, certificates of deposit and commercial papers issued by banks and companies and falling due within 12 months, as well as derivatives held for trading purposes. Financial assets at fair value through profit or loss are denominated in euro. The balance sheet values correspond best to the amount equal to the maximum credit risk in case other contracting parties cannot meet their obligations related to financial instruments. Financial assets recognised at fair value in the income statement involve no significant credit risk concentrations.

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

17. LIQUID FUNDS		
Cash in hand and at bank accounts	15.9	14.5

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

18. SHAREHOLDERS' EQUITY

	1,000 SHARES		SHARE CAPITAL EUR MILLION		COMPANY SHARES EUR MILLION	
	2007	2006	2007	2006	2007	2006
Series K (20 votes/share)	34,474	34,563	5.8	5.8		
Repurchase of company shares, series K	−158	−41			−0.3	−0.1
Series V (1 vote/share)	130,675	130,586	22.0	22.0		
Repurchase of company shares, series V	−8,231	−4,931			−17.6	−11.3
Total	156,760	160,177	27.8	27.8	−17.9	−11.4

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

Company shares:
Company shares include the acquisition cost of shares held by the Group. A total of 4,971,700 company shares have been acquired from the exchanges between 10 August 2005 and 29 March 2006; 4,930,500 free shares and 41,200 restricted shares. In 2007, more shares have been acquired beginning from 10 April 2007, totalling 3,417,100 shares; 3,300,000 free shares and 117,100 restricted shares. The acquisition price of the shares totals EUR 17.9 million and is presented as a deduction from the shareholders' equity.

Dividends:
After the closing date, the parent company Board has proposed that EUR 0.04 per share be paid as dividends.

(EUR MILLION)	2007	2006
Accumulated translation differences:		
Translation differences 1.1.		
Group companies	−1.3	1.3
Associated companies	0.0	0.0
	−1.2	1.3
Change in translation difference		
Group companies	−0.9	−2.6
Associated companies	−0.2	0.0
	−1.1	−2.6
Translation differences 31.12.		
Group companies	−2.2	−1.3
Associated companies	−0.1	0.0
	−2.3	−1.2

19. DEFERRED TAXES

Changes in deferred taxes in 2007:

(EUR MILLION)	1.1.2007	RECOGNISED IN THE INCOME STATEMENT	EXCHANGE RATE DIFFERENCES	ACQUIRED/ DIVESTED SUBSIDIARIES	31.12.2007
Deferred tax assets:					
Internal margin of inventories	0.1	0.0		−0.1	0.1
Internal margin of fixed assets	0.0	0.0			0.0
Leasing property	0.0	0.0			0.0
Confirmed fiscal losses	2.5	−2.4			0.0
Pension contributions	0.0	0.0			0.0
Depreciation not deducted in taxation	6.7	2.2			8.9
Other items	1.4	0.9	0.0	0.0	2.3
Total	10.7	0.7	0.0	−0.1	11.3
Deferred tax liability:					
Accumulated depreciation difference	0.0	1.7	0.0		1.7
Leasing property	0.1	−0.1	0.0		0.0
Financial assets recognised at fair value	0.0	0.0			0.0
Impairment on the acquisition costs for group companies	5.7	0.0			5.7
Other items	2.1	−0.3			1.7
Total	7.9	1.3	0.0	0.0	9.1

Changes in deferred taxes in 2006:

(EUR MILLION)	1.1.2006	RECOGNISED IN THE INCOME STATEMENT	EXCHANGE RATE DIFFERENCES	ACQUIRED/ DIVESTED SUBSIDIARIES	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
Derivative contracts	0.0	0.0			0.0
Depreciation not deducted in taxation	5.6	1.1			6.7
Other items	1.7	−0.3	−0.1		1.4
Total	12.3	−1.5	−0.1	0.0	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 49.5 million (31.12.2006: EUR 66.4 million). Most of the losses will be discounted over a period in excess of five years.

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

(EUR MILLION)	2007	2006
Deferred tax assets	11.3	10.7
Deferred tax liability	9.1	7.9
Deferred net tax assets	2.2	2.8

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

20. PENSION CONTRIBUTIONS

The defined benefit pension expenses recorded in the income statement are determined as follows:

	2007	2006
Interest rate expenses	0.0	0.0
Actuarial gains and losses	0.0	−0.1
	0.0	−0.1

Changes in the liabilities recorded in the balance sheet:

	2007	2006
Beginning of financial period	0.2	0.4
Paid benefits	0.0	0.0
Pension expenses in the income statement	0.0	−0.1
End of financial period	0.2	0.2

21. RECEIVABLES

Provision for withdrawal from investment project:

	2007	2006
Reserves 1.1.	5.1	
Increase in provisions		5.1
Provisions used	−3.3	
Reserves 31.12.	1.9	5.1

In the 2006 income statement, the Group booked a provision for negotiations on the construction of a flake mill in Russia. The decision was based on a considerable increase in investment costs, which were expected to result in the project no longer meeting the original revenue requirements. EUR 3.3 million of the provision has been used.

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
Derivative contracts	1.5	0.1

(EUR MILLION)	2007	2006
23. INTEREST-BEARING LIABILITIES		
Non-current		
Bank loans	0.0	0.9
Financial leasing liabilities	0.3	0.4
Total	0.4	1.4

All bank loans are denominated in euro.

Of non-current liabilities (incl. finance leases), EUR 0.3 million will mature in 2009 (EUR 1.2 million in the comparison period) and EUR 0.1 million thereafter (EUR 0.1 million).

	2007	2006
Current		
Overdraft facilities	4.6	5.8
Bank loans	0.0	0.7
Amortisation of long-term loans	0.8	11.0
Financial leasing liabilities	0.4	0.5
Other interest-bearing liabilities	2.3	3.7
Total	8.2	21.6

The fair values of interest-bearing liabilities are presented in Note 26.

The liabilities are primarily variable rate and denominated in euro. Interests on the liabilities have mainly been tied to the 3 to 12-month Euribor reference interest rates.

Maturity of financial leasing liabilities:

	2007	2006
Financial leasing liabilities – total of minimum leases		
Within 12 months	0.4	0.5
After 12 months but before five years	0.3	0.4
Gross overall investment	0.8	1.0
Financial leasing liabilities – present value of minimum leases		
Within 12 months	0.3	0.5
After 12 months but before five years	0.3	0.4
Gross overall investment	0.7	0.9
Financial expenses accumulated in the future	0.1	0.1
Total financial liabilities	0.8	1.0

	2007	2006
24. ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Non-current		
Other loans	0.0	1.0
Current		
Accounts payable	37.8	36.0
Liabilities to associated companies	0.5	1.5
Accrued liabilities and deferred income	13.3	16.2
Advances paid	0.0	0.1
Other loans	0.9	0.0
Other liabilities	7.9	5.7
Total	60.4	59.6

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

25. FINANCIAL RISK MANAGEMENT

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. The divisions report their key risks to the Finance department. It, in turn, collects all of the Group's risks and reports the risk exposures to finance and business management on a monthly and quarterly basis. The Finance department's operations are governed by the financial risk management policy approved by the Board of Directors. 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 counterparty risk related to the investments, loan receivables and 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, as well as diversification.

Investment activities

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

Credit risk in sales

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

Liquidity risk

Liquidity risk refers to a situation in which the Group's financial assets and additional financing options do not cover the future needs of business operations. In line with the policy, the Finance department strives to maintain good liquidity in all circumstances, keeping it at a level that guarantees strategic operating freedom to the management. The Group's liquid assets consist of invested financial assets, as well as remaining credits and overdraft facilities agreed with financiers. 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 income and expenses, as well as on the market values of interest-bearing investments and derivatives, over the following 12 months. Interest rate risk is managed by controlling the structure and duration of the loan portfolio and interest-bearing investments within the limits allowed by the policy. The goal is to keep financial expenses as low and financial income as high as possible. The Group's interest rate risk is monitored by calculating the impact that a one-percentage-point change in market rates has on the interest income and expenses of interest-bearing investments and debt over the following 12 months. The maximum interest rate risk is determined in the financial risk management policy.

INTEREST RATE RISK, EUR MILLION	31.12.2007	31.12.2006
Impact of 1-ppt increase in market rates:		
Interest income	0.3	0.6
Interest expenses	0.0	–0.1
Change in market values	0.0	–0.1
Net impact on interest income and expenses	0.3	0.3

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 income and expenses. 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. In the review period, Raisio's interest-bearing investments mainly involved short-term investments to maturity. On the date of the financial statements, 31 December 2007, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR +0.3 million (EUR +0.3 million) and to an interest rate decrease of the same size, approximately EUR –0.3 million (EUR –0.3 million). Had the interest rate been 1 percentage point higher on the closing date, 31 December 2007, Raisio's result after taxes would have been EUR 0.2 million (EUR 0.2 million) higher. Had the interest rate been 1 percentage point lower on the closing date, 31 December 2007, Raisio's result after taxes would have been EUR 0.2 million (EUR 0.2 million) lower. Changes in the duration of the investment portfolio or the Group's balance sheet position also result in changes in interest rate sensitivity.

Currency risk

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

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

The Group's currency risk on 31 December 2007 would be EUR 0.1 million (EUR 0.0 million) if other currencies had weakened by 5% against the euro. The impact on Raisio's result after taxes would be EUR 0.0 million (EUR 0.0 million). On the closing date, the Group's 1–12-month currency forward contracts in RUB, SEK and USD had a nominal value of EUR 18.6 million. The Group companies' currency positions against functional currencies other than the euro, are not significant.

(EUR MILLION) CURRENCY RISK 31.12.2007			CURRENCY RISK 31.12.2006		
Currency risk, net position			Currency risk, net position		
RUB	SEK	USD	RUB	SEK	USD
0.0	0.5	−0.6	−0.3	0.1	−0.5
5% weakening in currency against the euro:					
RUB	SEK	USD	RUB	SEK	USD
0.0	0.0	0.0	0.0	0.0	0.0

Commodity price risk

Raisio uses commodity derivatives allowed by the financial risk policy for selective hedging against uncertainties resulting from temporal differences between raw material purchases and product sales. Its hedging instruments comprise soy and rapeseed futures, which are rarely continuously open for more than 12 months.

Commodity risks are reported on a monthly basis to finance and business management. The report analyses the Group's risk position by risk unit and within the limits allowed by the risk policy. On 31 December 2007, the risk position was 3.8 million kg (10.9 million kg). Commodity risk is also analysed using the VaR (Value-at-Risk) technique. When examining the VaR of a position, attention is given to 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.

(EUR MILLION) VALUE-AT RISK OF COMMODITY POSITION	31.12.2007	31.12.2006
VaR	0.1	0.2

If realised, the VaR risk of the commodity position on the closing date, 31 December 2007, would affect Raisio's result after taxes by EUR ± 0.0 million (EUR ± 0.1 million).

(EUR MILLION) NOMINAL VALUES OF DERIVATIVES	31.12.2007	31.12.2006
Currency derivatives	18.6	25.5
Commodity derivatives	11.2	5.4

CAPITAL MANAGEMENT

The target of the Group's capital management is to use a strong equity structure to safeguard the Group's ability to do business and to increase owner value by aiming at the highest possible return.

The development of the equity structure is monitored using the equity ratio. At the end of 2007, the Group's equity was EUR 278.8 million (EUR 290.4 million) and its equity ratio was 77.9% (75.0%). The equity ratio is calculated by dividing the shareholders' equity by the balance sheet total less advances received. The equity ratios were as follows:

	31.12.2007	31.12.2006
Equity, EUR million	278.8	290.4
Balance sheet total, EUR million	360.3	387.4
Equity ratio	77.9%	75.0%

The Group does not have external capital requirements.

26. 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)	NOTE	BOOK VALUE 2007	FAIR VALUE 2007	BOOK VALUE 2006	FAIR VALUE 2006
Financial assets					
Investments available for sale	12	0.6	0.6	1.5	1.5
Loan receivables	13	1.9	1.9	4.1	4.3
Sales receivables and other receivables	15	47.2	47.2	54.5	54.5
Investments recognised at fair value in the income statement	16	27.7	27.7	64.4	64.4
Liquid assets	17	15.9	15.9	14.5	14.5
Currency forward contracts	16	0.2	0.2	0.1	0.1
Financial liabilities					
Bank loans	23	0.8	0.8	11.9	11.9
Other loans	23	1.0	1.0	1.0	1.0
Overdraft facilities	23	4.6	4.6	5.8	5.8
Financial leasing liabilities	23	0.8	0.7	1.0	0.9
Other interest-bearing liabilities	23	2.3	2.3	4.4	4.4
Accounts payable and other liabilities	24	55.2	55.2	55.8	55.8
Commodity derivatives	22	1.5	1.5	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 OMX Nordic Exchange Helsinki 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)	2007	2006
27. OTHER LEASES		
Group as lessee:		
Minimum leases paid on the basis of other non-cancellable leasing contracts:		
Within 12 months	1.1	1.0
After 12 months but before five years	0.9	1.2
After five years	0.5	0.5
Total	2.5	2.7

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

Based on other leases, Raisio's 2007 income statement includes paid leases worth EUR 5.2 million (EUR 5.1 million in 2006).

(EUR MILLION)	2007	2006
28. CONTINGENT AND OTHER LIABILITIES		
Pledged assets:		
For the company		
Mortgages on real estate	0.7	16.9
Pledged securities	0.0	0.0
Floating charges	0.0	34.4
Total	0.7	51.2
Contingent off-balance sheet liabilities:		
Contingent liabilities for the company	1.5	1.5
Contingent liabilities for associated companies		
Guarantees	0.0	3.0
Contingent liabilities for others		
Guarantees	0.1	0.0
Other liabilities		
Other financial liabilities	2.0	2.8
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	2.7	16.6

29. RELATED PARTY TRANSACTIONS

Consolidated subsidiaries, joint ventures and associated companies

	GROUP HOLDING, %	PARENT COMPANY HOLDING, %
SUBSIDIARY COMPANIES		
Food Division		
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	
Raisio Sverige AB, Sweden	100.00	
TOV Raisio Ukraina, Ukraine	100.00	
Raisio Nutrition Ltd / Raisio Margarine, Raisio	100.00	100.00
ZAO Zolotaya Melnitsa, Russia	74.90	
Feed & Malt Division		
Raisio Nutrition Ltd / Oil Milling and Malt, Raisio	100.00	100.00
Raisio Feed Ltd, Raisio	100.00	
Ingredients Division		
Raisio Staest US Inc., USA	100.00	
Raisio Nutrition Ltd / Ingredients, Raisio	100.00	
Others		
Raisio Group Holding Oy	100.00	100.00
Raision Konsernipalvelut Oy	100.00	100.00
Raisionkaari Industrial Park Ltd.	100.00	98.41
JOINT VENTURES		
Food Division		
Ateriamestarit Oy, Turku	50.00	
GoGreen AB, Sweden	50.00	
ASSOCIATED COMPANIES		
Food Division		
AS Rigas Dzirnavnieks, Latvia	27.63	
Feed & Malt Division		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR MILLION)	2007	2006
Business activities involving insiders:		
Sales to associated companies and joint ventures	12,8	20,6
Purchases from associated companies and joint ventures	3,1	10,3
Sales to key employees in management	0,0	0,1
Purchases from key employees in management	0,6	0,4
Short-term receivables from associated companies and joint ventures	2,3	3,7
Liabilities to associated companies and joint ventures	0,5	1,5
Sales to associated companies and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	1,7	2,4
Compensation paid in conjunction with termination of employment	0,3	0,9
Total	2,0	3,3
Fees paid to Supervisory Board	0,0	0,0
Fees paid to Board of Directors	0,3	0,2
Wages and fees paid to Managing Director and members of Management Team:		
Matti Rihko	0,4	0,0
Rabbe Klemets	0,0	0,6
Other members of Management Team	1,0	1,5
Total	1,4	2,2

Pension and other benefits:

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

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.

30. EVENTS AFTER THE BALANCE SHEET DATE

At the end of January, the Group signed an agreement with the Swedish Lantmännen to terminate joint ownership arrangements. According to the agreement, Lantmännen will assign to Raisio the 25 per cent share it holds in Melia Oy. Correspondingly, Raisio will assign to Lantmännen the 50 per cent share it owns in their joint venture GoGreen AB and the 27 per cent share it holds in the AS Rigas Dzirnavnieks mill company in Latvia. It is estimated that these ownership arrangements will improve Raisio's result for 2008 by EUR 3–4 million.

FINANCIAL INDICATORS

	2007	2006	2005
Result and profitability			
Turnover, EURm 1)	421.9	402.6	397.6
change, %	4.8	1.2	−9.2
International turnover, EURm 1)	158.0	158.7	152.9
% of turnover	37.5	39.4	38.5
Operating result, EURm 1)	10.6	−28.1	5.9
% of turnover	2.5	−7.0	1.5
Result before taxes, EURm 1)	9.5	−33.2	9.4
% of turnover	2.3	−8.3	2.4
Return on equity, ROE, % 1)	2.9	−10.7	2.4
Return on investment, ROI, % 1)	3.6	−9.1	2.7
Financial and economical position			
Shareholders' equity, EURm	278.8	290.4	347.3
Net interest-bearing liabilities, EURm	8.7	23.2	36.1
Net interest-bearing debt, EURm	−34.9	−55.6	−86.8
Balance sheet total, EURm	360.3	387.4	452.5
Equity ratio, %	77.9	75.0	76.8
Gearing, %	−12.5	−19.1	−25.0
Cash flow from business operations, EURm	15.6	15.1	5.6
Other indicators			
Gross investments, EURm 1)	31.4	27.6	46.9
% of turnover	7.5	6.9	11.8
R&D expenses, EURm 1)	6.4	9.8	8.8
% of turnover	1.5	2.4	2.2
Average personnel 1)	1,157	1,263	1,262

1) Key figures presented for continuing operations

The comparative information for 2006 and 2005 has been adjusted to comply with the data for 2007.

SHARE INDICATORS

	2007	2006	2005
Earnings/share, continuing operations (EPS), EUR[1]	0.05	−0.22	0.05
Cash flow from business operations/share, EUR[1]	0.10	0.09	0.03
Equity/share, EUR[1]	1.70	1.73	2.06
Dividend/share, EUR	0.04[2]	0.03	0.05
Dividend/earnings, %	73.2	−13.7	98.3
Effective dividend yield, %			
Free shares	2.7	1.7	2.2
Restricted shares	2.6	1.7	2.2
P/E ratio			
Free shares	27.5	−8.2	44.4
Restricted shares	27.8	−8.2	44.8
Adjusted average quotation, EUR			
Free shares	1.95	1.88	2.28
Restricted shares	1.96	1.91	2.33
Adjusted lowest quotation, EUR			
Free shares	1.39	1.35	1.87
Restricted shares	1.50	1.42	1.94
Adjusted highest quotation, EUR			
Free shares	2.33	2.44	2.80
Restricted shares	2.25	2.44	2.80
Adjusted quotation 31.12., EUR			
Free shares	1.50	1.79	2.26
Restricted shares	1.52	1.80	2.28
Market capitalization 31.12., EUR million[1]			
Free shares	183.7	224.9	286.7
Restricted shares	52.2	62.1	78.7
Total	235.8	287.1	365.4
Trading, EURm			
Free shares	100.0	121.1	250.4
Restricted shares	2.6	2.8	3.5
Total	102.6	124.0	253.9
Number of shares traded			
Free shares, 1,000 shares	51,309	64,308	109,604
% of total	39.3	49.3	83.9
Restricted shares, 1,000 shares	1,323	1,479	1,483
% of total	3.8	4.3	4.3
Average adjusted number of shares, 1,000 shares[1]			
Free shares	124,553	125,843	129,694
Restricted shares	34,462	34,524	34,556
Total	159,015	160,367	164,250
Adjusted number of shares 31.12., 1,000 shares[1]			
Free shares	122,444	125,655	126,848
Restricted shares	34,316	34,522	34,533
Total	156,760	160,177	161,381

1) Number of shares, excluding company shares held by the Group.
2) According to Board's proposal EUR 0.04 per share.

The comparative information for 2006 and 2005 has been adjusted to comply with the data for 2007.

CALCULATION OF KEY FINANCIAL DEVELOPMENT INDICATORS

RETURN ON EQUITY (ROE), %*	RESULT BEFORE TAXES – INCOME TAXES / SHAREHOLDERS' EQUITY (AVERAGE OVER THE PERIOD)	X 100
RETURN ON INVESTMENT (ROI), %*	RESULT BEFORE TAXES + INTEREST AND OTHER FINANCIAL EXPENSES / BALANCE SHEET TOTAL – NON-INTEREST-BEARING LIABILITIES (AVERAGE OVER THE PERIOD)	X 100
EQUITY RATIO, %	SHAREHOLDERS' EQUITY / BALANCE SHEET TOTAL – ADVANCES RECEIVED	X 100
NET INTEREST-BEARING LIABILITIES	INTEREST-BEARING LIABILITIES – LIQUID ASSETS AND FINANCIAL ASSETS RECORDED AT FAIR VALUE IN THE INCOME	
GEARING, %	NET INTEREST-BEARING LIABILITIES / SHAREHOLDERS' EQUITY	X 100

CALCULATION OF KEY SHARE INDICATORS

EARNINGS PER SHARE*	RESULT FOR THE YEAR OF PARENT COMPANY SHAREHOLDERS / AVERAGE NUMBER OF SHARES FOR THE YEAR, ADJUSTED FOR SHARE ISSUE	
CASH FLOW FROM BUSINESS OPERATIONS PER SHARE	CASH FLOW FROM BUSINESS OPERATIONS / AVERAGE NUMBER OF SHARES FOR THE YEAR, ADJUSTED FOR SHARE ISSUE	
SHAREHOLDERS' EQUITY PER SHARE	EQUITY OF PARENT COMPANY SHAREHOLDERS / NUMBER OF SHARES 31.12., ADJUSTED FOR SHARE ISSUE	
DIVIDEND PER SHARE	DIVIDEND DISTRIBUTED IN THE PERIOD / NUMBER OF SHARES AT END OF PERIOD	
DIVIDEND PER EARNINGS, %*	DIVIDEND PER SHARE / PROFIT PER SHARE	X 100
EFFECTIVE DIVIDEND YIELD, %	DIVIDEND PER SHARE, ADJUSTED FOR SHARE ISSUE / CLOSING PRICE, ADJUSTED FOR SHARE ISSUE	X 100
PRICE PER EARNINGS (P/E RATIO)*	CLOSING PRICE, ADJUSTED FOR SHARE ISSUE / PROFIT PER SHARE	
MARKET CAPITALISATION	CLOSING PRICE, ADJUSTED FOR ISSUE X NUMBER OF SHARES 31.12. WITHOUT OWN SHARES	

* THE CALCULATION OF KEY INDICATORS USES CONTINUING OPERATIONS RESULT.

SHARES AND SHAREHOLDERS

Raisio plc's shares are listed on the OMX Nordic Exchange Helsinki. Raisio's market value at the end of 2007 was EUR 248.8 million. Overall trading totalled nearly EUR 103 million. The closing price of free shares on 28 December 2007 was EUR 1.50 and that of restricted shares was EUR 1.52. The Board of Directors proposes a dividend of EUR 0.04 at the Annual General Meeting in spring 2008.

SHARE CAPITAL AND SHARE CLASSES

The fully paid-up share capital of Raisio plc is EUR 27,776,072.91, which on 31 December 2007 was divided into 34,474,250 restricted shares (series K) and 130,674,780 free shares (series V). No nominal value is quoted for the shares. 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% (31 December 2007). 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 2007. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on the OMX Nordic Exchange Helsinki (hereafter the Helsinki Stock Exchange). The company's free shares are quoted in the Mid Cap segment under the Consumer Staples sector and its restricted shares on the Pre List. 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 registered 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. In 2007, a total of 88,992 restricted shares were converted into free shares.

Restricted shares for which the approval procedure is in progress, or for which approval has not been applied, will be retained on the waiting list in the book-entry system 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 5.3 million restricted shares on 31 December 2007.

TRADING IN RAISIO'S SHARES

The highest price of the series V share was EUR 2.33 and the lowest EUR 1.39. The average price was EUR 1.95. The year-end price of the V share was EUR 1.50. The number of Raisio V shares traded in 2007 totalled 51.3 million (64.3 million in 2006), which equals some 39% of the total amount. The value of share trading was EUR 100.0 million (EUR 121.1 million).

The highest price of the series K share was EUR 2.25 and the lowest EUR 1.50. The average price was EUR 1.96. The year-end price of the K share was EUR 1.52. The number of Raisio's K shares traded in 2007 totalled 1.3 million (1.5 million) and the value of share trading was EUR 2.6 million (EUR 2.8 million).

The share capital had a market value of EUR 248.4 million at the end of 2007 (EUR 295.9 million) and EUR 235.8 million (EUR 287.1 million) excluding the shares held by the company.

OWNERSHIP STRUCTURE

At the end of 2007, Raisio plc had 37,873 registered shareholders (40,822). With a share of 58.8% (61.7%), households made up the largest owner group.

Raisio plc owned 8,230,500 free shares and 158,300 restricted shares on 31 December 2007. Other Group companies do 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.

At its highest, foreign ownership in Raisio amounted to 16.8%, at its lowest to 15.3% and at the end of the year to 15.4% (15.5%). Of the company's shares, 0.5% remains 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 31 March 2007, decided on a dividend of EUR 0.03 per share. The dividend was paid to shareholders on 13 April 2007. No dividend was paid on the shares held by the company.

The Board of Directors proposes a per-share dividend of EUR 0.04 at the Annual General Meeting in spring 2008. The record date is 1 April 2008 and the payable date 8 April 2008.

STOCK-BASED INCENTIVE SYSTEMS

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

COMPANY MANAGEMENT SHAREHOLDING

The members of the company's Supervisory Board, the members of the Board of Directors and the Managing Director, as well as associations and foundations under their control, owned 1,343,260 restricted shares and 441,140 free shares on 31 December 2007. This accounts for 1.08% of all shares and represents 3.33% 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.

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 issues the Companies Act requires a vote by classes of shares and the shareholders' consent.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN 2007

The Annual General Meeting approved the Board of Director's proposal to amend sections 12, 13, 14, 15 and 17 and to repeal section 20 as presented. According to section 10, approved by the AGM, the Annual and Extraordinary General Meetings will be held in Raisio or Turku. The main amendment to the Articles of Association transfers the appointment of Board members from the Supervisory Board to the Annual General Meeting, which will make its first election of Board members in spring 2008.

CORPORATE GOVERNANCE SYSTEM

The members of the company's Supervisory Board, who number 15 as a minimum and 25 as a maximum, are elected by the shareholders' meeting for a term that begins at the shareholders' meeting at which the election takes place and lasts until the end of the third shareholders' meeting following the election. One-third of the members are to withdraw 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 Annual General Meeting (as of spring 2008). Their term begins at the end of the Annual General Meeting at which the election takes place and lasts until the end of the following Annual General Meeting.

The Managing Director is appointed and discharged by the Board of Directors. The Managing Director 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.

SHARE REPURCHASE AUTHORISATION FOR THE BOARD OF DIRECTORS

The Annual General Meeting held in spring 2007 authorised the Board of Directors to decide on the repurchase of a maximum of 3,300,000 free shares and 875,000 restricted shares. The authorisation allowed shares to be repurchased in order to develop the capital structure of the company, to finance or carry out acquisitions or other arrangements, to implement share-based incentive systems or to be otherwise further disposed or annulled. The authorisation expires at the latest on 30 September 2008.

In April, the Board of Directors decided to initiate share repurchases in the public trading on the Helsinki Stock Exchange starting on 10 April 2007. Based on the authorisation, the company repurchased 3,300,000 free shares, that is, the maximum amount of authorisation, for some EUR 6.3 million, as well as 117,100 restricted shares for some EUR 0.2 million.

SHARE ISSUE AUTHORISATION FOR THE BOARD OF DIRECTORS

The Annual General Meeting, held in spring 2007, authorised the Board of Directors to decide on assigning a maximum of 9,146,700 shares in a share issue carried out by disposing company shares owned and held by the company. The authorisation concerns the 4,930,500 free shares and the 41,200 restricted shares held by the company at the time of the authorisation, as well as the shares – a maximum of 3,300,000 free shares and a maximum of 875,000 restricted shares – which may be repurchased in compliance with the new repurchase authorisation. Taking into consideration that the Articles of Association enable restricted shares to be converted into free shares, this share issue authorisation may concern a maximum of 9,146,700 free shares and a maximum of 916,200 restricted shares, however, no more than 9,146,700 company shares.

The Board of Directors is entitled to deviate from shareholders' pre-emptive rights in the disposal of shares if significant financial grounds thereto exist from the company's perspective. The development of the company's capital structure, the financing or implementation of acquisitions or other arrangements, as well as the implementation of share-based incentive systems, 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.

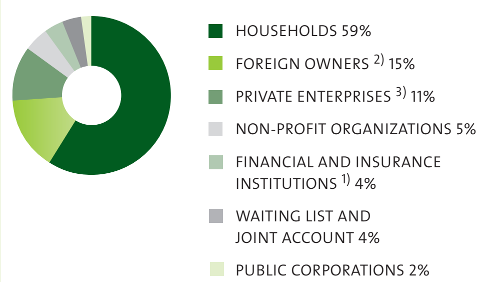
As a minimum, the price paid for shares shall equal the fair value of the shares at the time of disposal, as determined in the public trading arranged by the Helsinki Stock Exchange. For the purpose of implementing share-based incentive systems, shares may be assigned without payment. The shares may also be disposed of against compensation other than money, against acknowledgement or otherwise on certain terms and conditions.

The authorisation for disposal expires, at the latest, on 30 March 2012. It has not been exercised to date.

STRUCTURE OF SHARE CAPITAL ON 31 DECEMBER 2007

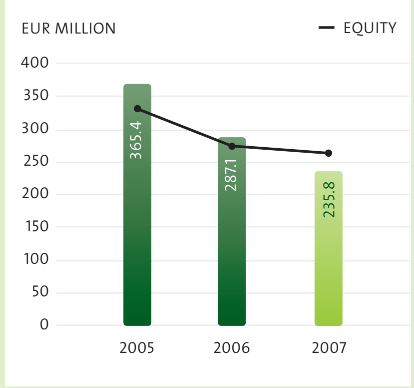
	NUMBER OF SHARES	% OF TOTAL SHARES	% OF TOTAL VOTES
FREE SHARES	130,674,780	79.1	15.9
RESTRICTED SHARES	34,474,250	20.9	84.1
TOTAL	165,149,030	100.0	100.0

SHAREHOLDERS ON 31 DECEMBER 2007



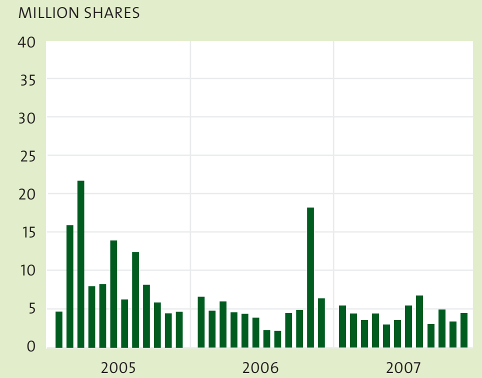
1) EXCLUDING NOMINEE-REGISTERED
2) INCLUDING NOMINEE-REGISTERED
3) INCLUDING THE SHARES HELD BY THE COMPANY

MARKET VALUE

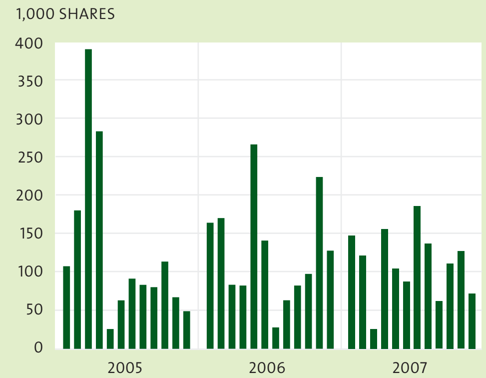


EXCLUDING THE SHARES HELD BY THE COMPANY

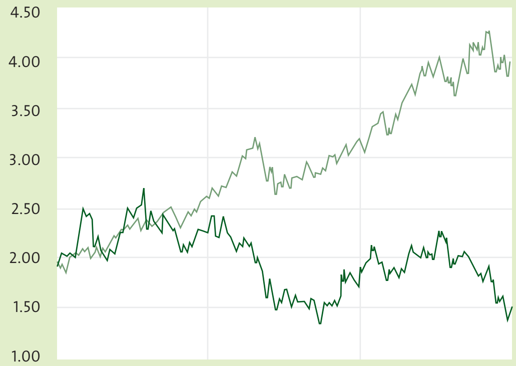
TRADING VOLUME, FREE SHARE



TRADING VOLUME, RESTRICTED SHARE

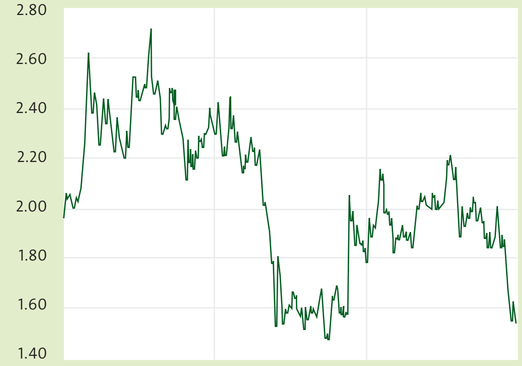


SHARE PRICE DEVELOPMENT, FREE SHARE



RAISIO'S FREE SHARE   OMX HELSINKI GI

SHARE PRICE DEVELOPMENT, RESTRICTED SHARE



AVERAGE QUOTATION

SHAREHOLDERS

25 MAJOR SHAREHOLDERS ON 31 DECEMBER 2007, ACCORDING TO SHAREHOLDERS REGISTER

	SERIES K, NO.	SERIES V, NO.	TOTAL, NO.	%	VOTES, NO.	%
NIEMISTÖ KARI		4,120,000	4,120,000	2.49	4,120,000	0.50
CENTRAL UNION OF AGRICULTURAL PRODUCERS AND FOREST OWNERS	3,733,980	199,000	3,932,980	2.38	74,878,600	9.13
SKAGEN GLOBAL VERDIPAPIRFOND		2,247,300	2,247,300	1.36	2,247,300	0.27
EVLI PANKKI PLC		1,977,977	1,977,977	1.20	1,977,977	0.24
OP-FINLAND VALUE FUND		1,434,800	1,434,800	0.87	1,434,800	0.17
ARVO ASSET MANAGEMENT LTD ARVO FINLAND VALUE		1,050,000	1,050,000	0.64	1,050,000	0.13
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
SKAGEN VEKST VERDIPAPIRFOND		916,743	916,743	0.56	916,743	0.11
BROTHERUS ILKKA	42,540	784,500	827,040	0.50	1,635,300	0.20
NORDEA NORDIC SMALL CAP FUND		787,161	787,161	0.48	787,161	0.10
SVENSKA LANTBRUKSPRODUCENTERNAS CENTRALFÖRBUND R.F.	659,500	113,000	772,500	0.47	13,303,000	1.62
AKTIA CAPITAL FUND		724,000	724,000	0.44	724,000	0.09
HAAVISTO MAIJA	393,120	287,770	680,890	0.41	8,150,170	0.99
HAAVISTO HEIKKI	542,300	119,590	661,890	0.40	10,965,590	1.34
LANGH HANS	654,480		654,480	0.40	13,089,600	1.60
VARMA MUTUAL PENSION INSURANCE COMPANY		653,000	653,000	0.40	653,000	0.08
KESKITIEN TUKISÄÄTIÖ	100,000	500,000	600,000	0.36	2,500,000	0.30
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
RELANDER HARALD BERTEL		500,000	500,000	0.30	500,000	0.06

SHARES REGISTERED UNDER FOREIGN OWNERSHIP, INCLUDING NOMINEE REGISTRATIONS, TOTALLED 25,581,113 ON 31 DECEMBER 2007, OR 15.4% OF THE TOTAL AND 19.5% OF FREE SHARES.

AT THE END OF THE YEAR, RAISIO PLC OWNED 8,388,800 COMPANY SHARES, WHICH REPRESENTS 5.1% OF THE TOTAL.

SPLIT OF SHAREHOLDINGS ON 31 DECEMBER 2007

	FREE SHARES				RESTRICTED SHARES			
SHARES	SHAREHOLDERS		SHARES		SHAREHOLDERS		SHARES	
NO.	NO.	%	NO.	%	NO.	%	NO.	%
1–1,000	22,712	64.2	11,091,855	8.5	3,839	58.0	1,367,638	4.0
1,001–5,000	9,873	27.9	24,292,737	18.6	1,793	27.0	4,262,841	12.3
5,0001–10,000	1,748	4.9	13,179,823	10.1	515	7.8	3,675,639	10.7
10,001–25,000	749	2.1	11,846,591	9.1	330	5.0	5,100,861	14.8
25,001–50,000	178	0.5	6,249,313	4.8	100	1.5	3,280,669	9.5
50,001–	145	0.4	63,653,341	48.7	46	0.7	10,860,520	31.5
WAITING LIST			0	0.0			5,299,102	15.4
JOINT ACCOUNT			191,470	0.1			626,980	1.8
SPECIAL ACCOUNTS			169,650	0.1			0	0.0
TOTAL	35,405	100.0	130,674,780	100.0	6,623	100.0	34,474,250	100.0

31 DECEMBER 2007 RAISIO PLC HAD A TOTAL OF 37,873 REGISTERED SHAREHOLDERS.

PARENT COMPANY INCOME STATEMENT

(EUR MILLION)	NOTE	1.1.–31.12.2007	1.1.–31.12.2006
TURNOVER		13.3	25.7
Other income from business operations		0.7	5.3
Materials and services	1	−0.1	−0.2
Personnel expenses	2	−3.8	−11.8
Depreciation and write-downs	3	−3.0	−3.2
Other expenses from business operations		−12.0	−16.4
OPERATING RESULT		−4.9	−0.6
Financial income and expenses	4	+10.8	+10.1
RESULT BEFORE EXTRAORDINARY ITEMS		5.9	9.5
Extraordinary items	5	−10.1	−10.0
RESULT BEFORE APPROPRIATIONS AND TAXES		−4.2	−0.4
Appropriations	6	+2.7	+0.0
Income taxes	7	−0.2	0.2
RESULT FOR THE FINANCIAL PERIOD		−1.7	−0.2

PARENT COMPANY BALANCE SHEET

(EUR MILLION)	NOTE	31.12.2007	31.12.2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	0.1	7.8
Tangible assets	8	0.5	11.2
Holdings in Group companies	9	85.0	52.4
Other investments	9	199.0	219.7
		284.6	291.0
CURRENT ASSETS			
Inventories		0.0	0.0
Current receivables	10	58.6	58.8
Securities under financial assets		34.7	69.0
Cash in hand and at banks		1.3	0.7
		94.6	128.6
TOTAL ASSETS		379.2	419.6
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		208.0	219.6
Result for the year		–1.7	–0.2
		325.6	338.6
APPROPRIATIONS	12	0.0	0.0
LIABILITIES			
Non-current liabilities	13	0.0	0.8
Current liabilities	14	53.5	80.2
		53.5	81.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		379.2	419.6

PARENT COMPANY CASH FLOW STATEMENT

(EUR MILLION)	2007	2006
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	−4.9	−0.6
Operating result adjustments:		
Planned depreciation	3.0	3.2
Other adjustments	0.6	0.0
Cash flow before change in working capital	−1.3	2.6
Increase (–)/decrease (+) in current receivables	+0.1	+4.0
Increase (–)/decrease (+) in inventories	−0.0	−0.0
Increase (+)/decrease (–) in current interest-free liabilities	−18.3	−1.0
Change in working capital	−18.2	3.0
Cash flow from business operations before financial items and taxes	−19.5	5.6
Interest paid and payments on financial operating expenses	−1.9	−2.8
Dividends received	0.2	0.1
Interest and other financial income from operations	13.0	12.7
Direct taxes paid	0.0	0.0
CASH FLOW FROM BUSINESS OPERATIONS	−8.3	15.6
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	−1.8	−4.3
Income from surrender of tangible and intangible assets	1.9	0.2
Investments in Group company shares	−0.1	0.0
Loans granted	−47.0	−31.9
Repayment of loan receivables	29.2	13.0
CASH FLOW FROM INVESTMENTS	−17.7	−23.0
Cash flow after investments	−25.9	−7.3
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	−11.0	+7.6
Increase (+)/decrease (–) in current liabilities	+24.3	−34.2
Increase (–)/decrease (+) in loan receivables	+0.0	−2.8
Group contributions received and paid	−10.0	0.0
Repurchase of company shares	−6.5	−2.6
Dividend paid and other distribution of profit	−4.8	−8.0
CASH FLOW FROM FINANCIAL OPERATIONS	−7.9	−40.0
Change in liquid funds	−33.8	−47.4
Liquid funds at the beginning of the period	69.8	117.1
Liquid funds at the end of the period	36.0	69.8

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. The company had no research and development expenses in 2007.

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)	2007	2006
1. MATERIALS AND SERVICES		
Materials, supplies and goods		
Purchases in the period	0.1	0.1
Change in inventories	0.0	0.0
External services	0.0	0.1
Total	0.1	0.2
2. PERSONNEL EXPENSES		
Wages and fees	2.9	9.4
Pension expenses	0.6	1.7
Other personnel expenses	0.2	0.7
Total	3.8	11.8
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director and members of the Board of Directors	0.7	1.2
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Workers	1	6
Office workers	45	187
	46	193
PENSION LIABILITY		
Pension liability for members of the Board of Directors and the Managing Director		
The parent company's Managing Director is entitled and obligated to retire upon turning 62.		
3. DEPRECIATION AND WRITE-DOWNS		
Planned depreciation	3.0	3.2
4. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	0.0	0.0
From others	0.2	0.1
Total	0.2	0.1
Total income from long-term investment		
From Group companies	8.7	7.2
Total income from long-term investment	8.9	7.3
Other interest and financial income		
From Group companies	1.8	1.6
From others	1.8	3.6
Total	3.6	5.2
Total interest received from long-term investment and other interest and financial income	12.3	12.3

(EUR MILLION)	2007	2006
Exchange rate differences		
To Group companies	0.0	0.3
To others	0.2	0.1
Total	0.2	0.4
Interest paid and other financial expenses		
To Group companies	–1.3	–1.7
To others	–0.5	–1.0
Total	–1.8	–2.7
Total financial income and expenses	10.8	10.1
5. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	10.4	0.0
Total	10.4	0.0
Extraordinary expenses		
Group subsidies paid	–20.5	–10.0
Total	–20.5	–10.0
Total extraordinary income and expenses	–10.1	–10.0
6. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	2.7	0.0
7. INCOME TAXES		
Income tax on extraordinary items	2.6	2.6
Income tax on ordinary operations	–2.8	–2.6
Taxes on previous financial years	0.0	0.2
Total	–0.2	0.2

NOTES TO THE PARENT COMPANY BALANCE SHEET

8. PARENT COMPANY INTANGIBLE ASSETS 2007

(EUR MILLION)	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENDITURE	ADVANCES PAID	INTANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	0.2	13.1	0.0	13.4
Increase 1.1.–31.12.	0.0	0.6		0.6
Decrease 1.1.–31.12.	0.0	13.3		13.3
Reclassifications		0.0	0.0	0.0
Acquisition cost 31.12.	**0.2**	**0.4**	**0.0**	**0.6**
Accumulated depreciation and write-downs 1.1.	0.2	5.4		5.6
Accumulated depreciation of decrease and transfers	0.0	6.9		6.9
Depreciation for the year	0.0	1.8		1.8
Accumulated depreciation 31.12.	**0.2**	**0.3**	**0.0**	**0.5**
Book value 31.12.2007	**0.0**	**0.1**	**0.0**	**0.1**
Book value 31.12.2006	**0.0**	**7.8**	**0.0**	**7.8**

8. PARENT COMPANY TANGIBLE ASSETS 2007

(EUR MILLION)	LAND AND WATER AREAS	BUILDINGS AND CONSTRUC-TIONS	MACHI-NERY AND EQUIP-MENT	OTHER TANGIBLE ASSETS	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	TANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	3.0	18.9	18.0	0.3	0.0	40.2
Increase 1.1.–31.12.		0.1	0.4			0.5
Decrease 1.1.–31.12.	3.0	18.3	18.3			39.6
Reclassifications						0.0
Acquisition cost 31.12.	**0.0**	**0.7**	**0.2**	**0.3**	**0.0**	**1.2**
Accumulated depreciation and write-downs 1.1.		15.1	14.0			29.1
Accumulated depreciation of decrease and transfers		15.0	14.6			29.5
Depreciation for the year		0.4	0.8			1.2
Accumulated depreciation 31.12.	**0.0**	**0.5**	**0.2**	**0.0**	**0.0**	**0.7**
Book value 31.12.2007	**0.0**	**0.2**	**0.0**	**0.3**	**0.0**	**0.5**
Book value 31.12.2006	**3.0**	**3.9**	**4.0**	**0.3**	**0.0**	**11.2**
Book value of the production machinery and equipment						
31.12.2007			**0.0**			
31.12.2006			**2.3**			

9. PARENT COMPANY INVESTMENT 2007

(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	219.1	272.0
Increase 1.1.–31.12.	33.6		0.0	47.0	80.6
Decrease 1.1.–31.12.	1.0		0.5	67.1	68.6
Acquisition cost 31.12.	**85.0**	**0.0**	**0.0**	**199.0**	**284.0**
Book value 31.12.2007	**85.0**	**0.0**	**0.0**	**199.0**	**284.0**
Book value 31.12.2006	**52.4**	**0.0**	**0.5**	**219.1**	**272.0**

SHARES AND HOLDINGS 2007

	GROUP HOLDING, %	PARENT COMPANY HOLDING, %
GROUP COMPANIES		
Raisio Group Holding Oy	100.00	100.00
Raision Konsernipalvelut Oy	100.00	100.00
Raisionkaari Industrial Park Ltd.	100.00	98.41
Raisio Nutrition Ltd, Raisio	100.00	100.00
ASSOCIATED COMPANIES		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR MILLION)	2007	2006
10. RECEIVABLES		
Current receivables		
Accounts receivables	0.3	0.6
Receivables from Group companies		
Accounts receivables	0.8	1.3
Loan receivables	36.5	46.7
Other receivables	10.5	0.4
Prepaid expenses and accrued income	1.9	1.7
	49.8	50.0
Receivables from participating interest companies		
Accounts receivables	0.0	0.0
Other receivables	7.7	7.5
Prepaid expenses and accrued income	0.9	0.8
Total current receivables	58.6	58.8

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

	2007	2006
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.	219.4	230.2
Dividend distributed	−4.8	−8.0
Repurchase of company shares	−6.5	−2.6
Retained earnings 31.12.	208.0	219.6
Result for the year	−1.7	−0.2
Total shareholders' equity	325.6	338.6
Distributable equity	206.4	

Company share capital dividend by share series as follows:

	2007 SHARES	2007 EUR 1,000	2006 SHARES	2006 EUR 1,000
Series K (20 votes/share)	34,474,250	5,798	34,563,242	5,813
Series V (1 vote/share)	130,674,780	21,978	130,585,788	21,963
Total	165,149,030	27,776	165,149,030	27,776

Company shares held by Raisio 2007:

	SHARES	BOOK COUNTERVALUE EUR 1,000	COST OF ACQUISITION EUR 1,000
Series K (20 votes/share)	158,300	27	318
Series V (1 vote/share)	8,230,500	1,384	17,576
Total	8,388,800	1,411	17,894

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

The probable assignment price of company shares held by Raisio on the date of the financial statements was EUR 12.6 million (EUR 8.9 million in 2006).

(EUR MILLION)	2007	2006
12. APPROPRIATIONS		
Appropriations consist of the accumulated depreciation difference.		
13. NON-CURRENT LIABILITIES		
Loans from credit institutions	0.0	0.8
Total non-current liabilities	0.0	0.8
14. CURRENT LIABILITIES		
Loans from credit institutions	0.8	11.0
Accounts payable	0.2	3.0
Liabilities to Group companies		
Accounts payable	0.3	0.2
Other liabilities	50.5	58.4
Accrued liabilities and deferred income	0.1	0.4
	50.9	58.9
Other liabilities	0.7	4.4
Accrued liabilities and deferred income	0.9	2.9
Total current liabilities	53.5	80.2
Accrued liabilities and deferred income comprises items related to the periodization of operational expenses, financial items and taxes.		
Interest-free debts		
Non-current	23.2	17.4

OTHER NOTES TO THE PARENT COMPANY ACCOUNTS

(EUR MILLION)	2007	2006
15. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS		
PLEDGED ASSETS:		
For Group companies		
Mortgages on real estate	0.0	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 2007	0.0	0.2
Falling due after 2007	0.0	0.2
Total	0.0	0.4
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	17.9	17.6
Contingent liabilities for associated companies		
Guarantees	0.0	3.0
Contingent liabilities for others		
Guarantees	0.1	0.0
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	0.2	0.0
Value of underlying instrument	18.6	25.5

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 2007 is EUR 206,361,806.40. The Board of Directors proposes that a dividend of EUR 0.04 per share be paid from the parent company's earnings

totalling	EUR 6,605,961.20
carried over on the retained earnings account	EUR 199,755,845.20
Total	EUR 206,361,806.40

However, dividend will not be paid on the shares which are held by the company at the record date 1 April 2008.

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, 13 February 2008

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.–31.12.2007. 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 Director 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 Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Raisio, 13 February 2008

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 2007.

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 2008

For the Supervisory Board

Juha Saura
Chairman

RAISIO

Raisio plc • P.O. Box 101 • FI-21201 Raisio, Finland
Tel. +358 2 443 2111 • Fax +358 2 443 2315
Business ID 0664032-4 • Domicile Raisio, Finland
www.raisio.com

RAISIO

www.raisio.com