RAISIO

ANNUAL REPORT

2008

Raisio's seven fertile decades

In February 1939, a group of farmers from south-western Finland set up a mill, their mind set on grinding grain supplied by shareholders and marketing flour. In hindsight, it is easy to say that the farmers created something quite different. As they rode their bikes around the region, in the midst of a depression, trying to sell shares in the mill, they inadvertently built a solid foundation for an innovative and successful Group that today employs nearly one thousand people in nine countries.

Raisio's forerunner, Oy Vehnä Ab, founded seven decades ago, travelled a long and branching road to becoming a pioneer in the food and feed business and a specialist in plant-based nutrition. When the mill constructed on the Pirilä field finally started up in 1942, having been delayed by the war years, there was a shortage of everything but demand. Finland lost much of its milling capacity due to the cession of land to the Soviet Union after the war, and raw materials were under strict regulation. The spirited activities of the mill founders were an important part of Finland's reconstruction.

As if foretelling the future, Oy Vehnä Ab rapidly expanded to become a conglomerate. The production of feed mixes started from mill by-products in the late 1940s. Next came the malting plant, which was constructed to satisfy a thirsty nation, and in the 1950s the company turned to vegetable oil raw materials, which led it to the margarine business. Raisio's chemical business, in turn, originated from the distillation of fatty acids in the early 1960s. For decades, the production of raw materials for the global paper industry formed an important part of Raisio's business.

Raisio has actively pioneered many novelties in the field, ranging from contract farming to the development of innovative products. A great many unforgettable moments could be brought up from the company's past, such as the mill merger in 1990, which also gave a new home in Raisio to the "Elovena girl", originated by Karjalan Mylly Oy, a milling company in the Russian town of Vyborg. Another remarkable event was the 1995 publication of Benecol, an innovation that has become the world's best-known functional food brand. However, the common thread running throughout the company's history has always been natural and safe products.

In our current world of international megatrends and consumer brands, the agents cycling from house to house seven decades ago seem a distant thought. Nevertheless, tasty, high-quality and healthy food is still appreciated – and possibly more seriously than ever before. The wheels that were set in motion at the Raisio mill in the 1930s are still turning, as a natural part of the Finnish life.

CONTENTS

RAISIO

Raisio is a forerunner in the food and feed industries and a specialist in plant-based foods. Raw materials based on cultivated products offer Raisio good opportunities to develop as a company with ecologically and ethically sustainable operations.

Raisio's approach emphasises healthy, ecological and safe products that satisfy customer needs, as well as ecologically sustainable and environmentally friendly solutions and continuous improvement of operations. Raisio works in close co-operation with the retail trade and other customers, as well as its contract farmers, to develop new solutions, co-operation models and services that provide added value to all participants in the food chain.

Raisio's main products are foods and functional food ingredients, as well as feeds and malts. Raisio's strong brands in Finland include Elovena, Sunnuntai, Keiju, Raisio Malt, Maituri and Herkku. Raisio's internationally best-known brand is Benecol. Other familiar brands in Raisio's market areas include Carlshamn Mejeri, Masmix, Pyszny Duet, Nordic and Voimix.

Raisio plays an important role in securing and developing a safe and traceable food chain from the field to the table. It is important for Raisio, Finland's biggest industrial grain processor, to know the origin and production method of its products, since consumers request more information about the origin, safety and environmental impact of products. Raisio was one of the First European companies, and the first Finnish company, to introduce a CO_2 emissions label. It first added the label to its Elovena oat flakes and expands its use in other consumer products.

Raisio has around 950 employees in nine countries. Raisio's substantial improvement in profitability and enhanced operations testify to the company's professional, skilled and motivated personnel wanting to find new approaches in order to achieve shared targets.

Raisio has two share series, which are listed on NASDAQ OMX Helsinki Oy. The company is headquartered in the Finnish town of Raisio.

As a pioneer in plant-based, ecological food, and as one of Europe's most innovative grain companies, Raisio is in an extremely good position to answer the new global challenges facing the food industry.

www.raisio.com

RAISIO

BUSINESS AREAS

Food

Raisio's operations aim to meet consumer needs by offering healthy, ecological, tasty and convenient foods. The Food Division is a consumer-oriented forerunner in plant-based nutrition. Raisio's customers include retail trade chains, the catering business, bakeries and other food industry. The company has strong and trusted brands in the fields of breakfasts and snacks, baking and spreads. The main market areas are Finland and the Baltic region.

The Food Division aims to be a profitably-growing, innovative, ecological and sought-after co-operation partner that commercialises food innovations and provides plant-based, natural and safe products in Northern and Eastern 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 bioenergy. The Feed & Malt Division focuses on strengthening partnerships in Finland and abroad. The main market areas are Finland and Russia.

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

Ingredients

Raisio licenses its worldwide patented plant stanol ester ingredient to food companies. Plant stanol ester has been shown to safely lower cholesterol when included in the daily diet. Raisio also licenses the Benecol® brand, which is the world's best-known brand for cholesterol-lowering functional foods. Benecol products are sold in nearly 30 countries. Raisio strengthens its partner network and continues its consistent work to enter new market areas.

The Ingredients Division aims to be an active player in the market for cholesterol-lowering functional foods in Europe, Asia, North and South America by providing the markets with innovative product applications.

KEY FIGURES

	2008	2007	2006
NET SALES, EUR MILLION	504.0	421.9	402.6
OPERATING RESULT, EUR MILLION	28.3	10.6	−28.1
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	24.1	9.9	−2.4
% OF TURNOVER	4.8	2.3	−0.6
RETURN ON INVESTMENT, %	9.8	3.5	−9.1
NET GEARING, %	−20.8	−13.1	−19.1
EQUITY RATIO, %	77.9	77.9	75.0
EQUITY PER SHARE, EUR	1.79	1.70	1.73
EARNINGS PER SHARE (EPS), EUR	0.14	0.05	−0.22
EPS EXCLUDING ONE-OFF ITEMS, EUR	0.12	0.05	−0.02
DIVIDEND, EUR	0.07*	0.04	0.03

*ACCORDING TO THE BOARD'S PROPOSAL

GROUP STRUCTURE

RAISIO PLC

FOOD NORTHERN EUROPE EASTERN EUROPE	FEED & MALT	INGREDIENTS

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

CHIEF EXECUTIVE'S REVIEW

In 2008, Raisio reached its targets of increasing net sales and improving profitability. In general, food chain players faced considerably weaker conditions, but Raisio managed to clearly improve its performance thanks to the measures it took to renew the product portfolio, identify consumer needs, enhance production, exercise better control over material flows and improve flexible pricing models. The volume growth registered in all business areas was very positive, since it means that our customers wanted to buy more than before.

In the CEO's reviews of the past two years, we predicted that food would account for an increasing share of consumption expenses and that grain would mainly be affected by rising and strongly fluctuating prices. This has proved to be true, posing great challenges to those food chain players who believed in steady development. However, basic consumption remains by nature steady and daily recurring – after all, people do eat every day.

BIG CHANGES IN THE FOOD CHAIN

General economic development turned gloomy in 2008, affecting the global market prices of all raw materials through direct demand and, indirectly, through capital market activities. As for renewable natural resources, the basics remain the same. The world's population continues to grow, the general standard of living is on the rise, animal-based diets are becoming increasingly popular, especially in Asia, arable land is not expanding, and the steep rise in carbon dioxide emissions and water consumption become critical factors for the food chain. The problem of the global food chain is not a lack of growth, but too strong growth. The demand for food might as much as triple in our lifetime, which is simply impossible to produce.

As one of Europe's most innovative grain producers, Raisio offers ecologically sustainable, healthy and tasty products, such as the Elovena snack drinks, which have a clear demand among consumers. Global shifts in the food chain may lead to huge changes, making it important to be innovative, capable of renewal and flexible under changing circumstances.

CLOSE CO-OPERATION

Plant-based nutrition will become more popular. It is also important to offer ecologically more sustainable solutions to the meat and milk chain. In the feed business, we have joined forces with producers to create solutions that reduce greenhouse-gas emissions and improve the well-being and health of animals. We also co-operate with producers to find ways to tackle the sector's cost crisis by revising operating models and making operations more efficient. Consumers decide what they eat, and the food chain must be able to offer ecologically sustainable solutions.

Raisio was one of the first in the world to indicate the carbon footprint of its products by adding a CO_2 label to its Elovena oat flakes. The label was very well received, and consumers clearly hope to see more of such labelling on foodstuffs. The future may show that the introduction of the CO_2 label was the single most significant action in 2008.

In 2008, Raisio improved financial performance and enhanced operations, thanks to good work by the personnel. The change did not come about by accident or assisted by external conditions, but through the daily actions of Raisio's employees. In the future development of the food chain, the company's financial strength, positive cash flow, operational ability and courage to face future changes may prove to be more important than size. We have the financial and operational ability to be an active player in restructuring if interesting opportunities for Raisio's shareholders open up.

Matti Rihko

VISION, STRATEGY AND VALUES

Raisio's main target in 2008 was to improve profitability.

VISION

Owing to population growth and an increase in purchasing power, the demand for food continues to grow globally and is expected to as much as triple in the next 40 years. This will lead to stiffer competition for the increasingly scarce, renewable natural resources. It is difficult to cost-effectively raise cultivation capacity at the same pace at which consumption increases. This is the reason for the upward trend in worldwide grain prices. However, strong price volatility will grow more common between regions and across crop years. In developing countries, ecology, ethics and economy will take on bigger roles in guiding consumption. This will lead to an increased demand for plant-based nutrition, which will be further strengthened by the ageing population's need for a healthier diet. Urbanisation and more leisure time will lead to a polarisation in eating habits and an increase in the consumption of snacks.

Raisio is a forerunner and specialist in ecological, plant-based nutrition with leading brands. We innovate ecological and healthy snacks that meet the new needs of consumers. In bulk production, such as the feed business, we will by cost-efficiency make the food chain more profitable, while also reducing the ecological footprint in an ethically sustainable way.

STRATEGIC PRIORITIES

Group

The Group aims to produce added value to its shareholders by developing operations, improving competence and profitability and following a long-range dividend policy. Raisio has defined growth and internationalisation as its strategic priorities. The company's strong balance sheet and cash flow enable 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 division seeks growth by expanding into new product segments and market areas in northern Europe.

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 north-western 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 bioenergy.

Ingredients

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

Thanks to the strong evidence from clinical and scientific trials of the Benecol ingredient, a plant stanol ester patented by Raisio worldwide, the European Food Safety Authority (EFSA) issued a positive scientific opinion concerning the health claim related to reduced risk of disease. Moreover, the Ministry of Health of the People's Republic of China gave Raisio a New Resource Food approval to add plant stanol ester to foodstuffs marketed in the country. Raisio aims to be an active player in the growing markets for cholesterol-lowering functional foods with innovative product applications.

Responsibility

Responsibility is one of Raisio's core values and forms a solid foundation for operations.

For Raisio's employees, responsibility means, for example:

- taking into consideration the surrounding society and environmental aspects,
- following ecologically, ethically and economically sustainable operating methods,
- keeping promises made in the work community and to customers and other co-operation partners,
- acting responsibly in decision-making and carrying out the decisions made,
- and showing trust in and respect for the work of others.

FINANCIAL TARGETS

Raisio aims at a minimum operating profit level, excluding one-off items, of five per cent.

Outlook for 2009

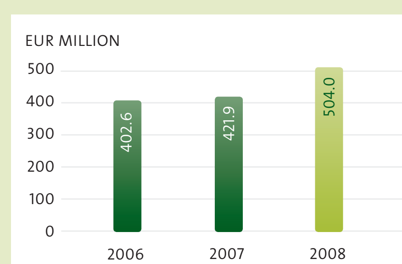
Volatility in quarterly results and between divisions will become more pronounced, but they will balance out at Group-level over the year 2009. Even if the food consumption and demand remain steady, the unpredictable outcome of an economic crisis may reduce volumes in the short run either directly or indirectly through the food chain infrastructure. Nevertheless, the negative impact on result can be neutralised within a few months, and in the long run the reallocation of capacity will open up new opportunities for Raisio.

Raisio's main target in 2009 is to maintain its stabilised position under difficult circumstances. Raisio's volumes are expected to develop moderately in annual terms. The trend in net sales will depend on the price level of crop in 2009. The company's profitability will also develop moderately, and operating result is predicted to account for 4–5% of net sales. Cash flow from operations in the review period is expected to be clearly positive but below the 2008 level.

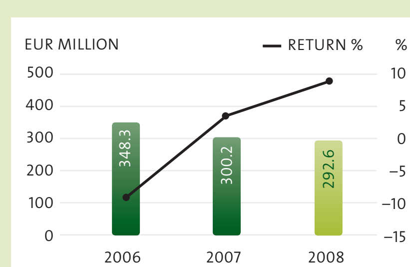
VALUES

Company values are tools that help Raisio's employees to 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.

Net sales



Capital invested on average and return on investment



YEAR 2008 IN BRIEF

Raisio's turnaround took full effect in 2008. This resulted in a notable improvement in profitability, as well as in bigger volumes, enhanced operations and successful launches of new products. Raisio has good opportunities to develop as a company whose operations lie on an ecologically, ethically and economically sustainable foundation.

PROFITABILITY

Raisio's performance improvement continued according to plan. The measures were successful, leading to improvements under difficult conditions. All of Raisio's divisions were profitable and improved their profitability from the previous year.

The Food Division's turnaround was carried out quickly and according to plan. Food is a defensive business in times of weaker economic development. Raisio's Food Division posted a profitable operating result in each quarter in 2008. Profitability was boosted, among other things, by the renewed product range that better satisfied consumer needs, by enhanced processes and by long-term development of supply chain. The improvement, in turn, was slowed down by bigger marketing inputs, new product launches in the home markets and preparations made for entry into new market areas. Russian operations, the only ones to record losses, were rationalised to improve profitability.

The Feed & Malt Division enhanced profitability from the previous year, despite competition remaining challenging in the feed market. The good performance development in malt and the enhanced pressing margins in oil milling oil improved the operating result.

The profitability of the Ingredients Division remained good and the operating result improved over the previous year. The sales of Benecol products increased, especially in Poland and Great Britain. Benecol products were launched in three Asian countries, and Raisio, along with its partners, got the chance to accumulate experiences and create new markets.

VOLUME GROWTH

Raisio's sales volumes grew in all business areas in 2008. As a part of its organic growth, Raisio aims to increase volumes and strengthen its market position in the markets and product segments that it is active in.

In the feed business, volume growth resulted as a part of strengthening market position. Imports to Russia also increased. The good logistical location of Raisio's feed factories plays an important role in volume growth, since the factories are close to the customers as well as raw material suppliers.

As the economical outlook grows dimmer, security and the sense of community become more important. Strong brands are a safe choice to consumers, because they offer good quality at a reasonable price. Understanding of the consumers' needs and developing the business of customers were important to the Food Division's volume growth. In Finland, the main brands coped well with the rise in product prices resulting from higher raw material prices. Raisio also succeeded in its new product launches and introduced the Elovena brand in Sweden, Estonia and Poland. The sales volume in Poland increased despite the overall market remained on the previous year's level. In Russia, the volume of flake sales remained unchanged from the previous year.

Most of the sales volume growth in the Ingredients Division came from Poland and Great Britain, driven by the strong Benecol brand and effective marketing measures. Experience has shown that a partner with the ability and will to focus on the market for cholesterol-lowering functional foods is also successful in boosting sales volumes.

ECOLOGY

Food chain faces major changes. The entire chain must adjust to new conditions, in which grain prices continue to fluctuate; food accounts for an increasing share of consumption expenses and consumers increase their awareness of ecologically sound alternatives and matters affecting the environment. The changing conditions will have both long- and short-term impacts on all of the parties involved.

As a European pioneer and the first Finnish company to do so, Raisio added a label to its Elovena oats indicating the CO_2 emissions of the product. Raisio will also determine the CO_2 emissions of its other products and will expand the use of the CO_2 label in consumer products.

Raisio's new label has generated a great deal of interest and talk among consumers and decision-makers. We believe that CO_2 emissions labelling will soon grow more common on food packages alongside the price and nutritional content labels already in use.

An ecologically and ethically responsible operations and safe products are increasingly important in business.

COMPETENCE AND INNOVATION

Raisio's success in the big changes of the food chain is based on the solid competence of its staff and on the company's ability to rapidly adjust to market situations. Raisio is a strong partner to its customers and raw material suppliers, who can develop their own business using the new products, services and concepts offered by Raisio. Creating added value and enhancing co-operation throughout the food chain players secure profitable operations as the business environment continues to change.

A skilled staff has been vital to Raisio's change of direction. Competence has been converted into profitable operations. Employees are encouraged to take quality, environmental, health and safety aspects into consideration as best they can in their own work. As environmental awareness has increased, the continuous improvement of operations has taken on a new meaning.

Product development in foods is based on analysing and identifying the consumer needs. The Elovena snack drink is a good example of products that satisfy consumer needs. Product development in feeds aims to develop new feed mixes and feeding solutions that enhance the profitability of livestock production and ensure the well-being and health of animals. Product development contributes to reducing, for example, the environmental impacts of animal-based nutrition. A solid scientific foundation is particularly important in the research and product development of ingredients. Operations aim to promote health and well-being using nutritional methods.

SUMMARY OF RAISIO'S MAIN RELEASES IN 2008	
JANUARY	RAISIO AND LANTMÄNNEN DISSOLVE JOINT OWNERSHIP
FEBRUARY	FINANCIAL STATEMENTS: RAISIO'S NET SALES INCREASED AND OPERATING RESULT IMPROVED CONSIDERABLY RAISIO'S PARTNER LAUNCHES BENECOL IN INDIA
MAY	RAISIO TO SET UP A SHARE-BASED INCENTIVE SCHEME
JULY	RAISIO TO OUTSOURCE ITS LABORATORY OPERATIONS
AUGUST	RAISIO TO REPURCHASE OWN SHARES NO AMENDMENT TO RAISIO'S TAXATION FOR 2004
SEPTEMBER	BENECOL PRODUCTS TO BE LAUNCHED ON THE INDONESIAN MARKET
NOVEMBER	HANDLING OF THE TAXATION ON RAISIO'S SALES PROFIT TO CONTINUE
DECEMBER	BENECOL PRODUCTS LAUNCHED IN THAILAND

FINANCIAL REPORTS IN 2008
FINANCIAL REVIEW: 13 FEBRUARY
INTERIM REPORTS: 5 MAY, 1 AUGUST AND 31 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.

BUSINESS AREAS

Raisio's main products are foods and functional food ingredients, as well as feeds and malts. As Finland's biggest industrial grain processor, Raisio plays an important role in securing a safe and traceable food chain from the field to the table.

OPERATING ENVIRONMENT

In 2008, grain prices continued to fluctuate on the global markets. The prices will continue to be strongly affected by crops, as well as the development of grain stores and fluctuations in global supply and demand. Raisio's customers and consumers want environmentally friendly products, information to base their consumption choices on, as well as concepts to help them develop their operations.

PRICES FLUCTUATE ON THE GRAIN MARKET

The events seen on the grain market in 2008 proved how quickly things can change. High grain prices pushed farmers around the world to sow grain on low-yield marginal fields. The use of fertilizers went up. Weather conditions were also favourable in the main production areas of grain. These factors resulted in a record-high grain crop and a steep rise in supply. In late summer, the price of grain took a downward turn, which levelled off at the end of 2008.

The fundamentals of the grain market remain the same. The world's population is growing, and the standard of living is on the rise in developing countries. This, in turn, has led to an increasing demand for meat and dairy products. Increasingly more arable land is used to produce bioenergy. Weather changes caused by the greenhouse effect continue, leading to a considerable variation in annual crops. The world's grain stores remain at a low level. The global grain markets will continue to see big annual fluctuations in supply, and grain prices will also remain unstable.

FINLAND'S BIGGEST PROCESSOR OF CULTIVATED PRODUCTS

Raisio is Finland's biggest processor of cultivated products. The company processes around one-third of the grain and around one-half of the oil plants used by Finnish industry, producing food, feed and malt. In 2008, Raisio used some 500 million kilograms of grain, over 95 per cent of which was of domestic origin.

The oil milling factory in Raisio extracted some 160 million kilograms of oil plants. Only around one-third of the rapeseed could be procured in Finland. In 2008, Raisio gave up soy in the extraction of oil plants.

Raisio is familiar with the origin and production method of its plant-based raw materials, and it makes nearly full use of them. One of the strengths of operations is that grain can be used in the most suitable way depending on its quality and availability. Nearly half of the grain used by Raisio is processed into food.

ACTIVE DEVELOPER OF THE GRAIN CHAIN

Global changes in the food chain will also affect the food industry. To ensure the availability and sufficiency of Finnish grain raw material, Raisio actively participates in developing the whole grain chain.

The most effective way to reduce the environmental impact of cultivation is to optimise the use of production inputs. What this means in practice is that the production inputs, such as fertilizers, crop protection and the energy consumed by field machinery, are utilised as effectively as possible in the form of the harvested crop. This results in a good input-output ratio. A good crop is the best way to ensure a high efficiency rate of inputs, and it is also the best way to protect the environment.

Raisio developed a practical indicator that is easy to use to determine the environmental impacts of cultivation. The method calculates an index based on the relation between the energy and carbon dioxide stored in the plant's seed crop and the energy used and carbon dioxide emitted by plant production. The bigger the index, the better the production inputs can be recovered with the crop. This practical and easy method is used in cultivation advisory, as well as in consumer communications and product development. Being Finland's biggest processor of cultivated products, Raisio also values being a pioneer in environmental matters concerning cultivation.

Direct contract farming and the development of the primary production supporting it is one of Raisio's core competence fields. 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.

Raisio gets over one-third of its grain from contract farmers. The target is to considerably increase contract farming. The company is looking for new contract farmers, but also wants to increase the volumes of existing contracts.

Raisio will continue to develop the fixed-price contract system it implemented two years ago. It is challenging to develop a system that satisfies all parties due to the volatility of raw material and grain prices. Raisio will continue to offer farmers pricing mechanisms and alternatives with which both parties can spread the price risk carried by the crop.

RESPONSIBILITY THROUGHOUT THE CHAIN

Raisio's operations are based on plant-based raw materials, a production method that takes environmental aspects into consideration from primary production to ready products and on continuous improvement of operations. High-quality research and development ensure that the products meet customer and consumer needs, are safe and offer the right quality.

Plant-based, locally produced nutrition is inexpensive and healthy and puts the least stress on the environment. Raisio's Food Division offers products based on consumer needs, which emphasise the promotion of well-being and safety without compromising on flavour.

In spring 2008, as a European pioneer and the first Finnish company to do so, Raisio added a label to its Elovena oats indicating the CO_2 emissions of the product. By doing so, it created a new indicator for labelling. The label indicates all of the product's CO_2 emissions from the cultivation phase to processing and all the way to store warehouses. Raisio will also determine the CO_2 emissions of its other products and will expand the use of the $CO2_2$ label in consumer products.

Research and development in feeds aims to develop feed mixes and feeding solutions that increase the efficiency and profitability of livestock production. Product development emphasises the importance of ensuring the well-being and health of animals.

Customers want the properties of feed mixes to be environmentally friendly. The company introduced the phytase enzyme in protein concentrates for pigs and poultry to help animals utilise phosphorus more efficiently and thus reduce the amount of phosphorus in manure. Phytase has previously been used in complete feeds and semi-concentrates.

Rapeseed oil that exceeds the company's own needs in further processing is sold to food and feed companies and as raw material for bioenergy. The EU's decision to increase the use of bioenergy gave a boost to the oil milling chain.

GREATER RESPECT FOR FOOD

The shifts in the global food chain also change the consumers' attitudes about food. The rise in the standard of living, especially in developing countries, increases the demand for food. This raises the demand for grain for food products, as well as for feed.

Food is now more highly appreciated. People pay more attention to what they eat and buy. Consumers' purchasing behaviour is influenced more and more by the pleasure obtained and the healthiness of food, the environmental friendliness of products and the convenience of cooking, not to mention good flavour. The demand for food poses challenges to the world's carrying capacity and increases the inequality of people. To keep the growing demand under control, we need sustainable solutions, reforms, innovations and flexibility in changing conditions.

FOOD

Raisio's Food Division changed direction quickly and according to plan. Thanks to the measures taken, the division clearly improved profitability from the previous year. The sales volumes of the main brands increased in Northern Europe and Poland, and the operating result was positive.

Raisio's operations aim to meet consumer needs by offering healthy, ecological, tasty and convenient foods. The Food Division is a consumer-oriented forerunner in plant-based nutrition. It has strong and trusted brands in the fields of breakfasts and snacks, baking and spreads. The main market areas are Finland and the Baltic region.

MAIN EVENTS IN 2008

- Profitability improved considerably, and the Food Division posted a positive operating result.
- Methods complying with the company's new strategy were taken in use in all operations.
- All market areas focused on identifying consumer needs.
- A new label indicating the CO_2 emissions of the product was introduced.
- The range of retail products has been reduced by 40 per cent in two years, but net sales have increased, nevertheless.
- The supply chain was enhanced.
- Innovative new products, such as the Elovena snack drinks, were launched.
- Environmental aspects and ecology are taking on a bigger role in consumer choices.
- The sales of Benecol products continued to increase in Poland, and the market position strengthened.
- The sales of Benecol products transferred solely to Raisio in Finland.
- Elovena products were launched in Poland, Sweden and Estonia.
- The Carlshamn Mejeri company brand was re-introduced in margarines sold in Sweden.

FINANCIAL PERFORMANCE

	2008	2007
NET SALES. EUR MILLION	201.8	197.1
NORTHERN EUROPE, EUR MILLION	144.8	148.1
EASTERN EUROPE, EUR MILLION	62.7	53.9
OPERATING RESULT, EUR MILLION	9.7	–11.1
ONE-OFF ITEMS, EUR MILLION	4.2	–5.3
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	5.5	–5.8
% OF NET SALES	2.7	–2.9
CAPITAL INVESTED, EUR MILLION	81.6	85.8
RETURN ON INVESTMENT, % *	6.8	–6.8
PERSONNEL 31 DEC.	572	686

* EXCLUDING ONE-OFF ITEMS

The improvement of the Food Division's profitability was slowed down by bigger marketing inputs, new product launches in the home markets, and preparations made for entry into new market areas. Operations in Russia, the only market area to record losses, were rationalised to improve profitability.

The Food Division's net sales accounted for 39 per cent of Raisio's net sales. Finland accounted for 57 per cent, Poland for 22 per cent, Russia and Ukraine for 7 per cent and the rest of Europe for 14 per cent of the Food Division's net sales.

BRANDS

Changes in line with Raisio's new brand strategy, released in autumn 2007, were carried out in retail products in 2008. The previous range of sixteen brands was replaced with four strategic brands: Elovena, Keiju, Sunnuntai and Benecol. The best products from the discontinued brands were transferred under these brands. The two tactical brands, Torino and Nalle, were also kept in the product portfolio.

The biggest marketing and sales effort in 2008 was the successful launch of the Elovena snack drink. The new type of snack drink sold over 2.3 million consumer packages in the first twelve months. The growth in Elovena product sales in 2008 equalled Elovena products' overall sales in 1999.

In Poland and Russia, the product range was renewed to satisfy consumer needs. Elovena products were launched in Poland, Estonia and Sweden.

The international megatrends in foods – pleasure, convenience and enjoyment – are now complemented by environmental awareness. Raisio's products fit these trends perfectly, because they are plant-based, natural and healthy. Environmental impacts are taken into consideration in all operations, and the packages chosen for new products are as ecological as possible. Raisio added a label to its Elovena oat flakes package to indicate the CO_2 emissions of the product.

RESEARCH AND DEVELOPMENT

Value-added products were emphasised in the product development of foods in 2008. The product development process was enhanced to better meet consumer needs. The division carried out several projects that led to innovative new products and product reforms.

Raisio's products get added value from:

- the addition of healthy components to products, such as the Benecol ingredient, plant stanol ester, fibres, berries, antioxidants and omega-3 fatty acids.
- investments in new and efficient technology to create. Examples are lactose-free and plant-based Keiju oat, soy, and rice drinks, as well as Nalle chocolate and vanilla drinks.
- investments in packaging technology and packages, resulting in, for example, a package reform in the Elovena products, making the packages easier to use.
- ecology and environmental friendliness. In the spring 2008 Raisio added a label indicating the CO_2 emissions of Elovena oat flakes and set an indicator for emissions labelling.

In 2009, product development will continue to develop healthy, convenient, tasty and environmentally friendly products. Determining the carbon footprint is another ongoing task. Special focus will be put on the development of plant-based, innovative products and more ecological packages.

PRODUCTION

Raisio produces foods in three locations in Finland and one in Poland. Flakes are produced in Nokia; flour, pasta, margarine, vegetable oils and vegetable-fat-based cream cheeses in Raisio; snacks and other milk free products in Turku. The Karczew factory in Poland produces margarines, yellow fats and cream cheeses. Most of the flake products sold in Russia are produced at the factory in Nokia.

SUPPLY CHAIN

The main targets in the Finnish supply chain management were to further improve availability and reduce waste. The precision of sales forecasts forming the basis for the procurement of raw and packaging materials was enhanced. Closer co-operation throughout the supply chain, efficient change management, a clearer product range and a more efficient use and monitoring of the ERP system all contributed to this. Brand reform continued in 2008, and over 300 changes were made to the product range. Despite the changes, the company succeeded in maintaining availability and halving waste.

In Northern European operations, the total number of products decreased by some 20 per cent year-over-year, despite Raisio launching several interesting novelties in its market areas. The streamlined product range led to a simplified supply chain, as the number of production locations dropped by more than one-half.

Of the products ordered in Northern European operations, 99.5% were delivered according to customer needs. Product waste was halved from the previous year. The company also sped up inventory turnover and reduced its inventory levels by one-fifth. The efficiency of logistics was developed, among other things, by reorganising transports and increasing the fill levels of Raisio's own inventories.

East European operations in Poland, Russia and Ukraine also focused on developing the supply chain.

SALES CHANNELS AND CUSTOMERS

Raisio's customers include the retail trade and the HoReCa sector, meaning the catering sector, bakeries and other food industry, in Finland, Sweden, the Baltic countries, Poland, Russia and the Ukraine.

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 enabled consumer-needs-based operations to be developed also for customers' needs.

In Poland, over one-half of Raisio's products are sold through the rapidly growing, modern trade, which is characterised by the formation of chains. Most of Raisio's product sales in Russia take place around St. Petersburg and Moscow. The share of modern trade is increasingly rapidly also in Russia.

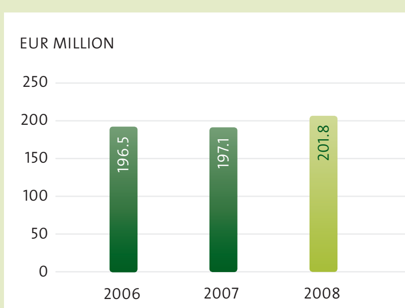
TARGETS

The Food Division aims to be a profitably growing, innovative, ecological and sought-after co-operation partner that commercialises food innovations and provides plant-based, natural and safe products in Northern and Eastern Europe.

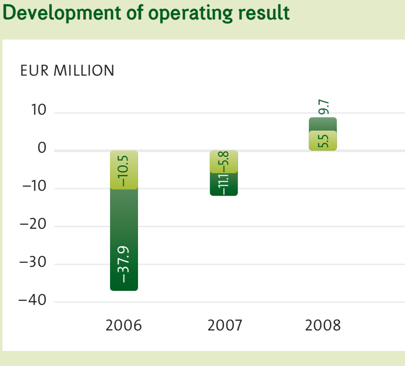
Raisio will continue to implement its brand and customer strategies, launch new innovative products in the markets in which the company is active, conduct needs-based consumer surveys, and deepen consumer-based co-operation with its customers.

STRENGTHS	THREATS
CO_2 LABEL	IMPACTS OF ECONOMIC DEVELOPMENT ON CONSUMER BEHAVIOUR
CONCENTRATION OF MARKETING INPUTS ON STRONG, WELL-KNOWN MAIN BRANDS	EMPHASIS ON CONTROL AND MANAGEABILITY IN CHANGING CONDITIONS
PLANT-BASED, NATURAL, HEALTHY AND SAFE PRODUCTS	SUFFICIENCY OF RAW MATERIAL OF THE RIGHT QUALITY
OPERATING METHODS BASED ON AN UNDERSTANDING OF CONSUMER NEEDS	
WILL AND ABILITY TO ADAPT TO MARKET CHANGES	

Development of net sales



Development of operating result



CONSUMERS AS GUARDIANS OF RESPONSIBILITY

Markku Krutsin, Vice President, Food Division, Northern Europe

Consumer behaviour has changed in many ways and will continue to do so. It is no longer enough for food to simply act as fuel and energy to help people cope. Consumers want to know where their food has been produced and how it affects their well-being. In the 21st century, health and well-being have become important criteria for choices. Consumers show increasing interest in healthy snacks, since they can afford to and want to eat wherever they happen to be. Finns consume around 15 million snacks every day. Raisio answers the increasing demand for snacks with healthy and natural products. Elovena drinks, for example, have grown popular among consumers.

People pay more attention to their health, and this, along with taste, has become a permanent consideration when they choose foods. Consumers will base their choices on ecological and ethical aspects as well as on responsibility. They demand more responsibility from foodstuffs and food supply chain participants. To meet this demand, as a pioneer in the field, Raisio introduced a CO_2 emissions label on the Elovena oat flakes.

Understanding customers as consumers, buyers and users enables us to further improve our products, concepts and packaging. However, we cannot do everything on our own; we also need good partners to bring out our brands. Consumers play an increasingly important role in the value chain – both to us and to our customers.

Responsibility carries many of the same implications to both trade and suppliers, co-operation leads to good results. Raisio's products are a good match to the new consumer needs, since they are plant-based, are mostly sold unrefrigerated, and leave a small ecological footprint. In co-operation with the trade, we can make the whole value chain more cost-effective and the offering increasingly consumer-oriented. Plant-based, locally produced food is an ecologically and ethically sustainable alternative that emphasises well-being, not to mention health and good flavour.

Ecological operations enable us to improve our consumer-oriented offering and enhance our operations throughout the value chain. Co-operation is the key target in the food industry's value chain in the future. We must also look after our national interests with safe products and sustainable food production. It is important to understand consumers and engage in strong co-operation. Raisio aims to be the best co-operation partner for its customers, both now and in the future.

FEED & MALT

The net sales of the Feed & Malt Division grew considerably in 2008 as a result of the increase in raw material prices. Higher crushing margins in oil milling and the good performance development in malt were the main contributors to the Division's improved profitability. In feeds, Raisio strengthened its market position in Finland.

The Feed & Malt Division 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 bioenergy. The main market areas are Finland and Russia.

MAIN EVENTS IN 2008

- The price increase in feed raw materials continued in early 2008 and contributed to net sales growth significantly.
- Volumes grew especially in feeds and oil milling.
- The market position in feeds strengthened in Finland.
- The Ylivieska feed factory was inaugurated in June, and the Oulu factory was closed at the end of September.
- The factories are excellently located close to customers and raw material suppliers.
- Direct invoicing rose to account for more than 50 per cent of all feed invoicing.
- The price of malt reached record figures in early 2008, but turned down after a good crop.
- Growth in the malt market slowed down slightly.

FINANCIAL PERFORMANCE

	2008	2007
NET SALES, EUR MILLION	282.7	206.7
FEED, EUR MILLION	235.9	175.5
MALT, EUR MILLION	43.5	30.1
OPERATING RESULT, EUR MILLION	12.3	14.2
ONE-OFF ITEMS, EUR MILLION	0.0	6.0
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	12.3	8.2
% OF NET SALES	4.3	4.0
CAPITAL INVESTED, EUR MILLION	81.7	86.0
RETURN ON INVESTMENT, % *	15.0	9.6
PERSONNEL 31 DEC.	258	266

* EXCLUDING ONE-OFF ITEMS

The Feed & Malt Division's net sales accounted for 54 per cent of Raisio's net sales. Finland accounted for 69 per cent, Russia for 12 per cent, Scandinavia for 12 per cent, the Baltic countries for 2 per cent and other markets for 5 per cent of the Feed & Malt Division's net sales.

PRODUCTION

Raisio produces highly-processed feed mixes for farm animals and special feeds for fish. It has factories in three locations in Finland. The feed factories have a high capacity utilisation rate, and their volumes were up from the previous year. The capacity of Raisio's feed factories corresponds to nearly half of the annual feed mix volumes produced in Finland. The factories are located close to customers and raw material suppliers, which enhances the cost-effectiveness of the logistical chain.

In addition to cattle, pig and poultry feeds, the company also produces fish feeds. The product range of the Anjalankoski factory includes cattle and pig feeds. In 2008, the factory also began to produce minerals, which are to complement home made feeds. The new factory in Ylivieska mainly produces cattle and pig feeds. The feed factories in Raisio use vapour conditioning and pelletisation implemented with long-term conditioners. The feeds produced in this way improve the customers' production results.

Development of net sales

Development of operating result

Ylivieska feed factory

The highly efficient feed factory that came on line in Ylivieska in June replaced the factory in Oulu, which gave way to residential construction. Production in Oulu came to an end in late September, and the factory's pelletisation line was transferred to Ylivieska. As of the beginning of 2009, the Ylivieska factory produces feeds on two lines. The factory's production capacity is approximately 140 million kilograms of feed a year, which is around one-tenth of the current demand for feed in Finland. The investment totalled some EUR 20 million.

Half of Finland's milk and beef is produced in the delivery area of the factory, and livestock farms in the region consume about one-quarter of all feed mixes manufactured in Finland. The factory uses around 50 million kilograms of feed grain a year. The factory directly employs seven people, but its indirect impact is bigger than this.

Malt and oil milling

Malts, rapeseed oil and protein meals are produced at the factories in Raisio. Both factories enjoyed a high capacity utilisation rate in 2008. Malt is delivered to breweries as raw material for beer and, to a lesser extent, for whisky. Raisio made its service concept more versatile by introducing a new container loading station. Pressed rapeseed oil that exceeds the company's own needs is sold to food and feed companies and as raw material for bioenergy.

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 profitability, ensure the well-being and health of animals, facilitate feeding work and improve the nutritional properties of farm animal products. The properties of feed mixes must also be environmentally friendly.

Raisio launched several new feed products for dairy cattle, pigs and poultry. Common to most novelties was their environmentally friendly impact on livestock production. The company introduced the phytase enzyme in protein concentrates for pigs and poultry to help animals utilise phosphorus more efficiently and thus reduce the amount of phosphorus in manure. Phytase has previously been used in complete feeds and semi-concentrates.

Raisio took part in a development project on feed grain cultivation that was related to the raw material procurement at the Ylivieska feed plant. In autumn 2008, the EU Commission also gave permission to use pressed Camelina in feeds, which contributes to improving self-sufficiency in proteins and enables the development of value-added products.

Research and development in malts 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 as from R&D carried out jointly with customers.

SALES CHANNELS AND CUSTOMERS

Raisio's customers in the feed business include farm animal producers and fish farms in Finland and north-western Russia. In Finland, structural changes continue to affect farm animal producers, leading to bigger and fewer farms. Bigger farm sizes make operations more professional.

Competition remained tough in the Finnish feed industry, seeing as reorganisations continued in the sector. Raisio boosted co-operation especially with Finnish dairy co-operatives. The goal is the most cost-effective operating method to ensure competitiveness, improve service and secure future operations. The direct invoicing method that Raisio introduced for feed mixes now accounts for over half of the feed invoicing of farms.

Malt customers include breweries in Finland, Russia and the Baltic countries. Raisio is an important supplier to two of Finland's biggest breweries as well as to smaller local players. It also supplies malt to 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.

The company sells rapeseed oil as raw material to food and feed companies and as bioenergy raw material to the refining industry.

TARGETS

The target of the feed business is to be the most cost-effective and highly valued specialist in the field in Finland, as well as a significant player in north-western Russia. Now when the new factory in Ylivieska is in use, Raisio's feed business is looking for growth in Finland, as well as to deepen its partnerships with growing farm animal producers and fish farms.

The malt business aims to be the leading Finnish producer of brewing malts and an important raw material supplier for breweries. The malt business will strengthen partnerships in Finland and in export operations, quickly react to changes on the market and ensure the availability of high-quality, Finnish malting barley.

Targets in the oil milling business include competitive production of oil and protein raw material.

STRENGTHS	THREATS
COST-EFFECTIVE SALES AND DISTRIBUTION	GENERAL ECONOMIC CONDITIONS AND ANY RESULTING DISTURBANCES IN DIFFERENT BUSINESS AREAS
FIRST-RATE QUALITY AND HYGIENE COMPETENCE IN THE FEED AND MALT BUSINESSES	IMPACT OF CHANGES IN THE EU'S AGRICULTURAL SUBSIDIES ON FARM ANIMAL PRODUCTION
EXPERTISE IN FEEDING	VOLATILITY IN COMMODITY AND RAW MATERIAL PURCHASES
STRONG MARKET POSITION IN FINLAND AND GOOD RECOGNITION IN RUSSIA	IMPACT OF THE RUSSIAN ECONOMY ON OUR EXPORTS
RAW MATERIAL PROCUREMENT AND TRACEABILITY	CUSTOMERS' DIFFICULTIES RELATED TO FINANCING
LOGISTICAL LOCATION OF FACTORIES	

CAN GROWTH CONTINUE IF IT IS UNSUSTAINABLE?

Leif Liedes, Vice President,
Feed & Malt Division

A variety of stimulus packages have been proposed as solutions to the financial crisis gripping the whole world. As one, top political leaders worldwide have pledged to set aside billions on top of billions to revive the global economy hit by depression, or at least by recession. Consumers are encouraged to spend in every possible way.

However, there seems to have been little talk about the repercussions for society and businesses caused by the illusion of continuous growth and the belief in an unlimited rise in the standard of living. The principle of continuous growth has become something of a religion. When organic growth is no longer enough to cover increasing expenses and to secure competitiveness, companies often turn to different types of restructuring solutions for sustained growth. Economies of scale are also mentioned in this conjunction.

At worst, this kind of structural growth can backfire, making organisations slow and rigid when they should, instead, react quickly to changing consumption demand. The same kinds of problems may face production companies and financial institutions, as well as farms or social institutions. Economies of scale may, in fact, turn into threats or difficulties. The consequences can also be seen in Finland, and regional impacts, for example, on employment may be tragic.

The lack of sustainable consumption is often blamed on consumers. Perhaps, under the current circumstances, we should instead take a closer look at the responsibility of companies and other decision-makers. According to one of the business fundamentals, enterprises must be economically sustainable. Should social responsibility get more emphasis alongside quarterly indicators when valuating companies? This could mean, for example, the will to guide the consumption behaviour of consumers and customers in a more sustainable direction.

INGREDIENTS

The operating result of the Ingredients Division improved, and profitability remained strong in 2008. Sales volumes increased, and the market area expanded to Asia, where the demand for cholesterol-lowering functional foods is on the rise. The solid and extensive scientific evidence of the benefits of plant stanol ester was of vital importance in the strict regulation processes.

Raisio licenses its patented plant stanol ester, which has been shown to markedly reduce cholesterol, to food companies worldwide. Plant stanol ester is the most extensively studied and safest cholesterol-lowering ingredient on the market. Raisio also licenses the Benecol® brand, which is the world's best known brand for cholesterol-lowering foods.

MAIN EVENTS IN 2008

- Benecol products were launched on the Asian market. Products are sold in India, Indonesia and Thailand.
- Profitability remained strong and sales volumes increased.
- The European Food Safety Authority (EFSA) issued a positive scientific opinion on a disease risk reduction health claim of plant stanol ester.
- The Ministry of Health of the People's Republic of China gave a New Resource Food approval to add plant stanol ester to foodstuffs marketed in the country.
- The sales of Benecol products was transferred solely to Raisio in Finland. The company launched new product applications such as an oat-based snack drink containing plant stanol ester to satisfy consumer needs.
- Raisio offers Finland's widest range of cholesterol-lowering functional foods.

FINANCIAL PERFORMANCE

	2008	2007
NET SALES, EUR MILLION	44.3	44.9
OPERATING RESULT, EUR MILLION	10.0	9.5
ONE-OFF ITEMS, EUR MILLION	0.0	0.0
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	10.0	9.5
% OF NET SALES	22.5	21.2
CAPITAL INVESTED, EUR MILLION	38.3	46.0
RETURN ON INVESTMENT, % *	26.0	20.8
PERSONNEL 31 DEC.	63	69

* EXCLUDING ONE-OFF ITEMS

The Ingredients Division's net sales accounted for 7 per cent of Raisio's net sales. 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 Division's net sales.

BENECOL BRAND

A Finnish innovation, Benecol is the world's first and best-known brand of cholesterol-lowering functional foods. Benecol products have been on the market since 1995. The Benecol brand is owned by Raisio worldwide.

Benecol products are sold in almost thirty countries around the world. In 2008, Benecol products were launched in India, Indonesia and Thailand, where they pioneer the market for cholesterol-lowering functional foods. Experiences from many countries show that Benecol sales increase if a local partner who produces and markets the products also focuses on developing the entire market for cholesterol-lowering functional foods and introduces new, interesting products and applications.

PROVEN TO BE SAFE

The effect and safety of the Benecol ingredient, plant stanol ester, has been demonstrated in nearly 60 clinical trials. Over 13 years of safe use as a foodstuff also supports the utilisation of plant stanol ester to lower cholesterol. Taken as part of the daily diet, plant stanol ester lowers overall cholesterol by up to 10 per cent and harmful LDL cholesterol by up to 15 per cent.

REGULATION

The marketing of cholesterol-lowering functional foods and the use of the active ingredient are regulated by legislation and controlled by the authorities. Raisio complies with local rules and legislation in all of its markets and engages in close co-operation with local authorities.

The panel on dietetic foods, nutrition and allergies (NDA) of the European Food Safety Authority (EFSA) issued a positive scientific opinion on disease risk reduction health claim of plant stanol ester. In the panel's opinion, the following health claim can be used for Benecol foods: "Plant stanol esters have been shown to lower/reduce blood cholesterol. Blood cholesterol lowering may reduce the risk of coronary heart disease". The use of the health claim is still waiting for a final approval from the EU Commission.

In December, the Ministry of Health of the People's Republic of China gave Raisio a New Resource Food approval to add plant stanol ester to foodstuffs marketed in the country. The approval is one of the first issued after the implementation of the New Resource Food statute.

In the United States plant stanol ester has GRAS status which indicates the safety of the product.

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.

PRODUCTION

Raisio's production of plant stanol ester is located in Raisio, Finland, and in Summerville, South Carolina, USA. From the Summerville factory plant stanol ester is delivered to Raisio's partners who use the ingredient in South and North America. All other markets get their plant stanol ester from the factory in Raisio. The plant sterols used as raw materials for plant stanol ester are wood- and vegetable-oil-based.

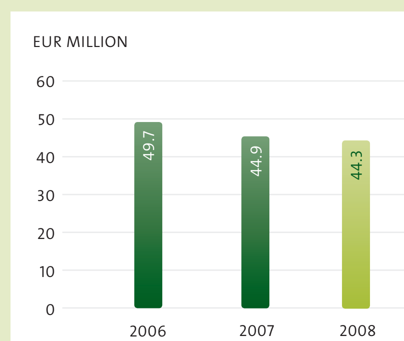
In 2008, the sales volumes of plant stanol ester increased over the previous year. Delivery reliability, production efficiency and occupational safety were at a good level. Certified quality assessors and major customers conducted quality assessments of the factories and the entire supply chain.

TARGETS

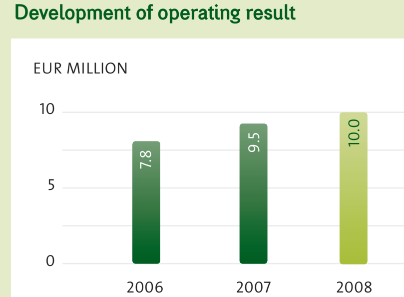
The Ingredients Division aims to be an active player in the market for cholesterol-lowering functional foods in Europe, Asia, North and South America and to launch new, innovative product applications jointly with strong partners. Raisio continues to prepare its entry into new market areas with local partners and authorities.

STRENGTHS	THREATS
STRONG AND WELL-KNOWN BRAND	SLOWDOWN OF GROWTH IN SOME PARTS OF EUROPE
SCIENTIFICALLY AND EXTENSIVELY PROVEN EFFECTIVENESS AND SAFETY OF PLANT STANOL ESTER	SLOW ENTRY INTO NEW MARKETS, VARIATIONS IN THE REGULATORY APPROVALS OF DIFFERENT COUNTRIES
INNOVATIVE, NEW PRODUCT APPLICATIONS AND THE ABILITY TO ENTER NEW MARKETS	REGULATORY RESTRICTIONS IN THE EU
GLOBAL GROWTH OF CONSUMER POTENTIAL AS THE STANDARD OF LIVING RISES	

Development of net sales



Development of operating result



MARKET AREAS

NORTHERN EUROPEAN FOOD MARKET

Finland

Raisio's customers in Finland include the retail trade and the HoReCa sector, meaning the catering business, bakeries and other food industry. Retail trade accounts for 58 per cent, HoReCa for 11 per cent, bakeries and other food industry for 20 per cent and export for 11 per cent of the Food Division's net sales in Finland.

Environmental awareness has taken its place alongside the other international megatrends in foods, namely, pleasure, convenience and enjoyment. Raisio's products fit these trends perfectly, seeing as they are plant-based, natural and healthy.

In 2008, the changes brought about by Raisio's new brand strategy, released in autumn 2007, were carried out in retail products. Instead of using all of its sixteen brands, the company opted for four strategic brands: Elovena, Keiju, Sunnuntai and Benecol. The best products from the discontinued brands were transferred under these brands. Torino and Nalle were also kept in the product portfolio. In the past two years, Raisio has reduced the range of its retail products by 40 per cent, but has still increased its net sales. The company offers consumers strong and trusted brands in the fields of breakfasts and snacks, baking and spreads.

The company's breakfast and snack brands are Elovena and Nalle. They are some of the best-selling products in the flake market, where Raisio is a clear leader. Elovena has also established its position in snack biscuits, muesli products and oat meals. Growth in snack biscuits has especially benefited from a wider distribution coverage. The Elovena range was expanded with Elovena Plus products, which have also come to encompass Sydänystävä products. Raisio has strengthened its market position in breakfasts and snacks.

Elovena snack drinks were the most important new product launch in 2008. They were Raisio's answer to the increasing demand for healthy snacks. The products are widely carried in stores. Snacks really do matter: Finns consume around 15 million of them every day.

The image and consumer communication of the Keiju spread brand were renewed. The Keiju range came to include Deli margarines, while Kultasula oils were transferred under the Keiju brand. Raisio has maintained its market position in margarines.

The market for plant-based drinks continues to grow. As the awareness of consumers increases, ecological and healthy values have become important criteria for purchase decisions. To answer the growing demand, Raisio launched plant-based soy, oat and rice drinks under the Keiju brand. The range also offers chocolate and vanilla oat drinks for children.

The sales of GoGreen products ended in the end of 2008, as Raisio handed over its 50% holding in GoGreen AB, a joint venture, to Lantmännen in conjunction with the companies' ownership arrangements carried out earlier in the year.

In autumn 2008, Raisio took sole responsibility for the sales of Benecol products in Finland and launched new, interesting products and safe, clinically tested product applications. Raisio offers Finland's widest range of cholesterol-lowering functional foods. The Benecol product range includes margarines, cereals, soy-based snacks, and different types of drinks, all of which contain plant stanol ester.

Raisio introduced the health aspect into the wheat flour segment by launching Sunnuntai wholemeal flour. As part of the baking world, the Sunnuntai products now have newly designed packaging to help them stand out. Anni-Helena and Kruunu flours, among other products, were also moved under the brand. Raisio's market position in baking products remained the same as the year before.

In bakery and industrial sales, the company began to enhance its product range and harmonise its brands and continued to develop its operations. As for the HoReCa segment, the concentration of purchases and the competitive bidding among goods suppliers characterised food services in the public sector.

Raisio continues to develop its growth strategy and product offering. It aims at profitable growth, to support its strong brands through good consumer communications, expand into new markets and to further improve customer satisfaction. Reliable deliveries have boosted Raisio's position as a reliable goods supplier.

Outlook

The demand for healthy snacks will continue to grow. Raisio will introduce innovative products that satisfy customer needs. The downward trend in the traditional baking market is levelling off, and there is a renewed interest in home baking. Home baking, as well as the new and more convenient baking products give a boost to the baking market. In the pasta markets, value-added pasta products continue to increase in popularity. Consumers are increasingly going over to healthier pasta products that are rich in fibre. The market for plant-based drinks is growing at an annual rate of some 20 per cent. Raisio is closely involved in the growth of this segment.

Future success factors include understanding consumer needs increasingly better and creating products that satisfy their needs, enhancing co-operation with customers, generating added value into customers' businesses, ensuring a cost-effective supply chain and securing the ability to quickly react to market changes. Ecological and ethical aspects will become more and more important criteria guiding consumer choices. Raisio will continue to calculate and indicate the carbon dioxide emissions of its products.

OTHER FOOD MARKETS IN NORTHERN EUROPE

Sweden and the Baltic countries

In Sweden, Raisio divested its unprofitable business and products in 2008, and focused on developing and expanding the market. It replaced the Keiju Brand by launching margarines sold under the Carlshamn Mejeri company brand. Carlshamn Mejeri is an extremely strong brand in Sweden: over 90 per cent of consumers identify it and show high purchase interest. The old advertising style, still fresh in memory, was modernised, and the familiar striped packages have now been reintroduced onto margarine shelves. The products were well received by consumers and retail trade, and margarine sales got back on a growth track.

Raisio also launched the Elovena brand in Sweden. In 2009, the range of Elovena snack products will expand in Sweden to cover oat meals, as well as drinks. The Elovena design was modified in line with consumers' brand expectations in both Sweden and the Baltic countries. Moreover, future business growth was boosted by injecting new competence into the HoReCa business.

In the Baltic countries, Raisio's product sales increased considerably from the previous year. In Estonia, growth was based especially on successful launches of new products. Estonia was the first new market area where Raisio launched its Elovena snack drinks. In both Latvia and Lithuania, the company began to boost its market position based on the prepared strategy. Successful development measures targeting the supply chain throughout the Baltic countries improved cost-effectiveness.

Outlook

Raisio will continue to actively develop its operations in Sweden and the Baltic countries, aiming at profitable growth. The introduction of innovative consumer products is an ongoing project. Raisio will also continue the introduction of Elovena drinks in Estonia and will bring the products stepwise onto the other Baltic markets in 2009. In Sweden, the drinks entered the market in early 2009. Swedish consumers will also be introduced to products of ecological interest, because the consumers' awareness of ecology and environmental matters is growing even faster in Sweden than it is in Finland. Raisio adopted the carbon dioxide emissions label in Sweden. The company will continue its measures to develop sales in the HoReCa sector in Sweden.

In the Baltic countries, Raisio will focus on developing the whole market, as well as its own business. Some of the key tasks for 2009 include harmonising the product range and brands and launching new products. The main worry in the Baltics and Sweden is related to the weakening currency exchange rates that may affect consumers' purchases.

EASTERN EUROPEAN FOOD MARKET

Poland

A change of direction was implemented in Poland by renewing the product range and pricing model, reorganising operations and enhancing distribution. Product lines were reduced by some 30 per cent. In Poland, Raisio markets margarines, butter-vegetable oil mixes, cream cheeses and Benecol products. Its well-known brands include Benecol, Masmix and Pyszny Duet.

Supported by the strong Benecol brand and successful marketing measures, Benecol strengthened its market position in cholesterol-lowering functional margarines. Raisio's market share rose to over 70 per cent. Raisio also launched Elovena snack products on the Polish market.

In Poland, the market for yellow fats remained at the previous year's level in terms of volume. The market for mixes increased slightly, but the margarine market, in turn, decreased. Measured in value, the markets increased by nearly 15 per cent. The biggest growth took place in the sales of functional foods and mixes. The cream cheeses marketed

FOCUS ON GRAIN-BASED PRODUCTS IN RUSSIA

Jacek Dziekonski, Vice President,
Food Division, Eastern Europe

The Russian food market has developed relatively well. Modern, international retail chains are well represented on the market. This makes product distribution more expensive and challenging than before.

The margarine market continues to decrease in Russia. The focus of operations has been shifted to grain-based products, and the goal is to further increase the recognition of the Nordic brand.

To improve profitability and meet market trends, Raisio made changes to its product range. The number of items was cut by one-fifth in 2008, and grain products now generate over 70 per cent of Russian sales. The products sold in Russia will be centrally produced in the company's own plants in Finland.

A new operating model that will have a positive impact on the profitability of Russian operations will be implemented in 2009. The first step taken last year considerably reduced losses in Russia. The main target of Russian operations is to improve profitability.

by Raisio also sold better than previously. Raisio's market share in yellow fats increased to over nine per cent. In terms of value, Raisio's market share in yellow fats is now nearly 15 per cent.

Nearly 60 per cent of Raisio's products are sold in modern trade. Products made in Poland are also exported to neighbouring countries, the main export country being Hungary.

Outlook

Raisio will continue to launch innovative, new products based on consumer needs and to expand into new product segments. Elovena products also meet the growing demand for healthy snacks in Poland. The range of Benecol products will be expanded, and marketing inputs will be continued. Raisio will continue to improve its profitability, implement its brand strategy and strengthen its new operating models in Poland. Changes in currency exchange rates may affect competitiveness.

Russia and the Ukraine

In 2008, food prices in the product groups that Raisio markets in Russia increased as a result of higher raw material prices. Raisio also revised its pricing model. The company's main market areas in Russia are Moscow, St. Petersburg and their neighbouring regions. Operations in Raisio's only unprofitable unit, Russia, were streamlined to improve profitability, and the product range was renewed to meet consumer needs.

The focus in Russia was on grain products, which account for some 70 per cent of sales. The sales volumes of flakes remained at the previous year's level. Raisio's flake sales grew by one-third in terms of value, after the rise in raw material prices was transferred to product prices. The sales volumes of Raisio's margarines decreased as a result of discontinued industrial sales and the new pricing model. Measured in value, Raisio's margarine sales in Russia grew by more than 20 per cent. The margarine markets continue to decrease in Russia. In the Ukraine, flake sales grew over 60 per cent in terms of value, and the delivery network was renewed. Raisio's brands in the region are Nordic, Voimix and Dolina Skandi.

In addition to improving profitability, Raisio's targets in Russia include increasing the recognition of the Nordic brand and implementing a new operating model. The competitiveness and profitability of Raisio's food business in Russia are closely linked to fluctuations in the value of the ruble against the euro.

Outlook

Flake sales are expected to grow in both Russia and the Ukraine. The flakes sold in the two countries are produced in Finland. The production of margarines will also take place centrally in Finland. In addition, snack products will be introduced in Russia and the Ukraine to meet the growing demand.

FEED MARKET

The number of livestock farms dropped to less than 20,000 in 2008, and the size of farms increased. This development trend led to an increase in the production volumes of pork and poultry, which, however, levelled off towards the end of the year. Milk production turned upward in the latter part of the year, but fell slightly short of the previous year's volumes overall. On the whole, livestock production remained at the same level as the previous year. Poultry producers in south-western Finland set up their own feed plant project.

The sharp increase in the price of production inputs was particularly hard on pig farming, where the rise in production expenses could not be successfully transferred to end-product prices. Profitability problems continue, and increases in meat prices are needed. Grain prices plunged after the harvest of the new crop. Combined with higher production costs, this weakened the profitability of grain farms. The drop in grain prices will reduce feed mix prices correspondingly, contributing to the profitability of livestock farms. In the long term, however, changes in raw material prices should be an item that none of the food chain players needs to pay for.

Raisio's sales volumes increased, and its market position strengthened. Competition remained challenging in the market. Raisio's market share of the feed mixes sold in Finland is some 40 per cent. Exports to Russia increased by five per cent in terms of volume. Nearly 70 per cent of feed exports consist of fish feeds, and the rest is accounted for by farm feeds.

The prices of feed mixes rose around one-quarter, on average, from the previous year. The main factors affecting the price rise were the increase in raw material prices and the rising energy costs, as well as product freights.

The share of direct invoicing in feeds rose to more than one-half in 2008. The goal is to further develop operations so that all unnecessary costs can be eliminated from the feed chain. Ultimately, however, decisions concerning the invoicing channel are made by customers. The new factory in Ylivieska is part of a more cost-effective feed and food chain, and it can be made full use of in 2009.

Outlook

The self-sufficiency of the Finnish livestock production is at a suitable level, meaning that production and consumption are largely in balance. This puts demand in the home markets in a crucial position. The high trust that Finnish consumers show in Finnish food and livestock products will support current production levels also in the future. Product safety will also be emphasised in consumer choices due to food crises, which unfortunately continued to rage around the world last year as well. Customers want assurance of the origin and quality of products.

Although the financial crisis does not pose an immediate threat to the Finnish livestock production, the balance between imports and exports may change in some product groups. Currency exchange rates may shift the competitiveness of production in one direction or another.

Overall, livestock production and, consequently, the production of feed mixes are expected to remain at current levels. Feed mix exports mainly target Russia, making them dependent on the country's economic conditions and especially on the purchasing power of its currency. Established, long-term customer relations are likely to secure continued co-operation also under changing conditions.

MALT MARKET

In 2008, the overall malt market grew slightly, but growth in Europe stabilised. Most of the growth in beer consumption took place in the Far East, Latin America and Africa. In Russia, growth levelled off after rising steeply for several years. Russian beer consumption now corresponds to the average consumption of the West, that is, an annual 80–90 litres of beer per person. Russia's own malting capacity is nearly sufficient, but imported malt still plays an important role in evening out differences in beer quality. Malt exports to Estonia grew. Raisio supplies a considerable share of the malt used in Estonia.

The concentration of breweries increased the buyers' negotiating power. Concentration also took place among players in malting business. Raisio's malting capacity was in full use in 2008. Raisio also produces whisky and wheat malts, but these special malts only account for a minor share in production.

The price of malt reached record figures in early 2008, but quickly turned down after a good crop. In co-operation with its customers, Raisio has also developed pricing models for its malting business in order to level out the volatility of raw material prices. Owing to a steep rise in raw material prices, breweries also began to use alternative raw material sources.

A REAL GROWTH POTENTIAL FOR BENECOL PRODUCTS

Vincent Poujardieu, Vice President, Ingredients Division and Business Development

With a clear volume growth in 2008, Benecol has again outperformed its direct competitors in most of the markets where Benecol is present. The good 2008 performance has been mainly driven by two of the biggest European markets: UK and Poland.

These two last years, Raisio has stressed that Asia is a region of strong focus. Benecol has been launched as a dietary supplement in India early 2008. In quarter three, Benecol smoothie has been launched in Indonesia. In quarter four, a Benecol shot has been launched in Thailand. Furthermore plant stanol ester, the patented Benecol ingredient, has been approved by the authorities of China. This represents first, but very important steps in our Asian strategy. Thanks to our local partners, British Biologicals, Kalbe Nutritional and Sahapat, Raisio has been the first to offer cholesterol-lowering functional foods to local consumers.

Raisio still sees big potential in Asia, where recent concerns include the growing prevalence of cardiovascular diseases and the increase in cholesterol levels. However, as a pioneer we have to start from scratch. It takes time to obtain the required permits and approvals, as well as to introduce plant stanol ester-based Benecol products to consumers and to the scientific community.

In 2009, we expect to see growth primarily in the European market, where Benecol products have already established their position, and to some extent in new countries. Raisio will continue its product launches in Asia and on other continents so that consumers in as many countries as possible will get the chance to enjoy the unique properties of Benecol products, which are proven to be beneficial to health.

Outlook

In 2009, beer consumption is forecast to stabilise at current levels in Europe and Russia. It is expected to grow in developing economies in Asia and South America. However, the effects of a global financial crisis are difficult to predict. Weather conditions also have a big impact on the demand for beer and malt, especially in Europe. A considerable part of Raisio's malting capacity in 2009 has been sold on long-term agreements. The new container loading station enables beer and whisky malt deliveries to the Far East.

MARKET FOR CHOLESTEROL LOWERING INGREDIENTS

The global market for foods that lower cholesterol emerged in 1995 with Raisio's worldwide pioneering launch of cholesterol-lowering Benecol products on the Finnish market. In the subsequent 13 years, the market for cholesterol-lowering functional foods has grown globally and is now valued at more than one billion euros. Raisio has pioneered the market in co-operation with its partners, for example, by being the first to launch brand new, innovative products.

Until recent years, the market for cholesterol-lowering foods has strongly targeted Western countries. However, changing lifestyles and eating habits have gradually led to an increase in cholesterol levels and a steep rise in obesity and diabetes also in the developing markets. As a result, the number of people suffering from cardiovascular diseases has risen considerably. Moreover, legislation on functional foods has strengthened or will do so in several developing countries. These factors create new opportunities for cholesterol-lowering foods and ingredients. Raisio is actively involved in this development.

The expansion into new market areas in Asia gave a further boost to the Benecol brand and plant stanol ester. Benecol products are now sold in nearly 30 countries. In 2008, the market for plant stanol ester developed moderately. Sales in the main European markets, the UK and Poland, increased thanks to the strength of the brand and efficient marketing activities. Sales decreased in France and Germany. Turkey's long-lasting restriction on advertising had a negative impact on sales development. In Finland, Raisio took sole responsibility for the sale of Benecol products, which enabled it to more emphatically develop the market position of Benecol products in the home market. Margarine is the worldwide best-selling Benecol product, but good growth in the sales of Benecol shots has made them a strong contender for the leading position.

Outlook

Raisio will prepare expansion into new market areas, especially in Asia and North and South America. It will also extend its partners network and develop new, innovative product applications. As new markets open up, the global market is expected to grow in the long run.

Raisio's strength is its unique model which allows potential partners to enter quickly and efficiently into the cholesterol lowering functional food category. Partnering with Raisio is the only possibility to access to a global cholesterol lowering brand and to the unique expertise developed over the last 13 years by Raisio's team.

The safety and effect of plant stanol ester, the active ingredient in Benecol products, has been clinically proven in nearly 60 clinical trials. This is expected to grow increasingly important in the future.

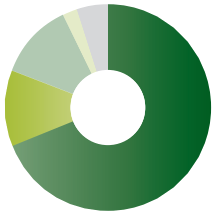
BENECOL WORLDWIDE

ARGENTINA
BELGIUM
CHILE
ECUADOR
ESTONIA
FINLAND
FRANCE
GERMANY
GREAT BRITAIN
GREECE
ICELAND
INDIA
INDONESIA
IRELAND
ITALY
LATVIA
LUXEMBOURG
MALTA
POLAND
PORTUGAL
SLOVENIA
SOUTH AFRICA
SPAIN
SWEDEN
SWITZERLAND
THAILAND
TURKEY
UNITED ARAB EMIRATES
USA

Geographic distribution of net sales in the Food Division

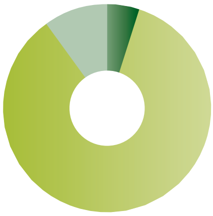
- FINLAND 57%
- POLAND 22%
- REST OF EUROPE 14%
- RUSSIA AND THE UKRAINE 7%

Distribution of net sales in the Feed & Malt Division



- FINLAND 69%
- RUSSIA 12%
- SCANDINAVIA 12%
- BALTIC COUNTRIES 2%
- REST OF THE WORLD 5%

Distribution of net sales in the Ingredients Division



- FINLAND 5%
- REST OF EUROPE 85%
- REST OF THE WORLD 10%

CORPORATE RESPONSIBILITY

Raisio is committed to taking responsibility for its operating environment, environmental matters and personnel. The company reports on its corporate responsibility in compliance with the international GRI guidelines for sustainable development. Raisio's operations are on an ecologically, ethically and financially solid foundation.

CHANGES IN THE FOOD CHAIN AND THE CLIMATE

Population growth, climate change and a rising standard of living will lead to an increase in the demand for food and to changes in consumption habits. All this will also pose new challenges to the global food chain. Changes in the food chain will favour plant-based, ecological and healthy food. As a pioneer in plant-based, ecological nutrition, and as one of Europe's most innovative grain companies, Raisio is in an extremely good position to answer the new challenges facing the food industry.

The competition for renewable natural resources will continue. If current consumption habits remain unchanged, the world will not be able to produce enough food to meet the growing demand.

Responsibility for the environment comes naturally to a company that manufactures plant-based products, but lately the entire food chain has been under focus. This has become more visible at Raisio, as well. Ecologically and ethically responsible operations and safe products are increasingly important to business. Responsible operations and the economical use of natural resources do not weaken business, but instead improve and enhance it.

GLOBAL CHANGES IN THE FOOD CHAIN

Raisio is at the core of the food chain, as grain is considered to be a basic ingredient in the field, whether processed into food or feed. The population growth and rising standard of living, especially in Asia increase the demand for food. The climate change, the increasing production of bioenergy, urbanisation and contamination threaten to reduce the size of food production areas. This will make the imbalance between global demand and supply increasingly challenging both ecologically and ethically.

Until now, global grain production has been able to meet the increasing demand for food resulting from population growth by introducing irrigation and fertilizers, which have led to increased crops. However, arable areas have not grown for decades. The world's population is expected to be 9.2 billion in 2050, and the demand for food may triple. This will lead to a considerable decrease in arable land per person. Caused by current consumption habits the globe cannot produce enough food to satisfy the demand. Securing the sufficiency of food will be one of the biggest challenges in the future.

Raisio's solution to these changes in the food chain is to focus on plant-based, mixed nutrition and to support the national food chain. Plant-based and nationally produced food is the answer to many global questions concerning the sufficiency of food and the ethics and ecology of its production. The energy-efficiency of food production will also be getting more attention. The changing conditions will have both short and long term impacts on all of the parties involved.

Finland is likely to become more competitive in the changes of the food chain. When water, in particular, becomes a scarcity factor in the animal-based food chain, the position of a country such as Finland, which has abundant water resources and vast amounts of free land, will strengthen. In the future, Finland will grow more suitable for meat and milk production in relation to other regions.

THEMES TO A SUSTAINABLE FOOD CHAIN

- Consumers decide
- Consumers need information
- Prefer vegetarian food
- Prefer domestic food
- Prefer non-chilled and non-frozen food
- **Small steps matter**

CLIMATE CHANGE

Food accounts for one-third of the environmental impacts of households, which is equal to that of housing and traffic. More and more people are moving from words to action in order to curb climate change. It is the job of the food industry to develop ecological and healthy food without the consumer having to compromise on taste.

In spring 2008, as a European pioneer and the first Finnish company to do so, Raisio added a label to its Elovena oat flakes indicating the CO_2 emissions of the product. By doing so, it created a new indicator for labelling. The label indicates all of the product's CO_2 emissions from the cultivation phase to processing and all the way to store warehouses.

Other food companies can also use the labelling developed by Raisio in their products, as long as they register their emissions as extensively as required by the indicator. In the near future, CO_2 emissions labelling will grow more common on food packages alongside the price and nutritional content labels already in use.

PLANT-BASED NUTRITION ANSWERS THE CLIMATE AND FOOD CHALLENGES

The world faces two major challenges that are closely linked to one another: the climate challenge and the food challenge. Population growth means that the world needs more and more nutrition, which it must be able to produce without exacerbating climate change. Plant-based, nationally produced food plays a central role in our search for ways to meet the challenges related to the growing demand for food and the ecology, ethics and economy of its production. Big, international changes call for brave, new solutions from consumers, the food industry, trade and decision-makers.

What we eat is far from trivial to our well-being, the growing demand for food and the solutions to challenges posed by climate change. The environmental load has already exceeded the world's ecological carrying capacity. This challenges all humankind to solve a key equation: how to produce enough food for the world in an ecologically sustainable way.

Taking a stand with consumption choices

Food accounts for one-third of the environmental impacts of Finnish households, which is equal to that of housing and traffic. More and more consumers want to actively participate in preventing climate change.

A lifestyle that equates things that lead to mental and physical well-being with luxury is gaining popularity. Plant-based nutrition is a key element of this strengthening trend. A weaker economic outlook is not a hindrance to this development.

It is the food industry's job to develop healthy and ecological food that does not require the consumer to compromise on flavour. Society, in turn, must use legislative means to guide industrial production and consumption towards sustainability. Raisio encourages the food industry to make bold reforms, which is also the key to keeping jobs in the sector in Finland.

Plant-based food is ecological

FAO, the Food and Agriculture Organisation of the United Nations, emphasises the significance of plant-based food as a way to save natural resources. Plant-based nutrition is healthy and inexpensive. Since it usually does not require cold storage, its CO_2 emissions and energy demand are low throughout the processing chain.

The food chain must be energy-efficient and ecological on the part of producers, manufacturers, retailers and consumers. Key issues involve reducing the need for transports and refrigeration throughout the chain, as well as reducing food packaging. Carbon dioxide labels on foods make it easier for consumers to make good choices. Raisio is an active participant in the development of the whole grain chain. We focus especially on plant-based, products that are easy to store and keep well.

Carbon dioxide label for Raisio's foods

Consumers want practical information about the factors that make up our carbon footprint. In spring 2008, as a European pioneer and the first Finnish company to do so, Raisio added a label to its Elovena oat flakes indicating the CO_2 emissions of the product. By doing so, it created a new indicator for the labelling system. The calculation model used in the indicator is based on studies conducted by MTT Agrifood Research Finland.

The CO_2 emissions of Elovena oat flakes, from cultivation through processing to store warehouses, are only around 37 grammes per 100 grammes of oat flakes. The cultivation stage accounts for some 60 per cent of these. The emissions level of Elovena oat flakes is very low.

Each of us can reduce our carbon footprint through food choices.

Raisio will also determine the CO_2 emissions of its other products and will expand the use of the CO_2 label in consumer products. Raisio will replace CO_2 emissions with the carbon dioxide equivalent (CO_2e) in its labels starting in 2009. CO_2e is a unit of measurement used to indicate the global warming potential (GWP) of each of greenhouse gases. Different greenhouse gases have their own GWPs, but the gases can be made equivalent for the purpose of calculations by proportioning them to carbon dioxide over a specific scale.

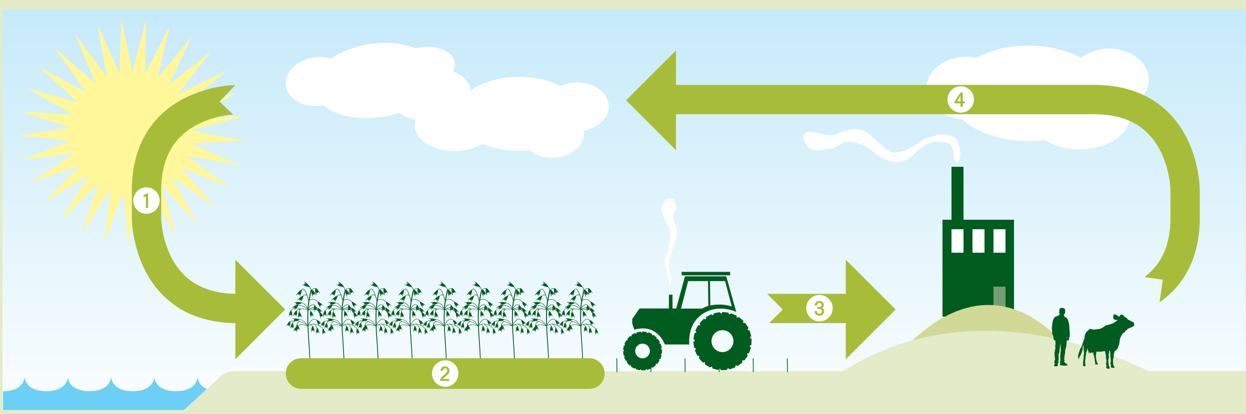
The CO_2 and CO_2e emissions of Raisio's labelled products are available on the company's website at www.raisio.com under heading Products.

SECURING FUTURE DEVELOPMENT

AS A PIONEER IN THE FOOD INDUSTRY, RAISIO PARTICIPATES IN THE FOLLOWING PROGRAMS AND PROJECTS

PROGRAM/PROJECT	DESCRIPTION	DURATION
LIFE CYCLE ANALYSIS OF RAISIO'S PRODUCTS	DETERMINATION OF THE CARBON FOOTPRINTS OF PRODUCTS	2008–2009
CONSENV	THE ENVIRONMENTAL IMPACTS OF HOUSEHOLDS' FOOD CHOICES AND COMMUNICATION	2008–2009
FUTUPACK	REDUCTION OF THE OVERALL ENVIRONMENTAL IMPACTS OF PRODUCTS BY DEVELOPING PACKAGES	2009–2010
FOOD CHAIN CSR	INTEGRATION OF RESPONSIBILITY INTO FOOD CHAIN MANAGEMENT	2009–2010
CLIMATE COMMUNICATION	CALCULATION METHODS, COMPARABILITY AND COMMUNICATION OF CARBON FOOTPRINT DATA OF FOODS	2009–2011
CARBON-NEUTRAL MUNICIPALITY	A PROJECT INVOLVING FIVE MUNICIPALITIES, AIMING TO CURB CLIMATE CHANGE AND PROMOTE THE IMPLEMENTATION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGY	2008–
CLIMATE HARMONY	PREPARATION OF FORECASTS FOR THE FUTURE OF AGRICULTURAL AND HORTICULTURAL PLANTS IN DIFFERENT CLIMATE CHANGE SCENARIOS TO HELP ADJUSTMENT TO DIFFERENT ALTERNATIVES	2006–2009
PROTECTION FUND FOR THE ARCHIPELAGO SEA	FARM-SPECIFIC ADVICE AIMING AT A CO-ORDINATED REDUCTION IN THE LOAD ON WATERWAYS CAUSED BY AGRICULTURE; CARRIED OUT IN CO-OPERATION WITH THE TEHO PROJECT	2008–2010

CARBON CYCLE IN FARMING



1 Plants (oat) use sunlight to convert atmospheric carbon dioxide and water from the soil into sugars. The process releases oxygen for animals to breathe.

2 As it grows, grain combines these sugars and soil nutrients to make structure components, especially spare nutrients stored in the seeds. Part of the energy is needed for the plant's own respiration, which also releases carbon dioxide back into the atmosphere.

3 When the oat is harvested, approximately 4 tonnes of nutrients (carbohydrates, proteins, fibre, fats, minerals and trace elements) stored in the grains can be recovered per hectare. A hectare contains some 6 tonnes of straw and root matter, which is usually left in the field to produce humus and decompose over the years. The carbon dioxide bound in this matter is gradually released back into the atmosphere.

4 Further processing of the grain crop may involve peeling or flaking to produce, for example, Elovena oat flakes. Oat is also one of the components that Raisio Feed uses for its products. It may be fed directly to farm animals, complemented with industrial feed concentrates. Humans and animals use digested oat as energy and building material. Farm animals need it especially for growth and to produce milk or other products. Carbon dioxide is released mainly through respiration and, in the case of non-digestible elements, through manure. The carbon dioxide bound in animal products is not released until the products are consumed.

- THE PRODUCTION OF CULTIVATION INPUTS, SUCH AS FERTILIZERS, CONSUMES FOSSIL ENERGY, WHICH RELEASES CARBON DIOXIDE INTO THE ATMOSPHERE. NITROGEN REACTIONS IN THE SOIL GENERATE VARYING AMOUNTS OF NITROUS OXIDE, A GREENHOUSE GAS.
- CULTIVATION ACTIVITIES, SUCH AS TILLING AND HARVESTING, AS WELL AS TRANSPORTS, CONSUME FOSSIL ENERGY, RELEASING CARBON DIOXIDE IN THE PROCESS.
- PROCESSING PHASES, SUCH AS THE INDUSTRIAL PRODUCTION OF ELOVENA OAT FLAKES OR LIVESTOCK FARMING, CONSUME ENERGY AND RELEASE CARBON DIOXIDE IF THE ENERGY IS OF FOSSIL ORIGIN. SOME METHANE IS ALSO RELEASED, DEPENDING ON THE PROCESS.
- ENERGY IS CONSUMED IN FOOD TRANSPORTS, IN STORES AND AT HOME OR IN INSTITUTIONAL COOKING. CARBON DIOXIDE IS RELEASED IF THESE ACTIVITIES INVOLVE THE USE OF FOSSIL-BASED ENERGY.
- THE OAT BINDS MUCH MORE ENERGY FROM THE SUNLIGHT THAN FOSSIL ENERGY IS USED IN THE CHAIN.

Further information about the carbon footprint and easy ways to reduce it is available online at www.ekologia.fi

OUR OPERATING PHILOSOPHY

Responsibility is one of Raisio's core values and of key importance in operations. The company is committed to taking responsibility for its operating environment, environmental matters and personnel. Raisio's business operations also generate added value and well-being for various stakeholders. The target is for the company's operations to be based on continuous improvement and lie on an ecologically, ethically and economically sustainable foundation.

THE SCOPE AND COVERAGE OF REPORTING

Raisio reports on its corporate responsibility in the role of a pioneering Finnish food company and in compliance with the international GRI guidelines for sustainable development. Annual reporting is expanded when enabled by the development of indicators and reporting systems. A comparison made between Raisio's report and the G3 guidelines issued by the Global Reporting Initiative is available on the company's website at www.raisio.com under heading Responsibility.

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% in the review period. All figures are presented in line with 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 continuous improvement and sustainable, profitable operations.

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 labour protection issues fall under the responsibility of the Vice President, Human Resources.

The divisions have appointed a person responsible for environmental matters. Communication about corporate responsibility is co-ordinated by Corporate Communications.

Raisio complies with the following key policies and principles:

- quality, environmental, health and safety policy,
- ethical principles,
- principles of animal testing,
- GMO policy and
- human rights and equal opportunities.

The key policies and principles are available in full version on the company's website at www.raisio.com under heading Responsibility.

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 NonDairy plant has BRC Food certification. Owing to customer needs, some plants are also Kosher and Halal certified.

The integration of certified operating systems proceeded as planned in 2008. In line with its target, Raisio adopted a system managed at group-level, which covers the group's management and service processes, as well as the Food Division's and Ingredients Division's operations in Finland. In 2009, the Feed & Malt Division will also be linked to the system. These system changes will enhance operations, further strengthen the process approach and boost co-operation between divisions.

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 continuous learning,

PRODUCT SAFETY MEANS KEEPING THE PROMISES

Consumers must be able to trust product promises. This is why Raisio treats product safety as a chain that begins before actual product development. Plants form the value basis for our food production. Plant-based products are easy to trace and have a long shelf life.

Products that meet consumer needs

Raisio systematically examines products and their target groups before initiating the product development process. Any product properties that have an impact on product safety are carefully recorded. These include, for example, the fact of foods being free of lactose and gluten. Should the company not do this, its products might fail to serve the consumers in the right way. Extended product safety also covers the product promises of foodstuffs concerning microbiological quality, as well as health and nutritional claims. Raisio's product safety is based on valid, strict legislation but also on carefully drawn up, self-monitoring plans and quality system guidelines.

Our work is based on Finland's longest experience in special dietary products. Among other things, Raisio was the first in Finland to launch lactose-free products. Long experience enables close control.

Plant-based products are traceable and have a good shelf life

The good shelf life of plant-based foods is also a part of product safety. Sadly, huge amounts of food are thrown away in Finland and other prosperous countries. This increases the environmental load of foods unnecessarily. Raisio offers many products, such as soy and oat based drinks, that keep for long time and do not require cold storage.

We know our raw material chain well and perform comprehensive audits of suppliers. Oat flakes are particularly easy to track and can be traced back all the way to the farmers. We know from whom the oat in our grain silos comes from.

At the product development phase, the composition, nutritional value, purity and sensory quality of products are repeatedly analysed before final approval. Samples are regularly taken during production to monitor product quality. Raisio uses a broad spectrum of analytical methods, some of which are accredited. To give an example of the scope of activities: we take some 10,000 annual feed samples for salmonella analyses.

Three dimensions of feed safety

Since the product development of our feed products affects the first phases of the food chain, product safety receives a great deal of attention. In feeds, we must take into account three dimensions of safety, namely those of microbiological, chemical and physical product safety. Product safety means safety to the animal eating the feed, as well as the farm animal product. Raisio's own crushed rapeseed processing chain, as well as its heating processes for feed mixes, guarantee product safety exceptionally well. As for feeds, product safety also means reliable deliveries to increasingly big farm animal units.

- to promote open debate and interaction on safety, health and environmental issues with customers, the procurement chain, authorities, stakeholders and the personnel,
- and to continually improve customer satisfaction.

SAFETY HAS AN INFLUENCE

Raisio has defined corporate safety as being a comprehensive management process of safety issues. It aims to ensure uninterrupted operations, to protect the company's personnel, information, property, and environment against accidents, damage and criminal activities. The goal is to use the different safety sectors and business operations to formulate a basis for operational activities.

The EU's increasingly harmonised legislation is also beginning to have a positive impact outside the Union. Raw material producers in other parts of the world are beginning to meet the same requirements as the EU member states so that they can do business in the EU. Finland often uses an even tighter product safety control than many other EU countries. For example, only Finland, Sweden and Norway have adopted a zero tolerance policy for salmonella in feeds.

Some of Raisio's personnel are consulted as an expert in the preparation of legislation in Finland. This also enables to give valuable, practical information, for example, about the applicability of statutes. It is vital to follow new developments to keep production processes prepared for new solutions.

In addition to co-operating with the authorities, Raisio actively participate in co-operation organisations in our own businesses. These include, among others, CEEREAL, the European Cereal Breakfast Association, and IMACE, the International Margarine Association of the Countries of Europe. Raisio Feed is represented in the Sustainability working group of FEFAC (the European Feed Manufacturers' Federation). Involvement in influential activities enables Raisio to be at the leading edge of development and gives us access to the latest information. It also enables us to affect the legislation, composition, healthiness and purity of these products at the EU-level, as well as to share the competence that have accumulated over our long history with others.

COMMUNITY INVOLVEMENT

Continuous interaction with the authorities, civic organisations, scientific communities, schools, universities and healthcare professionals helps to increase contact with the surrounding society. Listening to different interest groups and taking their needs into account is important for Raisio. The company encourages its divisions and staff to actively participate in the operations of local communities. Raisio manages interaction between its stakeholders in line with its ethical principles.

The Raisio plc Research Foundation supports scientific research with grants. The objective is to develop the Foundation's operations more and 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 2008, the Foundation awarded grants to 15 researchers or research projects. Total value of the grants amounted to EUR 233.300.

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.

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

RAISIO'S OPERATIONS AND IMPACTS

Raisio considers responsibility to also refer to the added value and well-being that the group offers its stakeholders 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 cash flows, which give an idea of the importance of Raisio's and its stakeholders' relations.

CONSUMERS AND CUSTOMERS

OPERATIONS AND PRODUCTS FULLFILLING THE NEEDS OF CONSUMERS AND CUSTOMERS

PRODUCTS THAT ARE SAFE AND PROMOTE WELL-BEING

CONTINUOUS IMPROVEMENT OF CUSTOMER SATISFACTION

STRENGTHENING PARTNERSHIPS

PRODUCTS

PLANT-BASED, SAFE, HEALTHY AND NATURAL PRODUCTS

SECURED PRODUCT QUALITY

INNOVATIVE NEW PRODUCTS

INTERNATIONAL RESEARCH CO-OPERATION

R&D INVESTMENTS TOTAL 1.2% OF TURNOVER

RAW MATERIALS

PLANT BASED RAW MATERIALS

TRACEABILITY; CA. 95% OF GRAIN MATERIALS COME FROM FINNISH FARMERS

EXTENSIVE, CONTINUOUS DEVELOPMENT OF CO-OPERATION

THE BIGGEST INDUSTRIAL GRAIN PROCESSOR IN FINLAND

SUPPLY CHAIN MANAGEMENT

MAINTAINING DELIVERY RELIABILITY

EFFICIENT PRODUCTION PROCESSES

ENVIRONMENTAL RESPONSIBILITY

OPTIMISED LOGISTICS

PERSONNEL

CONTINUOUS COMPETENCE DEVELOPMENT

ENSURING OCCUPATIONAL WELL-BEING

OFFERING A SAFE WORKING ENVIRONMENT

UNIFORM OPERATING CULTURE

OTHER STAKEHOLDERS

ENSURING PROFITABILITY

OPEN, TIMELY COMMUNICATIONS

INCREASING CONTINUOUS INTERACTION

DIVIDEND EUR 0.07*/SHARE

TAXES AND SOCIAL EXPENSES EUR 14.7 MILLION

*BOARD'S PROPOSAL

ENVIRONMENTAL RESPONSIBILITY

Responsibility for the environment and the well-being of nature forms the foundation of Raisio's environmental work. It is essential that the entire staff commits itself to this work. Raisio emphasises continuous improvement, which provides direction for the setting, monitoring and evaluation of environmental targets.

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 drawn up by GRI.

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 to be taken, as well as their monitoring, are carried out as part of the Group's annual planning. All production plants in Finland have set numerical, long-term targets for key environmental impacts. The following table lists the targets, summed up at Group-level.

ENVIRONMENTAL TARGETS	2011
ENERGY USE, MWH/TONNE PRODUCED	0.28
WATER USE, M^3/TONNE PRODUCED	0.60
WASTEWATER, M^3/TONNE PRODUCED	0.54
WASTE RECOVERY, % OF TOTAL WASTE	87

The targets set for energy are around 8% lower, and those for water and wastewater around 11% lower than the use in 2008.

Some of Raisio's other environmental targets are to:

- increase the field area getting cultivation advice,
- optimise transport distances and
- reduce noise emissions.

Most of the 2008 targets were achieved as planned.

ENVIRONMENTAL IMPACT

Raisio uses renewable, cultivated raw materials, 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 – grains and oil plants – are related to the use of farming inputs in primary production, as well as to transports. Special emphasis is put on the assessment of raw material and service suppliers and on the traceability of raw materials and products. Raisio's cultivation advice aims to improve the level and quality of crops, as well as to promote cultivation methods that take environmental aspects into account.

Environmental impacts result from raw material procurement, as well as from the production of food, food ingredients and malt. Energy use in processes and transports, as well as packaging and other waste, are also significant factors. Water use and wastewaters play a prominent part especially in the malt and margarine businesses.

Raisio seeks to significantly reduce its environmental impact 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.

Raisio focuses on determining the life-cycle environmental impacts of its products. It is currently involved in several projects that support this goal. Further information about these matters can be found under the heading "Changes in the food chain and the climate".

WASTEWATER PURIFICATION IN RAISIO

Wastewaters from the Raisio site are conducted to the purification plant in the town of Raisio. The town has decided to wind down its own purification operations in autumn 2009 and conduct wastewaters to Turun seudun puhdistamo Oy, a wastewater treatment service provider. This means that the Group's wastewaters will also go to Turku in the future.

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 the material in the best possible way in each situation. Material flows between production plants are considerable. These by-product transfers result in partial multiplication in the reported raw material volumes.

PRODUCTION, RAW MATERIAL USE

	2008	2007	2006
PRODUCTION VOLUME, 1,000 TONNES	1,003	1,039	1,059
RAW MATERIALS, 1,000 TONNES	1,021	1,065	1,103
RAW MATERIALS, TONNES/TONNE PRODUCED	1.02	1.03	1.04
ANCILLARY AGENTS, 1,000 TONNES	1.92	1.84	2.04
PACKAGING MATERIAL, 1,000 TONNES	9.61	9.76	10.35

ENERGY

Raisio's supply of electricity and heating is mainly based on purchased energy. Energy efficiency is sought, for example, by enhancing cooling systems and optimising the use of condensed steam. Energy efficiency is an inherent part of planning when designing new processes and making changes to existing processes.

DIET LINKED TO WATER CONSUMPTION

The global demand for food will even triple by 2050 due to population growth and structural changes in consumption. According to the Stockholm International Water Institute, SIWI, this will increase the consumption of freshwater by 50 per cent. Each of us can affect the sufficiency of food and water in two ways: by emphasising plant-based foods in our diet and by minimising food waste.

As the standard of living rises, people tend to adopt diets in which food production requires more and more water. For example, meat consumption is surging in China, while the demand for dairy products is rising in India.

More plant-based food

Increased food production as such is a challenge to the ecosystem. The climate change makes the task even more daunting. It will become more common for regions to have either too little or too much water.

The climate change will increase precipitation in Europe and the USA, but extreme weather conditions will pose challenges to food production in both regions.

Compared to other alternatives, the production of plant-based nutrition calls for only a fraction of arable land, energy and water. Most plant-based foods do not need cold storage and have a long shelf-life. These properties improve their usability and reduce the need to throw food away.

An animal-based foods also build on primary production from the plant growth. Most of the estimated water consumption consists of rainfall into the fields, which is part of our normal hydrologic cycle. Since water sufficiency is usually not a problem in Finland, the conditions for livestock production are good. What does call for attention is the prevention of nutrients flowing into waterways. Water use can be enhanced at every stage of the food chain.

The international Water Footprint Network has calculated the volume of water needed to produce many common foodstuffs. The following figures are estimates:

One apple: 70 litres of water
One litre of milk: 1,000 litres of water
One kilogramme of barley: 1,300 litres of water
One kilogramme of rice: 3,000 litres of water
One kilogramme of chicken meat: 3,900 litres of water
One kilogramme of cheese: 5,000 litres of water
One kilogramme of pork: 5,000 litres of water
One kilogramme of beef: 16,000 litres of water

(Source: www.waterfootprint.org)

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.

LAND USE AND BIODIVERSITY

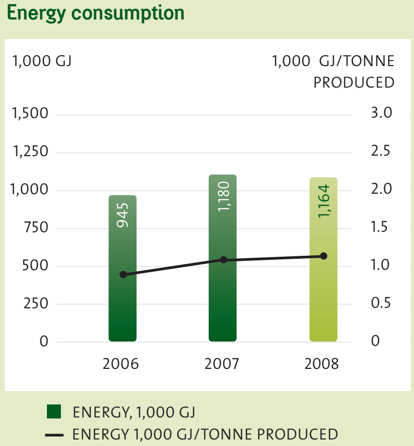
Raisio has production facilities in seven locations in three countries. At the end of 2008, the administered land area totalled some 78 hectares.

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. In autumn 2008, the area was expanded by a decision made by the Southwest Finland Regional Environment Centre. Specifications were also made to existing protection regulations.

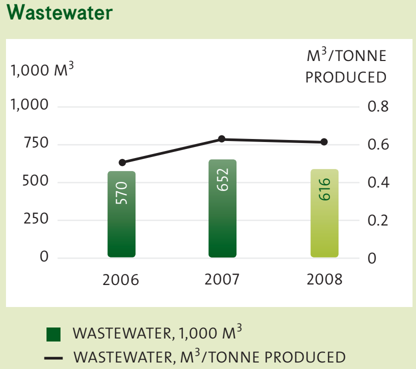
The Kaipiainen feed plant in Kouvola, Finland, is located in a Category I groundwater area. Feed factories, in general, have not been detected to have an impact on the quality of groundwater. Nevertheless, groundwater protection has been taken into consideration in the plant's technical solutions.

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.

Energy consumption



Wastewater



EMISSIONS, WASTEWATER AND WASTE

Sources of noise at the production plants include compressors, ventilation fans and their outlets. In 2008, the Group continued its measures to reduce noise emissions at the Finnish sites in Raisio and Nokia, among other things, through modifications to ventilation fans. The measures have had noticeable effects on their surroundings. No updates were made to the most recent noise survey carried out at the Raisio site in 2007. Even before the enhancement measures in Raisio, the main sources of noise fell under the limits determined for environmental noise. A noise survey was conducted at the Ylivieska plant in accordance with environmental permit conditions.

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 increased around 10 per cent over the previous year. Nevertheless, emissions were considerably lower than the EU restrictions that took effect in 2007.

The nominal thermal power of the boilers, used as a reserve power station at the Raisio site, is approximately 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. For the first time, the indirect emissions from the production of Raisio's energy suppliers are now reported. In 2008, the indirect emissions from heat production were 90,373 tonnes CO_2. The electricity used at the company's sites in Finland, which forms the bulk of the Group's overall electricity use, is eco-labelled, meaning that its production does not generate carbon dioxide emissions that speed up climate change.

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 overall waste amounted by four per cent to 80 per cent. Waste is used either as material or as 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.

Environmental work involves continuous improvement of operations and promotion of sustainable development pursued on a long-term basis. The environmental impact of Raisio's operations is reduced by systematic work in conjunction with investments and renovations.

TRANSPORTS

Raisio does not have its own transport fleet. 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, when possible. 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.

Raisio Feed implemented a map-based route planning application and tightened the time limits for feed orders to reduce transport kilometres.

The indicator for transports is tonne kilometres per year. No monitoring procedures are in place for raw material transports and other similar transports. Tonne kilometres for product transports totalled 151 (172) million in 2008.

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 approximately 80 per cent of Raisio's transports, and ship and rail freight account for the rest.

COMPLIANCE WITH REGULATIONS

The power plant at the site in Raisio was issued an environmental permit in December 2008. Appeals against the environmental permits given to the Raisio production plants and the wastewater pre-treatment plant in late 2007 have been filed with the Administrative Court of Vaasa. Matters related to wastewater measurement and the determination of limits were cited as grounds for the appeals.

Production ended at the Oulu feed plant in September 2008. Small-scale storage operations will continue at the site until spring 2009, after which the plant will be torn down. The North Ostrobothnia Regional Environment Centre has been notified of the changes. Production was transferred to the Ylivieska plant, which came online phase-wise in 2008, in compliance with the environmental permit.

The Group is not aware of any fines or sanctions related to violations of environmental legislation.

ACCIDENTS AND THEIR PREVENTION

A few accidents and incidents took place at the site in Raisio. In April, the oil milling plant suffered a rapeseed oil leak in conjunction with an oil transfer operation. Some 200 tonnes of rapeseed oil ran into the protective basin surrounding the tank. The oil was recovered with a suction vehicle, and environmental damages were avoided. In September, a small amount of ammonium gas was released into the atmosphere at the malting plant, when around two kilograms of ammonium leaked through a welding seam in the cooling system. In November, a propanol container overfill occurred at the esterification plant. The substance was recovered from the catchment area, foamed and diluted into water. In addition, two minor smouldering fires took place in conjunction with container welding. In June, a small smouldering fire occurred at the Oulu feed plant, caused by a jammed compressor reel. As a result, four tonnes of feed were discarded and taken to a landfill. The material damages of these incidents were very small, and the events did not lead to notable interruptions in production.

Following the incidents, the events and causes were discussed with the staff. Based on the discussions and inspections carried out, the company specified its operating guidelines and carried out surveys of technical solutions that might prevent similar incidents in the future.

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

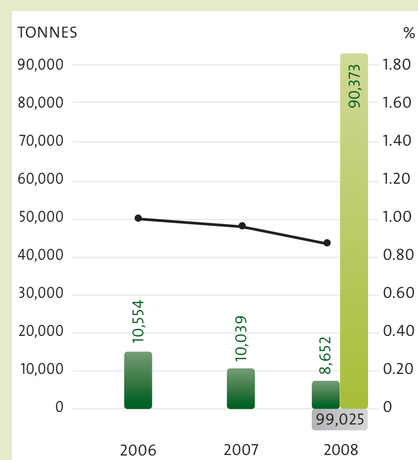
ENVIRONMENTAL, HEALTH AND SAFETY INVESTMENTS AND RUNNING COSTS

Raisio focuses on minimising key environmental effects. The most financially significant environmental, health and safety investments in 2008 focused on improving process and occupational safety, reducing the wastewater load, enhancing the use of energy and reducing noise emissions. Environmental, health and safety investments amounted to some EUR 2.4 million (EUR 4.9 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 1.6 million (EUR 1.7 million).

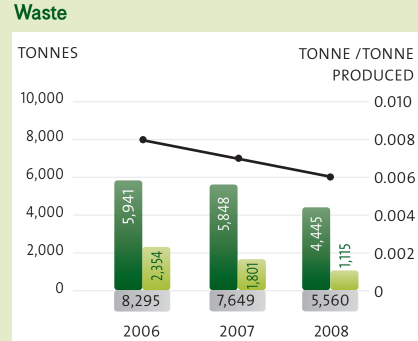
Soil testing was carried out on the production sites in Raisio and Poland in autumn 2008. According to the test reports, Raisio will not be affected by any soil purification obligations at these sites. The Group is free of any other soil cleaning obligations, as well. Raisio has no significant waste storage.

Emissions into the atmosphere



- CO_2 EMISSIONS FROM OWN OPERATIONS, TONNES
- INDIRECT CO_2 EMISSIONS FROM PURCHASED ENERGY, TONNES
- TOTAL CO_2 EMISSIONS, TONNES
- CO_2 EMISSIONS FROM OWN OPERATIONS, % OF PRODUCTION

Waste



- RECYCLED OR RECOVERED WASTE, TONNES
- WASTE FOR FINAL DISPOSAL AND HAZARDOUS WASTE, TONNES
- TOTAL AMOUNT OF WASTE, TONNES
- AMOUNT OF WASTE/TONNE PRODUCED

PERSONNEL

For Raisio, social responsibility means taking charge of the well-being of its personnel and other stakeholders. 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.

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. Responsible operations improve the group's competitiveness and contribute to Raisio's ability to attract the best possible employees.

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.

- Raisio employed 960 people at the end of 2008 (1,072 in 2007), 32% (32%) of whom worked outside Finland. Raisio has employees in nine countries.
- A developing, professional, skilled, motivated and committed personnel is essential for Raisio to achieve the targets defined in its vision and strategy.
- Raisio has drawn up Global HR Policies & Guidelines for the Group. The principles include common guidelines, among other things, for HR planning and reporting, recruiting, personnel development and rewarding. Raisio also has common rules for minimum wages and the termination of employment relationships that comply with local legislation.
- 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 managerial employees) has elected its own representative to the Supervisory Board.
- Over 100 of Raisio's superiors underwent a 360 evaluation and participated in coaching. The superiors' role and personnel communication was strengthened, and superiors were offered several training and informative events on Raisio's topical issues. It is the superiors' task to distribute information in their own organisations to ensure that all employees are aware of the targets set for the company and their own work.

Improvement of organisation's operational efficiency enabled the company to achieve its main target for 2008, improve profitability. The Group continued its streamlining and centralisation activities by outsourcing its laboratory operations and maintenance activities. This led to some 60 people transferring to the employment of the service providers.

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. Most of Raisio's employees, around 70%, are organised into unions.

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. There are no gender-based differences in the average wages of men and women. The average wages of women were around eight per cent lower than those of men. The difference comes from the complexity of duties. 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 2008, Raisio's management team consisted of two women and seven men. Raisio mainly employs local staff at all of its sites.

PERSONNEL SURVEY

Raisio conducts its personnel survey every other year. The survey was conducted in early 2009.

REWARDING

Raisio offers its personnel compensation that is competitive in terms of both country and business area. Raisio carries out regular reviews of its salary and incentive systems, as well as of 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.

BIG CHANGES GIVE RISE TO A NEW OPERATING CULTURE

Raisio has made a turnaround in its business at a time when external factors have not done much to facilitate such a change. The staff's competence and the company's operating culture enabled the turnaround. There is no question about the precondition for business success: a company must be a part of global change – preferably as a pioneer.

Matters do not improve on their own

When dealing with change management, it is important to understand that if things have long gone downhill, they will not improve on their own. They must be actively tackled. This was the starting point for changes in Raisio's operating culture. The staff does not do well if the company suffers, since only a healthy company can offer interesting work. Poor business performance is also a risk signal from the point of management and HR policies.

We have reorganised the company, revamped our operations and disposed of loss-making business. Raisio's new operating culture can be summarised as the company now making justified, quick decisions and adhering to them. We do not make products for ourselves but for our customers. Some of the keywords in Raisio's transformation are competence, products that meet consumer needs and cost-effectiveness.

Improved profitability justifies changes

It is natural for many people to resist change. At Raisio, we have noticed that improved profitability has led to the personnel accepting the changes made. The business benefits of some of the most controversial policies have been admitted once figures have proved the direction to be right. We have now reached an increasingly wide-spread understanding of the practical significance of our vision, that is, of Raisio as "a forerunner and specialist in ecological, plant-based nutrition with leading brands".

Based on our experience, it takes two to three quarters before people believe in a company's turnaround. A comprehensive change of culture takes even longer. The direction for Raisio's business is now clear: we aim at growth and profitability. To achieve this, we must work together as one company.

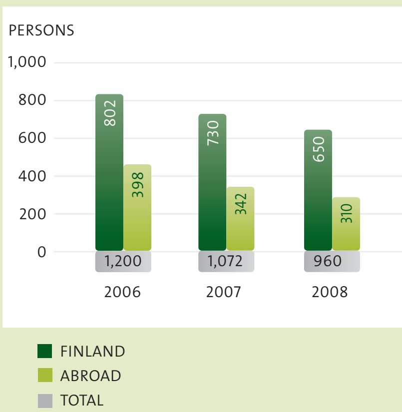
Using systematic management as a work method

Systematic management and support given to the work of superiors are the cornerstones of our new operating culture. The company's reorganisation has given many of our employees new opportunities to use their competence, which, in turn, brings success to Raisio as a whole. Communication is one of our management tools. A Group-level scorecard is used to communicate larger issues. It is supported by quarterly infos and by performance appraisals.

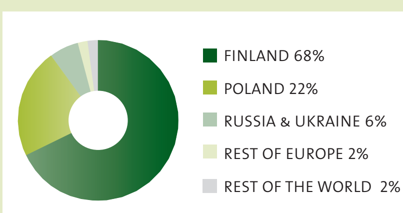
In 2008, based on the decision of the Board of Directors, Raisio set up a three-year, share-based incentive scheme as a part of the incentive and reward system offered to Raisio's key personnel.

In 2008, Raisio paid a total of EUR 41.8 million (EUR 43.8 million) in wages and fees.

Personnel 31 December



Personnel by geographical areas



INITIATIVE SCHEME

The initiative system aims to encourage employees to develop their own workplace and environment. Implemented initiatives benefit the proposer of the initiative, the company, and the whole work community. In 2008, the initiative committee continued its policy of recent years by rewarding initiatives that were found to be good. Raisio's employees made 51 initiatives in 2008, and around 60% of them were implemented as proposed. Some 45% of the initiatives concerned occupational safety and environmental issues. The action plan for 2008 drawn up by the initiative committee was carried out as planned. It included, among other things, an initiative competition organised in the autumn. The committee aims to promote the creation of a good atmosphere through its own activities. An open and encouraging work community enables and produces the best development ideas.

OCCUPATIONAL SAFETY

As a rule, our approach to safety is based on unit-specific rescue plans and occupational safety guidelines. Raisio aims to keep its personnel free from injury and 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 that 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 instruction 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 encompasses both the Group's own personnel and the employees of partner companies. Raisio requires all of the service company employees working at its Finnish sites to hold a valid occupational safety card.

WELL-BEING AT WORK

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

TARGETS AND EMPHASIS OF PERSONNEL STRATEGY

DEVELOPING, COMPETENT, MOTIVATED PERSONNEL

GROUP'S BASIC TARGETS
PROFITABILITY, CUSTOMER SATISFACTION, WELL-BEING

MANAGEMENT	COMPETENCE	WELL-BEING AT WORK	OPERATING CULTURE
DEVELOPMENT OF MANAGEMENT & LEADERSHIP	FOCUS ON EXPERTISE	EMPHASIS ON PREVENTIVE OCCUPATIONAL HEALTH CARE	CUSTOMER AND CONSUMER-ORIENTATION
AGE MANAGEMENT	CAREER PLANNING AND JOB ROTATION	FURTHER DEVELOPMENT OF THE WORK ENVIRONMENT AND CONDITIONS	COOPERATION BETWEEN BUSINESS AREAS
CHANGE MANAGEMENT	RECRUITING		COOPERATION BETWEEN THE PERSONNEL AND EMPLOYER
	INTERNATIONAL COMPETENCE		COST AND PERFORMANCE-AWARENESS
	TURNING COMPETENCE INTO PERFORMANCE		RENEWAL AND CONTINUOUS LEARNING

Activities aiming to maintain 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 cooperation with healthcare professionals. Activities in 2008 focused on preventive work in occupational healthcare. The most significant of these was the participation of 400 over-40-year-old employees in the Turku Dee project, which aims to prevent type 2 diabetes.

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 targets and the methods used to develop competences are determined in RaiTalk performance appraisals between the superior and employee. The immediate superior conducts individual or group discussions with each employee at least once a year. In 2008, the scope of performance appraisals was 81 (65) per cent.

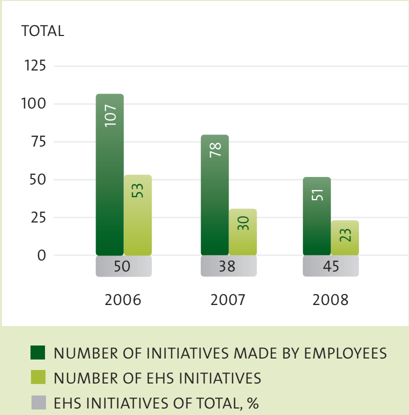
Raisio trains and motivates its employees to maintain their professional skills. Competence development in 2008 focused on professional training and internal operations, as well as language, labour protection, first aid and IT training, and quality and environmental issues.

Further inputs were made in superior-employee work relations; the focus being on the development of operational efficiency and on internal communication. The fifth group in the Leading Raisio management training scheme began its studies in January 2008. Among other things, the scheme aims to improve the communication of business strategies, enhance business competence and develop individual managerial and cooperation skills. In 2008, Raisio invested EUR 408.000 (EUR 370.000) in personnel training. This figure does not include internal training.

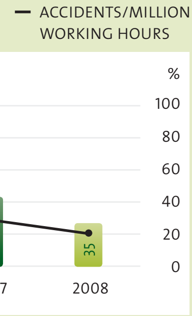
Employees are encouraged to take quality, environmental, health and safety aspects into consideration as best they can in their own work. Training in these matters is arranged to improve the personnel's competence and keep it up to date. As environmental awareness has increased, the personnel has sought ecologically sounder alternatives at its own initiative. For example, instead of using spring water dispensers, the staff opts for tap water whenever possible. In Finland, the number of water dispensers dropped from 35 to seven. The Group continued its heavy emphasis on occupational health and safety training. The key focal areas were occupational safety card training, occupational safety responsibilities of superiors and preliminary fire extinguishing. Raisio continued its hygiene training for its personnel, customers and representatives of other interest groups.

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

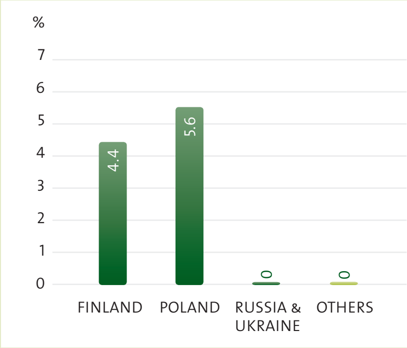
Initiatives



Accidents at work



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



EMPLOYEES' ABSENCE DUE TO ILLNESS, ON AVERAGE, WAS 4,3% (5,2% IN 2007).

CORPORATE GOVERNANCE

Finnish legislation and the Articles of Association form the framework for Raisio's corporate governance. Raisio complies with the Finnish Corporate Governance Code (2008) approved by the Securities Market Association.

CORPORATE GOVERNANCE

Finnish legislation and the Articles of Association form the framework for Raisio's corporate governance. Raisio complies with the Finnish Corporate Governance Code (2008) approved by the Securities Market Association.

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 auditors and the members of the Supervisory Board and Board of Directors, as well as determining the fees paid to them. Extraordinary shareholders' meetings may be held, if necessary.

Annual General Meetings are convened by the Board of Directors, and the call to them is published no earlier than two months prior to the advance registration date indicated in the call and no later than seventeen days prior to the meeting. The call is published in at least two newspapers, chosen by the Annual General Meeting.

In 2008, Raisio's Annual General Meeting was held on 27 March 2008 in Turku. The meeting was attended by 2,483 shareholders or their representatives. This corresponded to 27.7 million shares, or 16.8 per cent of the overall share capital. The CEO, Chairman of the Board and three Board members also attended the meeting.

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. 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. A person who has turned 65 years before the beginning of the term cannot be elected as a 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

RAISIO PLC'S CORPORATE GOVERNANCE MODEL

by the Managing Director, a member of the Executive Committee or an expert.

The secretary of the Board prepares minutes on the matters that the meeting has dealt with and made decisions on, which are approved and signed at the following meeting by all the members who 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,
- and approve the company's key principles, ethical values and operating models.

In 2008, the Board had five members, all of whom were independent of the company and its major shareholders.

The Board met ten times in 2008 and held six teleconferences. Attendance at the meetings was 97.5 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. Company shares were not used for fee payments, and the Chairman and members of the Board are not covered by the company's share-based incentive system.

The Board assessed its operations and working methods in September 2008. The members of the Board of Directors are presented on page 50.

BOARD COMMITTEES AND WORKGROUPS

Raisio's Board of Directors has appointed a remuneration committee to prepare proposals for the appointment of senior management and to assess matters related to successors, to present the proposals for management, key employee and personnel rewards and incentives to the Board of Directors, as well as to prepare significant organisational changes. In view of the size of the Board of Directors, two members are considered to be sufficient for the committee. The committee consists of the Chairman and Deputy Chairman of the Board. It convened four times in 2008. Both members were present at the committee meetings.

The purpose of the grain 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.

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 replaced every year. The Annual General Meeting in spring 2008 set the number of Supervisory Board members at 25. In addition to the members appointed by the Annual General Meeting, the Supervisory Board includes three members whom the personnel groups, formed by Raisio's employees in Finland, have elected as their representatives. A person who has turned 65 years before the beginning of the term cannot be elected as member of the Supervisory Board.

The Supervisory Board elects a Chairman and 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 to the Annual General Meeting a report on the financial statements and auditor's report. The Supervisory Board convened three times in 2008, with an attendance of 86.7%.

Members of the Supervisory Board received a fee of EUR 260 per meeting in 2008. 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 2008.

The members of the Supervisory Board are presented on page 52.

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. The workgroup makes its proposal to the Supervisory Board, which, in turn, can present the Annual General Meeting with a proposal on members to be elected to the Board of Directors. The workgroup consists of the Chairman of the Supervisory Board, Juha Saura, and the Deputy Chairman, Holger Falck, as well as three members – Michael Hornborg, Paavo Myllymäki and Hannu Tarkkonen – elected by the Supervisory Board from among its members. The Committee 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 Managing Director. In May 2008, the Supervisory Board appointed Michael Hornborg, Hans Langh, Kari Niemistö and Johan Taube for this duty. The inspectors report on their observations to the Supervisory Board. In the review period the inspectors carried out two inspections in the company.

MANAGING DIRECTOR

The tasks of Raisio plc's Managing Director are determined in compliance with the law, the Articles of Association, as well as the targets set 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 2008, Rihko received a total of EUR 517,967.40 in salaries, fees and fringe benefits. This sum includes the 40,000 Raisio plc free shares assigned to the Managing Director in February 2008 in recognition of the good performance of 2007. The value of the shares at the time of assignment was EUR 62,920.

The Managing Director is covered by the Group's share-based incentive scheme. Based on the 2008 scheme (the first earnings period), he may receive a maximum of 66,667 Raisio plc free shares in August 2009, and based on the 2009 scheme (the second earnings period), he may also receive a maximum of 66,667 free shares in August 2010. The reward will be paid as a combination of shares and cash, with the cash payment meant to cover the taxes and fiscal fees arising from share-based rewards.

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 to the Managing Director.

MANAGEMENT TEAM

The Management Team is chaired by the Managing Director. It consists of the Vice President, Food Division, Northern Europe; Vice President, Food Division, Eastern Europe; Vice President, Business Development and Ingredients Division; Vice President, Feed and Malt; Vice President, Operations; Chief Financial Officer; and Vice President, Human Resources. The Vice President, Legal Affairs, acts as the Secretary of the Management Team.

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 a regular meeting every month and shorter meetings once a week. The main topics of the monthly meetings are usually the previous month's result and the monthly reviews of business areas and service functions.

The Management Team is presented on page 51.

INCENTIVE SCHEMES

Raisio offers its personnel compensation that is competitive in terms of both the country and business area. The company regularly reviews market salaries and the development of incentive schemes in order to maintain its competitiveness.

In 2008, Raisio had separate incentive schemes for management, middle management and the rest of the personnel. The scheme for the Managing Director and other management was based on the achievement of target results and on continuous improvement. At an annual level, the maximum bonus that could have been granted to the Managing Director was a sum equivalent to the salary of six months. Correspondingly, the maximum amount payable to the rest of the management was equivalent to the salary of four or five months.

In 2008, Raisio implemented a three-year share-based incentive scheme. The criteria used were profit after financial expenses and before one-off items and taxes (EBT), as well as net sales growth. The maximum number of distributable shares for 2008 was 400,000.

Moreover, the members of Raisio's Management Team are covered by a group pension insurance that the Group has taken out for its management. A sum equivalent to 10 per cent of the manager's basic annual salary is paid into the group pension insurance every year. The retirement age of managers is 62 years.

Raisio's incentive schemes and the salaries of the Managing Director and other Group management are decided by the Board of Directors on the basis of the proposal made by the remuneration committee.

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 the 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 Vice President of Finance and Treasury, who reports to the Chief Financial Officer. External advisors are also used to develop risk management activities. Risk management is also 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 area reviews and other financial risks on page 36–37 of this report.

INSIDER REGULATIONS

Raisio complies with the Guidelines for Insiders (2008) issued by NASDAQ OMX Helsinki Oy, the Confederation of Finnish Industries and the Central Chamber of Commerce, 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, some managers and experts in research and development and financial administration, as well as management assistants. Raisio had 31 permanent company-specific insiders on 31 December 2008.

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 therein, 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 2008. PricewaterhouseCoopers Oy and Kalle Laaksonen, authorised public accountant, acted as deputy auditors. The 2008 Annual General Meeting elected the same auditors for the financial year 2009.

The Group arranged competitive bidding for its auditing services in autumn 2007, based on which the Board of Directors made its proposal on the election of auditors to the Annual General Meeting in spring 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 2008. The auditors give the shareholders an annual auditors' report on the financial statements as required by law.

Fees for statutory auditing in 2008 amounted to EUR 137,000. Raisio also purchased other services from PricewaterhouseCoopers Oy and its associates for a total of EUR 200,615.

CORPORATE GOVERNANCE RECOMMENDATION

As of 1 January 2009, Raisio complies with the Finnish Corporate Governance Code (2008) approved by the Securities Market Association. Prior to that, Raisio complied with the corporate governance recommendation for listed companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry in 2003.

The Board of Directors has not set up an audit committee as defined in the Corporate Governance Code (recommendation 24) 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 28) 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.

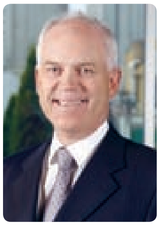
In view of the size of the Board of Directors, two members are considered to be sufficient for the remuneration committee (recommendations 18 and 31).

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
Raisio Board membership: member since 2006
Other simultaneous positions of trust: Biolan Oy: Member of the Board of Directors; Domus Group Ltd: Chairman of the Board of Directors; Fund of Jenny and Antti Wihuri: Member of the Board of Directors; Wihuri Ltd: Member of the Supervisory Board
Fees in 2008: EUR 201,720
Holdings in Raisio: series V 110,000



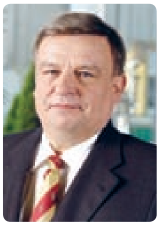
Deputy Chairman

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
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-Upofloor Ltd: Member of the Board of Directors; Levanto Oy: Member of the Board of Directors; Nuukari Oy: Chairman of the Board of Directors; Stala Oy: Member of the Board of Directors; Stalatube Oy: Chairman of the Board of Directors; Stiftelsen Svenska Handelshögskolan: Member of the Board of Directors
Fees in 2008: EUR 20,400
Holdings in Raisio: series V 44,711

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

Shareholdings of the Board of Directors on 12 February 2009 (date of signing the financial statements).



ANSSI AAPOLA

Year of birth: 1951
Domicile: Kustavi, Finland
Education: M.Sc. (Agr. & Forestry)
Principal employment history: Virtaco 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 2008: EUR 20,400
Holdings in Raisio: series K 4,320 and series V 10,000

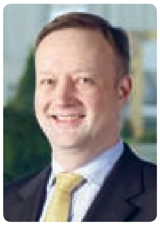
ERKKI HAAVISTO

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: Lounametsä Forestry Association: Deputy Chairman of the Board of Directors; Turku District Cooperative Bank: Member of the Supervisory Board
Fees in 2008: EUR 20,400
Holdings in Raisio: series K 364,940 and series V 172,260

SATU LÄHTEENMÄKI

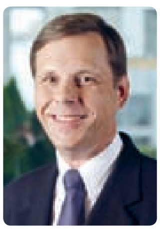
Year of birth: 1956
Domicile: Turku, Finland
Education: D.sc. (Econ.)
Principal employment history: Turku School of Economics 2006–: Vice-president; Turku School of Economics 1999–: professor of Management and Organisation
Raisio Board membership: member since 2006
Other simultaneous positions of trust: Kyösti Haataja Foundation: Member of the Board of Directors; OP-Pohjola group Research Foundation: Member of the Board of Directors; Pohjola Bank plc: Member of the Board of Directors; Raisio plc Research Foundation: Member of the Board of Directors; SITRA: Member of the Board of Directors; Turku School of Economics: Deputy Chairman of the Board of Directors as well as Chairman of State Board of Sciences and Education
Fees in 2008: EUR 20,400
Holdings in Raisio: series V 20,000

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: General Manager
Holdings in Raisio: series V 120,000



JACEK DZIEKONSKI

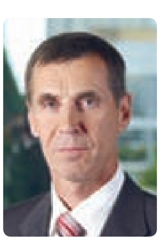
Year of birth: 1957
Domicile: Warsaw, Poland
Education: M.Sc. (Eng.), MBA
Occupation in Raisio: Vice President, Food Division, Eastern Europe
Principal employment history: Raisio plc 2007–, Avon Cosmetics Poland 2005–2007: General Manager; Orkla Foods Poland 2001–2005: General Manager
Holdings in Raisio: –

MARKKU KRUTSIN

Year of birth: 1964
Domicile: Vantaa, Finland
Education: M.Sc. (Econ. & Bus. Adm.), MBA
Occupation in Raisio: Vice President, Food Division, Northern Europe
Principal employment history: Raisio plc 2007–, Atria Plc 1990–2007: sales and marketing management
Holdings in Raisio: series V 5,000

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 2007–, Sucros Ltd/Finnsugar Ltd 2004–2007: CEO, Sucros Ltd 2003–2007: Plant Manager, Danisco Sweeteners 1999–2003: Manufacturing Engineer
Holdings in Raisio: series V 40,000



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–
Holdings in Raisio: series V 4,000

MERJA LUMME

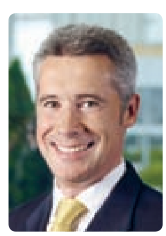
Year of birth: 1961
Domicile: Lieto, Finland
Education: Engineer, eMBA
Occupation in Raisio: Vice President, Human Resources
Principal employment history: Raisio plc 2003–; PerkinElmer/Wallac 1992–2003: Quality management, HR management and administration
Holdings in Raisio: series V 3,000

PASI LÄHDETIE

Year of birth: 1959
Domicile: Salo, Suomi
Education: M.Sc. (Agr. & Forestry)
Occupation in Raisio: Vice President, Grain Trade Operations
Principal employment history: Raisio plc 2007–, Food and Drink Industries' Federation 2004–2007: Business Process, Director
Holdings in Raisio: series V 12,200

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
Holdings in Raisio: series V 6,000



VINCENT POUJARDIEU

Year of birth: 1967
Domicile: Brussels, Belgium
Education: Graduated EDHEC business school
Occupation in Raisio: Vice President, Ingredients Division and Business Development
Principal employment history: Raisio plc 2007–; Altadis SA, Brussels 2000–2007: Regional Director Benelux and then Northern Europe
Holdings in Raisio: series V 55,733

The Group Management Team on 1 March 2009.

Shareholdings of Management Team on 12 February 2009 (date of signing the financial statements). The Management Team also comprised Kirsi Swanljung-von Wehrt in 2008.

SUPERVISORY BOARD

JUHA SAURA, born 1951
Pöytyä
Chairman since 2004 and
member since 1998*
series K 13,030 and series V 7,300
Juha Saura attends the meetings of the Board of Directors as Chairman of the Supervisory Board.

HOLGER FALCK, born 1957
Sipoo
Member and Deputy Chairman since 2006*
series K 540 and
series V 2,120

JUHANI ENKOVAARA, born 1945
Helsinki
Member since 1996**
series K 1,500 and
series V 1,500

RISTO ERVELÄ, born 1950
Sauvo
Member since 1991**
series K 3,000 and
series V 3,500

MIKAEL HOLMBERG, born 1961
Nauvo
Member since 1998*
series K 1,620 and
series V 1,360

MIKAEL HORNBORG, born 1966
Lohja
Member since 2008***
No Raisio shares

PENTTI KALLIALA, born 1948
Turku
Member since 2006***
series V 8,280

HANS LANGH, born 1949
Piikkiö
Member since 1990**
series K 754,480

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

KARI NIEMISTÖ, born 1962
Helsinki
Member since 2008***
series V 4,120,000

JYRKI NURMI, born 1957
Staff representative since 2008*
No Raisio shares

YRJÖ OJANIEMI, born 1959
Lapua
Member since 2002***
series K 780 and
series V 660

HEIKKI POHJALA, born 1959
Harjavalta
Member since 2006*
Series K 4,340 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 and Heikki Neulanen.

Shareholdings of the Supervisory Board on 12 February 2009 (date of signing the financial statements).

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

* End of term 2009
** End of term 2010
*** End of term 2011

GLOSSARY

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

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.

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.

GRAS
Generally recognized as safe.

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

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

HoReCa
The hotel, restaurant and catering business.

IFRS
International Financial Reporting Standards.

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.

Plant stanol ester
The ingredient of Benecol products 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. Almost 60 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".

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

VOC emissions
Emissions of Volatile Organic Compounds.

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

INFORMATION TO SHAREHOLDERS

BASIC INFORMATION ABOUT RAISIO'S SHARES

V share

Shares on 31 Dec. 2008	130,674,880
of which the company holds	9,158,500
Listed on	NASDAQ OMX Helsinki Oy, Mid Cap segment, Consumer Staples sector
Trading code	RAIVV

K share

Shares on 31 Dec. 2008	34,474,150
of which the company holds	197,808
Listed on	NASDAQ OMX Helsinki Oy, Prelist
Trading code	RAIKV

ANNUAL GENERAL MEETING

The Annual General Meeting of Raisio plc will be held on Thursday, 26 March 2009, 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 Euroclear Finland Ltd and who have informed Raisio about their participation by Thursday, 19 March 2009, at 3:00 pm Finnish time.

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, 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.

DIVIDEND PAYMENT

The Board of Directors proposes a dividend of EUR 0.07 for each V and K share.

Ex-dividend date	27 March 2009
Record date	31 March 2009
Payable date	7 April 2009

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.

SILENT PERIOD

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

INVESTOR RELATIONS

The main task of Raisio's Investor Relations is to give as realistic picture as possible of Raisio as an investment target and to support the correct development of the share price by providing information about the company's strategy, operations, business environment, targets and financial standing.

The goal is to regularly provide all capital market participants with equal, correct, sufficient and up-to-date information. The activities emphasise punctuality, openness and good service. The practical implementation of Raisio's Investor Relations is handled by corporate communications.

INVESTOR RELATIONS IN 2008

In 2008, Raisio's senior management met with dozens of professional investors and analysts in Finland and elsewhere in Europe, as well as with private shareholders at various events. The Capital Markets Day and Bankers' Day were arranged in Ylivieska, Finland, in September.

IR CONTACTS

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

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

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

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

INVESTMENT ANALYSES

To the best of our knowledge, the following banks and brokerages follow Raisio as an investment target at their own initiative.

- Carnegie Investment Bank
- eQ Bank
- Evli Bank
- Glitnir
- Handelsbanken Capital Markets
- Icecapital Securities
- Nordea
- Pohjola Bank
- SEB Enskild
- Sofia Bank
- E. Öhman J:or Securities Finland

A list of analysts monitoring the company is available at www.raisio.com.

Every year, Raisio publishes three interim reports, financial statements, an annual report and stock exchange releases in Finnish and English.

IR CALENDAR 2009

- Interim Report January–March published on 5 May 2009
- Interim Report January–June published on 4 August 2009
- Interim Report January–September published on 3 November 2009

ORDERING PUBLICATIONS AND RELEASES

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

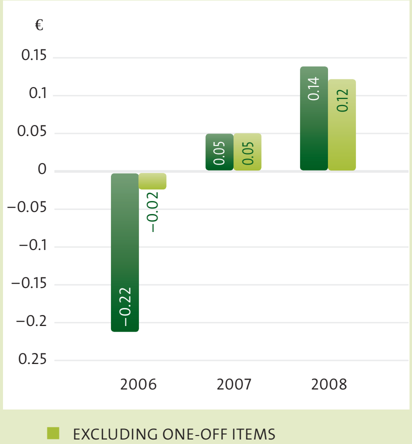
The annual report can be ordered at www.raisio.com – Publications – Order form.

The annual report can also be ordered from corporate communications:

Raisio plc, Corporate Communications
P.O. Box 101, FI-21201 Raisio, Finland
Telephone: +358 44 782 1299
Email: communications@raisio.com

You can sign up as an email subscriber to interim reports, as well as stock exchange and press releases, at www.raisio.com – News – Subscribe to releases.

Earnings per share, EPS



Dividend per share

* ACCORDING TO THE BOARD'S PROPOSAL

KEY FIGURES

KEY FIGURES, RESULT FROM CONTINUING OPERATIONS EXCLUDING ONE-OFF ITEMS	10–12/2008	7–9/2008	4–6/2008	1–3/2008	2008	2007	2006
NET SALES							
FOOD. EUR MILLION	51.3	51.7	49.7	49.0	201.8	197.1	196.5
FEED & MALT, EUR MILLION	70.8	78.7	68.9	64.3	282.7	206.7	179.0
INGREDIENTS, EUR MILLION	10.5	11.0	10.1	12.7	44.3	44.9	49.7
OTHER OPERATIONS, EUR MILLION	0.3	0.3	0.2	0.2	1.0	0.4	0.6
INTERDIVISIONAL NET SALES, EUR MILLION	−5.1	−7.2	−6.0	−7.4	−25.7	−27.1	−23.3
TOTAL NET SALES, EUR MILLION	127.8	134.5	122.9	118.9	504.0	421.9	402.6
OPERATING RESULT							
FOOD, EUR MILLION	2.6	1.4	0.9	0.6	5.5	−5.8	−10.5
FEED & MALT, EUR MILLION	2.0	4.3	4.2	1.7	12.3	8.2	5.6
INGREDIENTS, EUR MILLION	1.8	3.1	1.7	3.3	10.0	9.5	7.8
OTHER OPERATIONS, EUR MILLION	−0.9	−1.0	−0.7	−0.8	−3.4	−2.1	−5.3
ELIMINATIONS, EUR MILLION	0.2	−0.3	0.4	−0.6	−0.3	0.1	0.0
TOTAL OPERATING RESULT, EUR MILLION	5.7	7.6	6.5	4.2	24.1	9.9	−2.4
% OF NET SALES	4.5	5.6	5.3	3.5	4.8	2.3	−0.6
FINANCIAL INCOME AND EXPENSES, NET, EUR MILLION	−0.3	−0.2	−0.2	−0.1	−0.8	−0.7	1.8
SHARE OF RESULT OF ASSOCIATED COMPANIES AND JOINT VENTURES, EUR MILLION	0.0	0.1	0.0	0.0	0.1	−0.3	−0.4
RESULT BEFORE TAXES, EUR MILLION	5.4	7.4	6.3	4.2	23.3	8.8	−1.0
INCOME TAXES, EUR MILLION	0.4	−2.1	−2.5	−1.1	−5.3	−0.6	−1.0
RESULT FOR THE REPORTING PERIOD, EUR MILLION	5.9	5.3	3.8	3.1	18.0	8.3	−2.0
EARNINGS PER SHARE, EUR	0.04	0.03	0.02	0.02	0.12	0.05	−0.02

KEY FIGURES, BALANCE SHEET	31.12.2008	30.9.2008	30.6.2008	31.3.2008	31.12.2007	31.12.2006
RETURN ON EQUITY (ROE), %	8.0	7.9	8.1	10.7	2.9	−10.7
RETURN ON INVESTMENT (ROI), %	9.8	10.5	10.5	12.3	3.5	−9.1
INTEREST-BEARING LIABILITIES AT THE END OF THE PERIOD, EUR MILLION	19.7	14.0	15.3	6.1	7.2	23.2
EQUITY RATIO, %	77.9	77.0	78.2	77.1	77.9	75.0
NET GEARING, %	−20.8	−12.5	−0.3	−4.5	−13.1	−19.1
EQUITY PER SHARE, EUR	1.79	1.77	1.73	1.70	1.70	1.73

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), %

$$\frac{\text{RESULT BEFORE TAXES + FINANCIAL EXPENSES}}{\text{SHAREHOLDERS' EQUITY + INTEREST-BEARING FINANCIAL LIABILITIES (AVERAGE OVER THE PERIOD)}} \text{ X 100}$$

EQUITY RATIO, %

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

NET INTEREST-BEARING LIABILITIES

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

NET GEARING, %

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

SHAREHOLDERS' EQUITY PER SHARE

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

RAISIO WORLDWIDE

RAISIO WORLDWIDE

- PRODUCTION PLANT
- SALES OFFICE

PICTURES

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

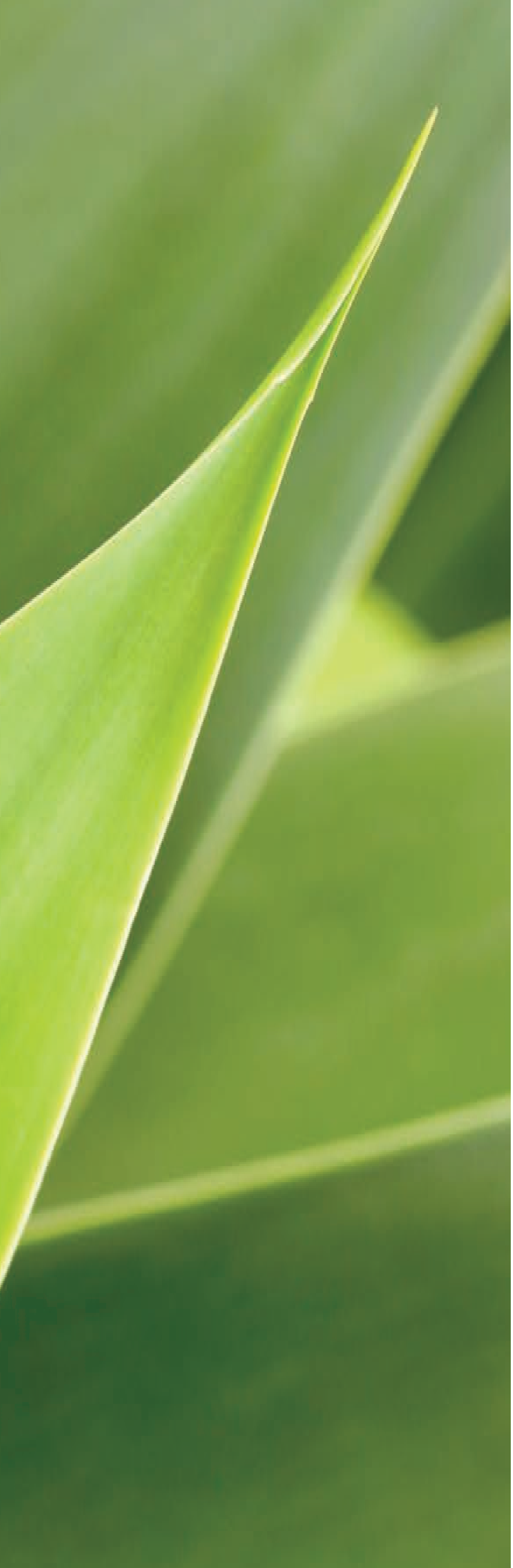
RAISIO

www.raisio.com

RAISIO

FINANCIAL STATEMENTS

2008



CONTENTS

REPORT OF THE BOARD OF DIRECTORS

In 2008, Raisio succeeded in reaching its target to improve profitability, although the overall situation clearly weakened for many food chain players. Thanks to the measures taken, Raisio is now in good shape both financially and operationally. A skilled, competent and motivated personnel has been vital to the turnaround carried out in the company.

This change, carried out in two years, has ensured a good level for Raisio's operations, operational efficiency and profitability. The turnaround was carried out faster than was generally believed to be possible. Raisio has good opportunities to develop as a company whose operations lie on an ecologically, ethically and economically sustainable foundation.

To further develop the company, Raisio is now examining its businesses to determine which of them promise future growth and a positive cash flow and what sort of measures are needed in order to achieve them in the changes taking place in the food chain. Shifts in the business environment are more of an opportunity than a threat to Raisio. Raisio's future success is based on continuous improvement, concentration and a pioneering approach.

The global recession affects different sectors in very different ways. Raisio's businesses are defensive, since basic consumption is stable by nature. At the end of 2008, Raisio's financial and operational performance was in a class of its own compared to many other players, thanks to the company's strong balance sheet. The food industry will face consolidation, which strong companies can take advantage of. Raisio is capable of playing an active role in the consolidation process of the food industry if it opens up interesting opportunities for Raisio's shareholders.

RESULT FROM CONTINUING OPERATIONS

In 2008, Raisio's net sales increased by 19.5 per cent to EUR 504.0 million (EUR 421.9 million in 2007). The Food Division reported net sales of EUR 201.8 million (EUR 197.1 million), the Feed & Malt Division EUR 282.7 million (EUR 206.7 million) and the Ingredients Division EUR 44.3 million (EUR 44.9 million).

The growth in net sales was mainly driven by the rise in raw material prices and the increased volumes in all businesses. The biggest growth was seen in the feed and malt businesses. Net sales from outside Finland represented 40.3 per cent (37.5%) of the total, amounting to EUR 203.1 million (EUR 158.0 million).

The Group's operating result in 2008 was EUR 28.3 million (EUR 10.6 million) and, excluding one-off items, EUR 24.1 million (EUR 9.9 million). The Food Division's operating result was EUR 9.7 million (EUR –11.1 million) and, excluding one-off items, EUR 5.5 million (EUR –5.8 million). The operating result of the Feed & Malt Division was EUR 12.3 million (EUR 14.2 million) and, excluding one-off items, EUR 12.3 million (EUR 8.2 million), while that of Ingredients was EUR 10.0 million (EUR 9.5 million) and that of other operations EUR –3.4 million (EUR –2.1 million). Depreciation, allocated to operations in the income statement, totalled EUR 18.1 million (EUR 18.3 million).

In the first quarter of 2008, Raisio recognised a one-off income item of EUR 4.2 million in the Food Division from the dissolution of joint ventures with Lantmännen, a Swedish corporation. The year before, Raisio recognised impairments in the Food Division and a reversal of impairment in the fixed assets of the Feed & Malt Division. The impact of one-off items on the Group's operating result in 2007 was EUR 0.7 million.

Raisio's pre-tax result was EUR 27.5 million (EUR 9.5 million) and, excluding one-off items, EUR 23.3 million (EUR 8.8 million). The Group's net financial expenses totalled EUR –0.8 million (EUR –0.7 million). Raisio's result after tax was EUR 22.2 million (EUR 8.3 million) and, excluding one-off items, EUR 18.0 million (EUR 8.3 million). Tax for the period was EUR –5.3 million (EUR –1.2 million) and, excluding one-off items, EUR –5.3 million (EUR –0.6 million). Earnings per share were EUR 0.14 (EUR 0.05) and, excluding one-off items, EUR 0.12 (EUR 0.05). Return on investment was 9.8 per cent (3.5%).

INVESTMENTS

The Group's gross investments in 2008 totalled EUR 29.1 million (EUR 31.4 million), or 5.8 per cent (7.5%) of net sales. The Food Division made gross investments of EUR 16.6 million (EUR 7.2 million), Feed & Malt EUR 9.3 million (EUR 16.7 million), Ingredients EUR 1.3 million (EUR 7.5 million) and other operations EUR 1.9 million (EUR 1.6 million).

The biggest single investment was the acquisition of a 25% holding in Melia Ltd from Lantmännen. The most significant investments in production were the ones made in the highly efficient Ylivieska feed factory completed in summer 2008 and in the container loading station for malts.

BALANCE SHEET AND FINANCIAL POSITION

Raisio's balance sheet total was EUR 364.0 million (EUR 360.3 million) and shareholders' equity amounted to EUR 279.4 million (EUR 278.8 million). Equity per share was EUR 1.79 (EUR 1.70) at the end of December.

The Group's interest-bearing financial debt at the end of the review period was EUR 19.7 million (EUR 7.2 million). The net interest-bearing financial debt totalled EUR –58.2 million (EUR –36.5 million). The equity ratio at the end of the year was 77.9 per cent (77.9%), and the gearing ratio was –20.8 per cent (13.1%). Cash flow from operations before investments was EUR 52.7 million (EUR 15.6 million). At the end of the year, working capital totalled EUR 88.9 million (EUR 100.5 million on 31 December 2007). It was reduced by the decrease in inventories and other non-interest-bearing receivables.

Raisio plc paid EUR 6.3 million in dividends in 2008 and used EUR 1.6 million for share repurchases.

CONTINUING OPERATIONS

Raisio's turnaround took full effect in 2008. The measures were successful, leading to improvements under difficult conditions. This resulted in a notable improvement in profitability, as well as in bigger volumes, enhanced operations and successful launches of new products. As a forerunner in plant-based, ecological nutrition, Raisio is well positioned to meet the new challenges facing the food chain.

Food

The Food Division changed direction quickly and according to plan at a time when the food industry is facing great difficulties. By renewing its product portfolio and offering in line with consumer needs, by enhancing production and the supply chain and by developing flexible pricing systems, the Food Division increased its net sales and considerably improved profitability compared to the previous year.

The net sales of Raisio's Food Division were EUR 201.8 million (EUR 197.1 million). Finland accounted for over 50 per cent of the Division's net sales, while Poland, the second biggest market area, accounted for over 20 per cent. The sales volumes of the main brands increased in Northern Europe and Poland, and operating result was positive. Operations in Russia, the only market area to record losses, were rationalised to improve profitability.

In 2008, the changes in Raisio's brand strategy were carried out in retail products. In Northern European operations, the total number of products dropped by 20 per cent from the previous year despite Raisio launching several new products in its market area. In Finland, the company moved from sixteen brands to four strategic brands: Elovena, Keiju, Sunnuntai and Benecol. The company has strong and trusted brands in the fields of breakfasts and snacks, baking and spreads. The product range was renewed in all market areas in accordance with consumer needs.

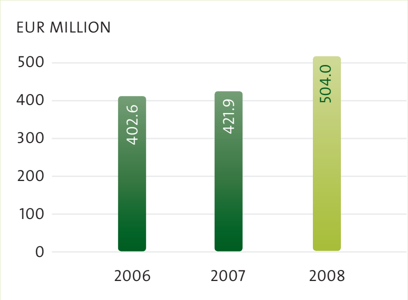
The Food Division achieved organic growth through the launch of Elovena products in Poland, Estonia and Sweden. The main marketing and sales input in Finland was the introduction of Elovena snack drinks. The drinks have found their way to consumers, and the sales have stabilised at a good level.

One of the main events in 2008 was the introduction of a label indicating the carbon dioxide emissions of products. The label was first added to Elovena oat flakes. Raisio will expand the use of CO_2 emissions labelling in its retail products.

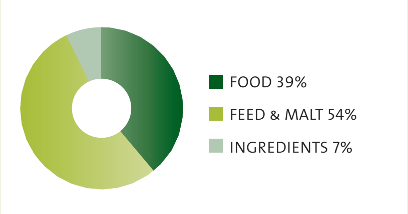
In the Swedish market, Keiju products were replaced with margarines re-launched under the Carlshamn Mejeri company brand. In Finland, Raisio took sole responsibility for the sales of Benecol products. Sales of Benecol products continued to grow in Poland, where Raisio is the market leader in cholesterol-lowering functional margarines with a market share of more than 70 per cent. In Russia, the focus of operations moved to grain products.

The Food Division's operating result was EUR 9.7 million (EUR -11.1 million) and, excluding one-off items, EUR 5.5 million (EUR -5.8 million), which represents 2.7 per cent of net sales. Operating result benefited especially from the good

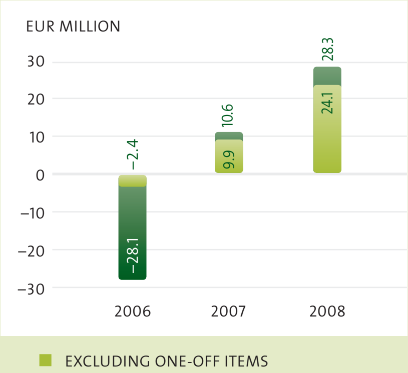
Net sales



Distribution of turnover

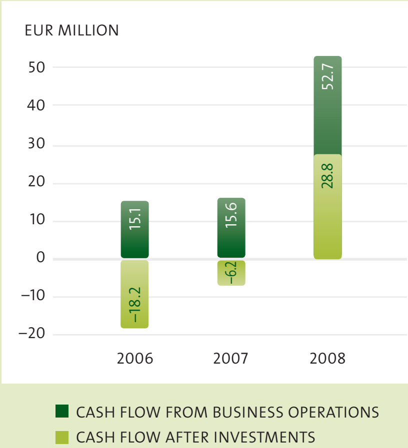


Operating result

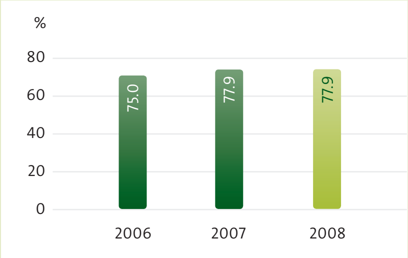


Result before taxes

Cash flow



Equity ratio



performance of Polish operations in the second half of the year. The Food Division posted a profitable operating result in every quarter. Factors contributing to the improvement in profitability included the product range renewal in accordance with consumer needs, the enhancement of processes and the consistent development of supply chain management, which improved the reliability of deliveries and reduced waste. The Food Division's operating result includes a one-off item of EUR 4.2 million from the dissolution of joint ventures with Lantmännen. The operating result reported for 2007 includes impairment totalling EUR 5.3 million.

In 2009, Raisio's Food Division's targets are profitable growth and increasingly deep, consumer-oriented co-operation with customers. The Division offers innovative products based on consumer needs, which emphasise the promotion of well-being and safety without compromising on flavour. Plant-based, nationally produced nutrition is inexpensive and healthy and less harmful to the environment.

Feed & Malt

The net sales of the Feed & Malt Division grew considerably in 2008 as a result of the increase in raw material prices. Higher pressing margins in vegetable oils and the good performance development in malt were the main contributors to the Division's improved profitability. In feeds, Raisio strengthened its market position in Finland.

The Feed & Malt Division's net sales were up on the previous year by nearly 37 per cent to EUR 282.7 million (EUR 206.7 million). The increase was mainly based on the price increases in feed raw materials and energy, as well as on the growth in feed volumes. Exports to Russia increased by five per cent in terms of volume. Nearly 70 per cent of feed exports consist of fish feeds, while farm feeds account for the rest.

The sales volumes of feeds increased and the market position strengthened. Raisio's market share of the feed mixes sold in Finland is some 40 per cent. Competition remained challenging in the market. In Finland, livestock production remained at the same level as the previous year. Raisio boosted co-operation especially with Finnish dairy co-operatives. Direct invoicing rose to more than 50 per cent of all feed invoicing.

KEY FIGURES FOR THE FOOD DIVISION

	10–12/2008	7–9/2008	4–6/2008	1–3/2008	2008	2007
NET SALES, EUR MILLION	51.3	51.7	49.7	49.0	201.8	197.1
NORTHERN EUROPE, EUR MILLION	38.2	36.6	34.9	35.2	144.8	148.1
EASTERN EUROPE, EUR MILLION	14.7	16.5	16.0	15.5	62.7	53.9
OPERATING RESULT, EUR MILLION	2.6	1.4	0.9	4.8	9.7	–11.1
ONE-OFF ITEMS, EUR MILLION	0.0	0.0	0.0	4.2	4.2	–5.3
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	2.6	1.4	0.9	0.6	5.5	–5.8
% OF NET SALES	5.1	2.7	1.8	1.2	2.7	–2.9
INVESTMENTS, EUR MILLION	0.4	1.0	1.4	13.8	16.6	7.2
NET ASSETS, EUR MILLION	81.6	81.0	83.6	86.0	81.6	85.8

The highly efficient feed factory in Ylivieska was inaugurated in summer 2008, and production at the Oulu factory was closed down at the end of September. The pelletisation line transferred from Oulu to Ylivieska is up and running. The EUR 20 million factory investment enables around one-tenth of feeds needed in Finland to be produced in Ylivieska, at the heart of Finland's milk-producing region. Raisio's three feed factories are located close to customers and raw material suppliers, which enhances the cost-effectiveness of the logistical chain.

Raisio's malting capacity was in full use in 2008. The price of malt reached record figures in early 2008, but quickly turned downward after a good crop. The overall malt market grew slightly, but growth in Europe stabilised. Most of the growth in beer consumption took place in the Far East, Latin America and Africa. In Russia, growth levelled off after rising steeply for several years. The new container loading station enables beer and whisky malt deliveries to the Far East.

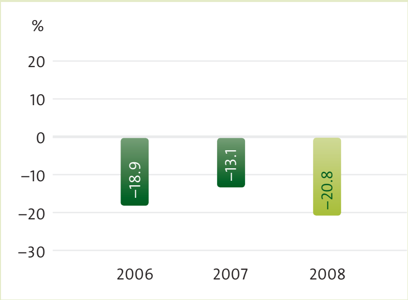
The Feed & Malt Division's operating result was EUR 12.3 million (EUR 14.2 million) and, excluding one-off items, EUR 12.3 million (EUR 8.2 million). It improved from the previous year thanks to the enhanced pressing margins in oil milling and the good profit development in malt. The operating result reported for 2007 includes a EUR 6.0 million reversal of fixed asset impairment in malt.

The target of Raisio's feed business is to be the most cost-effective and highly valued specialist in the field in Finland, as well as a significant player in north-western Russia. Growth in feeds is sought in Finland and partnerships will be deepened with livestock farms and fish farms. The targets in the malt business are to boost partnerships, maintain reaction speed in the changing markets and secure the supply of Finnish malt barley.

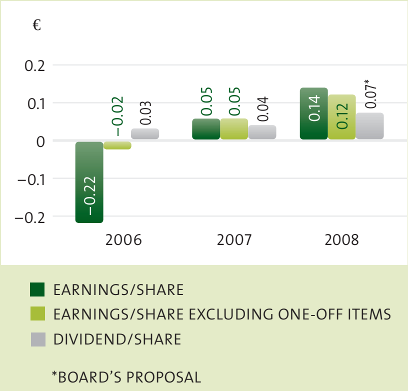
Grain market

The events seen on the grain market in 2008 proved how quickly things can change. Last year's crop was of a record size worldwide and the grain supply grew steeply. The demand for grain decreased in the autumn due to the global economic crisis, and grain prices took a downward turn. The drop levelled off toward the end of the year. Annual volatility in grain supply will be big and prices will continue to fluctuate.

Net gearing



Earnings and dividend per share



KEY FIGURES FOR THE FEED & MALT DIVISION	10–12/2008	7–9/2008	4–6/2008	1–3/2008	2008	2007
NET SALES, EUR MILLION	70.8	78.7	68.9	64.3	282.7	206.7
FEED, EUR MILLION	61.4	65.4	56.2	53.0	235.9	175.5
MALT, EUR MILLION	9.5	12.8	11.9	9.3	43.5	30.1
OTHER, EUR MILLION	0.2	0.7	1.0	2.3	4.1	1.7
OPERATING RESULT, EUR MILLION	2.0	4.3	4.2	1.7	12.3	14.2
ONE-OFF ITEMS, EUR MILLION	0.0	0.0	0.0	0.0	0.0	6.0
OPERATING RESULT EXCLUDING ONE-OFF ITEMS, EUR MILLION	2.0	4.3	4.2	1.7	12.3	8.2
% OF NET SALES	2.8	5.5	6.1	2.6	4.3	4.0
INVESTMENTS, EUR MILLION	2.8	1.7	2.6	2.3	9.3	16.7
NET ASSETS, EUR MILLION	81.7	100.9	122.9	104.0	81.7	86.0

The strength of Raisio's grain purchase is that the company is able to use grain in the most suitable way depending on its quality and availability. To ensure the availability and sufficiency of Finnish grain raw material, Raisio actively participates in developing the whole grain chain. The company will continue to develop the fixed-price system it implemented two years ago. Raisio will continue to offer farmers pricing mechanisms and alternatives so that both parties can spread the price risk carried by the crop.

To improve the competitiveness of the Finnish food chain, Raisio offers its contract farmers value-added services and sells production inputs. In addition to seeds and crop protection products, the company provides its contract farmers with field fertilizers as a part of its range of production inputs.

Ingredients

The operating result of the Ingredients Division improved, and profitability remained strong. Sales volumes increased, and the market area expanded into Asia, where the demand for cholesterol-lowering functional foods is on the rise. The solid and substantial scientific evidence of the benefits of plant stanol ester was of vital importance in the strict regulation processes.

The net sales of the Ingredients Division were EUR 44.3 million (EUR 44.9 million). In 2008, the market for ingredients based on plant stanol ester developed moderately. Sales in the main European markets, the UK and Poland, increased thanks to the strong brand and efficient marketing activities. Sales decreased in France and Germany. Turkey's long-lasting restriction on advertising had a negative impact on sales development. Raisio took sole responsibility for the sales of Benecol products in Finland and will now concentrate on strengthening its position in the home market. Raisio offers Finland's widest range of cholesterol-lowering functional foods.

Asia became an increasingly important market area in 2008. Product launches in Asia gave a further boost to the Benecol brand and to the status of plant stanol ester. Benecol products were introduced in India, Indonesia and Thailand. Obtaining the permits and approvals required for entry into new market areas is a time-consuming process, as is the introduction of Benecol products containing plant stanol ester to consumers and the scientific community. Benecol products are sold in almost 30 countries.

The panel on dietetic foods, nutrition and allergies (NDA) of the European Food Safety Authority (EFSA) issued a positive scientific opinion on the health claims of plant stanol ester concerning the reduced risk of disease. In the panel's opinion, the following health claim can be used for Benecol foods: "Plant stanol esters have been shown to lower blood cholesterol. Lowering the blood cholesterol may reduce the risk of coronary heart disease." The use of the statement is subject to final approval from the EU Commission.

In December, the Ministry of Health of the People's Republic of China gave Raisio a New Resource Food approval to add plant stanol ester to foodstuffs marketed in the country. The approval is one of the first issued by the People's Republic of China after the implementation of the New Resource Food statute at the beginning of 2008.

The operating result of the Ingredients Division was EUR 10.0 million (EUR 9.5 million). It was affected by operational efficiency and volume growth. In view of the nature of the Division, the operating result percentage of 22.5 per cent was on target.

Raisio is preparing for expansion into new market areas, especially in Asia and North and South America. It will also extend its partner network and develop new, innovative product applications. Raisio's strength in different market areas lies in its adaptability: it works with local partners to introduce Benecol products suitable for local consumer habits. As new markets open up, the global market is also expected to grow in the long-run.

RESEARCH AND DEVELOPMENT

Raisio engages in consumer- and customer-oriented research and development based on the idea of promoting health and well-being through nutritional measures. High-quality research and development ensure that the products meet customer and consumer needs, are safe and offer the right quality.

Raisio's Food Division offers products based on consumer needs, which emphasise health, the promotion of well-being and safety without compromising on flavour. The development of new ingredients emphasises solid scientific evidence and safety. Research and development in feeds aims to develop feed mixes and feeding solutions that increase the efficiency and profitability of livestock production and ensure the well-being and health of animals. Customers also expect that the properties of feed mixes are environmentally friendly.

The Group's research and development expenses in 2008 totalled EUR 5.8 million (EUR 6.4 million), or 1.2 per cent

KEY FIGURES FOR THE INGREDIENTS DIVISION

	10–12/2008	7–9/2008	4–6/2008	1–3/2008	2008	2007
NET SALES, EUR MILLION	10.5	11.0	10.1	12.7	44.3	44.9
OPERATING RESULT, EUR MILLION	1.8	3.1	1.7	3.3	10.0	9.5
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	1.8	3.1	1.7	3.3	10.0	9.5
% OF NET SALES	17.1	28.5	17.4	25.9	22.5	21.2
INVESTMENTS, EUR MILLION	0.3	0.1	0.2	0.7	1.3	7.5
NET ASSETS, EUR MILLION	38.3	42.1	40.1	43.9	38.3	46.0

(1.5%) of net sales. In line with its strategy, Raisio focused on research and product development based on the needs of consumers, customers and farm animal products. Research and development expenses in the Food Division totalled EUR 2.4 million (EUR 2.4 million), Feed & Malt EUR 1.0 million (EUR 1.0 million) and Ingredients EUR 2.3 million (EUR 3.0 million).

CORPORATE RESPONSIBILITY

Raisio is committed to taking responsibility for its operating environment. The target is for the company's operations to stand on an ecologically, ethically and financially solid basis now and in the future. Raisio's corporate responsibility report is included in the annual report.

Raisio is not aware of any significant financial environmental risks.

GOVERNANCE, MANAGEMENT AND PERSONNEL

Raisio's Board of Directors had five members in 2008: Simo Palokangas (Chairman), Michael Ramm-Schmidt (Deputy Chairman), Anssi Aapola, Erkki Haavisto and Satu Lähteenmäki. The Board members are independent of the company and of significant shareholders.

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

On 31 December 2008, Raisio's continuing operations employed 960 people (1,072 in 2007 and 1,200 in 2006). Employees working abroad accounted for 32.3 per cent (31.9%) of the personnel at the end of 2008. The headcount was mainly reduced by the outsourcing of the laboratory and maintenance operations. At the end of the year, the Food Division had 572 employees, the Feed & Malt Division 258 employees, the Ingredients Division 63 employees and Group administration 67 employees.

Markku Krutsin, Vice President of the Food Division, Northern Europe, and Jacek Dziekonski, Vice President of the Food Division, Eastern Europe, were appointed to the Management Team in May 2008. Kirsi Swanljung-von Wehrt, Vice President, Legal Affairs, and a member of the Group's management team, resigned from the company in October 2008.

In 2008, the wages and fees paid by Raisio totalled EUR 41.8 million (EUR 43.8 million in 2007 and EUR 48.2 million in 2006) excluding other personnel expenses.

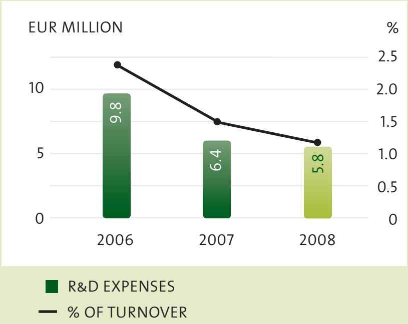
Personnel-related matters are reported in greater detail in the corporate responsibility report published in conjunction with the annual report.

CHANGES IN GROUP STRUCTURE

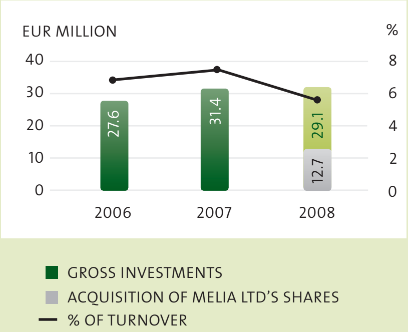
The mill company Melia Ltd became a fully owned subsidiary of Raisio Nutrition Ltd in January 2008, when the Swedish company Lantmännen handed over its 25% holding in Melia. In turn, Raisio handed over its 50% holding in the companies' joint venture GoGreen AB and its holding of approximately 27% in the mill company AS Rigas Dzirnavnieks in Latvia.

Equity per share

R&D expenses



Investments



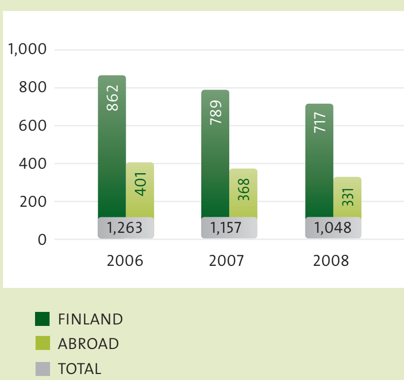
Melia Ltd's business was transferred to Raisio Nutrition Ltd, while Melia Ltd's machinery, equipment, land and buildings in both Raisio and Nokia were transferred to Raisionkaari Industrial Park Ltd on 31 December 2008. Melia Ltd's personnel transferred to the employment of Raisio Nutrition Ltd under the prevailing terms and benefits of employment. This completed the reorganisation initiated in autumn 2007, leading to Raisio's commercial and production operations in Finland being separated also at company-level.

The malting business run by Raisio Nutrition was incorporated into a limited company, Raisio Malt Ltd, through a partial demerger, which took effect on 31 December 2008. Raisio Malt Ltd started operations on 1 January 2009.

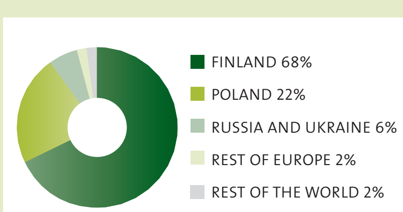
Raisio Group Holding Oy merged with the parent company, Raisio plc, in November. Following the merger, Raisio Feed Ltd came to be fully and directly owned by Raisio plc.

Return on investment

Average personnel



Personnel by geographical area on 31 December 2008



COMPANY SHARES

At the end of the review period, Raisio plc held 9,158,500 free shares and 197,808 restricted shares, which were acquired from 2005 to 2008 based on the authorisations given by the Annual General Meetings. The number of free shares accounts for 7.0 per cent of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6 per cent. In all, the company shares held by the Group represent 5.7 per cent of the company's share capital and 1.6 per cent of overall 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 close associates of the company.

Of the shares held by the company, 19,503 restricted shares were repurchased from January to March 2008 on the basis of the authorisation given by the Annual General Meeting in 2007. Based on the authorisation given by the Annual General Meeting in 2008, the company repurchased 1,000,000 free shares and 20,005 restricted shares from September to December 2008. The shares were purchased in public trading at the going price at the time of acquisition. A total of EUR 1,549,541 was paid for free shares and EUR 63,680 for restricted shares repurchased in the review period. The number of free shares repurchased in the review period accounts for 0.8 per cent of all free shares and the votes they represent, while the corresponding percentage for restricted shares is 0.1 per cent. The shares repurchased in the review period account for 0.63 per cent of the share capital and 0.2 per cent of the votes it represents.

By two consecutive decisions made by the Board of Directors, a total of 72,000 free shares were assigned in the review period, based on the authorisation given by the Annual General Meeting in 2007. The shares were assigned to recognise and reward good performance in 2007 without payment. Matti Rihko, Raisio's CEO, was assigned 40,000 free shares, and a total of 32,000 free shares were assigned to 16 other individuals. Of these, Markku Krutsin, Leif Liedes, Merja Lumme and Jyrki Paappa belonged to the close associates of the company. The number of assigned shares equals 0.04 per cent of the share capital and 0.01 per cent of the votes it represents.

The Board of Directors was authorised by the Annual General Meeting in 2008 to dispose of all company shares. According to the Companies Act, the Board of Directors is also entitled to annul them. None of the shares held by the company were disposed of or annulled in the review period based on the authorisation of the year 2008.

Subsidiaries do not and did not hold parent company shares, and they do not and did not hold 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. The Foundation does not and did not hold Raisio plc shares as collateral. A share in Raisio or its subsidiary does not entitle the holder to participate in the Annual General Meeting.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISPOSAL OF PROFITS

The parent company's distributable equity was EUR 199,648,743.48 on 31 December 2008. The Board of Directors will propose a dividend of EUR 0.07 per share at the Annual General Meeting on 26 March 2009.

The ex-dividend date is 27 March 2009 and the record date is 31 March 2009. The payable date is 7 April 2009.

RISKS AND SOURCES OF UNCERTAINTY IN THE NEAR FUTURE

Raw material and energy prices will continue to be highly volatile. Volatility management will be essential for Raisio's profitability even in the future. A decrease in the profitability of field cultivation and a reduction in the demand of bioenergy may affect cultivation and lead to changes in inputs. Changes in the extent of cultivated areas affect total crop volumes as well as emphasis between cultivated plants.

The long-lasting economic difficulties in the meat chain, especially in pork, and dissatisfaction with future decisions on agricultural subsidies may make the livestock producers less willing to continue production in an uncertain business climate. This, in turn, may reduce the potential demand for feeds.

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.

As a result of the economic crisis and its rapid impact on biodiesel demand, the price of rapeseed oil has plunged, and oil milling has become unprofitable in the short term. The entire food chain is likely to experience other indirect impacts of this kind.

Raisio has considerably reduced the risks in its Russian operations and will continue to enhance risk management. Russian operations, which consist of the feed, malt and food businesses, account for less than ten per cent of Raisio's net sales.

The economic crisis has weakened especially the Russian currency, but also the currencies of other East European countries and Sweden, eroding the competitiveness of companies in the Euro zone. A devaluation of neighbouring currencies would change the field in both exports and imports. It is yet too early to predict the size, permanence and effects of the change.

Any negative publicity related to plant sterols might also be linked plant stanols, although numerous clinical trials have proved the safety and efficiency of the plant stanols ester patented by Raisio. Raisio's plant stanol ester has received a positive opinion from the European Food Safety Authority (EFSA) concerning the health claims of Benecol products. However, during the transition period for the EU's nutritional and health claim regulations, lasting until 2010, products offered by other manufacturers may feature health claims that even exceed their clinical evidence. This might harm the credibility of all functional foods in the consumers' eyes.

The taxation on the sales profit from the divestment of Raisio's chemicals business in 2004, totalling EUR 220 million, continues to be handled in court. Ever since the divestment, Raisio has considered the sales profit to be free of tax and has handled it accordingly in its accounting. Expert statements obtained by Raisio support this stance. Most recently, the Helsinki Administrative Court made a resolution, in August 2008, stating that the sales profit was free of tax. However, the Tax Administration's Tax Recipients' Legal Services Unit filed for leave to appeal and lodged an appeal with the Supreme Administrative Court in October 2008.

Some Group companies stand as defendants in trials related to the termination of employment. One Group company has pledged to assume liability for any compensation imposed in a trial related to a discontinued operation. The outcomes of these trials are not expected to have any major impact on the Group's financial standing.

None of the Group companies are involved in arbitration proceedings.

OUTLOOK FOR 2009

Volatility in quarterly results and between divisions will become more pronounced, but they will balance out at Group-level over the year 2009. Even if the food consumption and demand remain steady, the unpredictable outcome of an economic crisis may reduce volumes in the short run either directly or indirectly through the food chain infrastructure. Nevertheless, the negative impact on result can be neutralised within a few months, and in the long run the reallocation of capacity will open up new opportunities for Raisio.

Raisio's main target in 2009 is to maintain its stabilised position under difficult circumstances. Raisio's volumes are expected to develop moderately in annual terms. The trend in net sales will depend on the price level of crop in 2009. The company's profitability will also develop moderately, and operating result is predicted to account for 4–5% of net sales. Cash flow from operations in the review period is expected to be clearly positive but below the 2008 level.

Raisio, 12 February 2009

Raisio plc

Board of Directors

CONSOLIDATED INCOME STATEMENT

(EUR MILLION)	NOTE	1.1.–31.12.2008	1.1.–31.12.2007
CONTINUING OPERATIONS:			
NET SALES	1	504.0	421.9
Cost of sales		−421.7	−352.0
Gross profit		82.4	69.9
Sales and marketing expenses		−38.8	−34.7
Administration expenses		−14.6	−16.8
Research and development expenses		−5.8	−6.4
Other income and expenses from business operations	2	5.1	−1.3
OPERATING RESULT	3, 4, 19	28.3	10.6
Financial income	5	2.4	2.5
Financial expenses	5	−3.2	−3.2
Share of the result of associates and joint ventures		0.1	−0.3
RESULT BEFORE TAXES		27.5	9.5
Income taxes	6	−5.3	−1.2
RESULT FOR THE FINANCIAL PERIOD FOR CONTINUING OPERATIONS		22.2	8.3
DISCONTINUED OPERATIONS:	7		
Result for the financial period for discontinued operations		0.0	−7.3
RESULT FOR THE FINANCIAL PERIOD		22.2	1.1
ATTRIBUTABLE TO:			
Parent company shareholders		22.1	1.4
Minority interest		0.1	−0.4
		22.2	1.1
EARNINGS PER SHARE CALCULATED FROM THE RESULT OF PARENT COMPANY SHAREHOLDERS	8		
Earnings per share from continuing operations			
Undiluted earnings per share		0.14	0.05
Diluted earnings per share		0.14	0.05

CONSOLIDATED BALANCE SHEET

(EUR MILLION)	NOTE	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	10.0	10.9
Goodwill	9, 10	1.2	1.3
Tangible assets	9	124.2	127.9
Shares in associated companies and joint ventures	11	0.7	1.4
Financial assets available for sale	12	0.6	0.6
Long-term receivables	13	0.6	1.3
Deferred tax assets	20	7.9	11.3
		145.2	154.7
CURRENT ASSETS			
Inventories	14	73.3	91.7
Accounts receivables and other receivables	15	66.0	70.1
Financial assets through profit or loss at fair value	16	66.8	27.9
Cash in hand and at banks	17	12.8	15.9
		218.9	205.6
TOTAL ASSETS		364.0	360.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	18, 19		
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		–19.3	–17.9
Translation differences		–3.2	–2.3
Retained earnings		182.7	167.0
		279.4	266.1
Minority interest		0.0	12.7
TOTAL SHAREHOLDERS' EQUITY		279.4	278.8
LIABILITIES			
Non-current liabilities			
Deferred tax liability	20	7.4	9.1
Pension contributions	21	0.2	0.2
Non-current financial liabilities	24	14.3	0.4
Other non-current liabilities	25	0.1	0.0
		22.0	9.7
Current liabilities			
Accounts payable and other liabilities	25	54.9	61.8
Tax liability based on the taxable income for the period		0.7	0.0
Reserves	22	1.1	1.9
Financial liabilities at fair value through profit or loss	23	0.4	1.5
Current financial liabilities	24	5.5	6.8
		62.6	71.9
TOTAL LIABILITIES		84.6	81.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		364.0	360.3

CHANGES IN SHAREHOLDERS' EQUITY IN THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

(EUR MILLION)	SHARE CAPITAL	PREMIUM FUND	RESERVE FUND	COMPANY SHARES	TRANSLATION DIFFERENCES	RETAINED EARNINGS	EQUITY OF PARENT COMPANY SHAREHOLDERS	MINORITY INTEREST	TOTAL SHARE-HOLDERS' EQUITY
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
Translation differences, transferred to the income statement on disposal of associated companies and joint ventures					0.0	0.1	0.1		0.1
Translation differences, generated in the financial period					–1.0		–1.0		–1.0
Other changes					0.1	–0.1	0.0	0.0	0.0
Net income recorded directly in shareholders' equity	0.0	0.0	0.0	0.0	–0.9	–0.1	–0.9	0.0	–0.9
Result for the financial period						22.1	22.1	0.1	22.2
Net profit for the financial period	0.0	0.0	0.0	0.0	–0.9	22.1	21.2	0.1	21.3
Dividends						–6.3	–6.3		–6.3
Repurchase of own shares				–1.6			–1.6		–1.6
Share-based payment				0.2		0.1	0.2		0.2
Squeeze-out						–0.2	–0.2	–12.8	–13.0
Total other changes	0.0	0.0	0.0	–1.5	0.0	–6.5	–7.9	–12.8	–20.7
SHAREHOLDERS' EQUITY ON 31.12.2008	27.8	2.9	88.6	–19.3	–3.2	182.7	279.4	0.0	279.4

CONSOLIDATED CASH FLOW STATEMENT

(EUR MILLION)	2008	2007
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	28.3	3.3
Adjustments to operating result:		
Depreciation and impairment	19.4	19.5
Other income and expenses not involving disbursement	1.1	0.3
Other adjustments 1)	–3.9	2.5
Cash flow before change in working capital	44.8	25.6
Change in current receivables	–0.7	1.9
Change in inventories	18.1	–12.1
Change in current non-interest-bearing liabilities	–5.0	3.5
Change in reserves	–0.8	–3.3
Change in working capital	11.7	–9.9
Cash flow from business operations before financial items and taxes	56.5	15.6
Interest paid	–1.6	–1.3
Dividends received	0.2	0.2
Interest received	1.8	1.8
Other financial items, net	–3.7	0.2
Income taxes paid	–0.5	–0.9
CASH FLOW FROM BUSINESS OPERATIONS	52.7	15.6
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries, minus liquid assets on the date of acquisition	–8.0	–0.2
Acquisition of associated companies and joint ventures	0.0	0.0
Investments in tangible and intangible assets	–17.1	–30.6
Divestment of subsidiaries less liquid assets at the time of divestment	0.1	4.1
Income from divestment of associated companies and joint ventures	0.0	0.7
Income from investments available for sale	0.0	0.0
Income from tangible and intangible assets	1.2	2.8
Loans granted	–1.9	–0.1
Repayment of loan receivables	1.8	1.3
CASH FLOW FROM INVESTMENTS	–23.8	–21.9
Cash flow after investments	28.8	–6.2
CASH FLOW FROM FINANCIAL OPERATIONS		
Non-current loans taken out	17.0	0.0
Repayment of non-current loans	–1.3	–11.7
Change in current loans	–3.2	–5.3
Dividends paid	–6.3	–5.1
Repurchase of own shares	–1.6	–6.5
CASH FLOW FROM FINANCIAL OPERATIONS	4.5	–28.6
Change in liquid funds according to statement	33.4	–34.8
Adjustment to translation difference	0.5	–0.5
Change in liquid funds	33.9	–35.3
Liquid funds at the beginning of the period	43.6	78.8
Impact of change in market value on liquid funds	0.4	0.1
Liquid funds at period-end	77.9	43.6

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.

Raisio's shares are listed on NASDAQ OMX Helsinki Ltd.

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

These consolidated financial statements were authorised for issue by Raisio plc's Board of Directors on 12 February 2009. Under the Finnish Companies Act, shareholders are entitled to adopt or reject the financial statements at the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting may also decide to amend the financial statements.

BASIS OF PRESENTATION

Raisio's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) and following the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2008. 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 that supplements the IFRS provisions. 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 financial assets, 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 2008:

- Amendments (Reclassification of Financial Assets) to IAS 39 *Financial Instruments: Recognition and Measurement* and to *IFRS 7 Financial Instruments: Disclosures* (effective 1 July 2008). The amendments concern the reclassification of some financial instruments under special circumstances, as well as the financial statement disclosures following such reclassification. The amendments do not affect Raisio's financial statements for 2008, as the Group does not have the kind of financial instruments referred to in the amendments that would require reclassification in the Group's opinion.
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions.* The interpretation clarifies the scope of regulations concerning equity-settled transactions (IFRS 2). The interpretation requires such transactions to be reassessed in the financial statements of the parent group and group companies. The interpretation has not affected the Group's financial statements.
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The interpretation is applied to post-employment defined benefit arrangements and certain long-term defined benefit arrangements in compliance with IAS 19 when the arrangement involves minimum funding requirements. The interpretation has not affected the Group's financial statements, as the Group does not have the type of arrangements referred to in the interpretation.

When preparing the financial statements in accordance with the IFRS, Group management must make certain estimates and judgments concerning the application of accounting principles. Information about the estimates and judgments that 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 are presented in conjunction with the accounting principles under "Accounting policies calling for management's judgement and main uncertainties related to the assessments".

SCOPE AND ACCOUNTING PRINCIPLES OF THE 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; assigned subsidiaries are included in the statements 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.

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

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

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 by using different exchange rates in the income statement and the balance sheet causes a translation difference, which is entered under 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.

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 included in the book value of the tangible fixed asset only if it is likely that any future financial benefit related to the commodity will benefit the Group and that the purchase cost of the commodity can be determined reliably. Other repair and maintenance costs are entered in the income statement when they are realised.

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

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

Estimated economic useful lifetimes are reviewed every closing date, and 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 to sell.

BORROWING COSTS

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

GOVERNMENT ASSISTANCE

Government grants related to the purchase of tangible fixed assets are entered as deductions from the 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.

INTANGIBLE ASSETS

Goodwill

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

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

RENTAL 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 obligations are included in financial liabilities.

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 to sell, 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. Impairments losses recognised for goodwill are not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension obligations

Post-employment benefits are classified as defined contribution or defined benefit plans. 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 TyEL 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.

Share-based payments

The Group has set up a three-year share-based incentive scheme as a part of its incentive and reward system offered to key personnel. In the scheme, the rewards are paid as a combination of company shares, previously acquired for the parent company, and cash. The shares issued under the scheme are measured at fair value at grant date and recognised in the income statement as employee benefit expenses on a straight line over the vesting period. Cash-settled transactions are estimated using the share price on each reporting date and amortised in the income statement as employee benefit expenses from the grant date to the date on which the transaction is made to the recipient. Equity-settled transactions are recognised under shareholders' equity and cash-settled transactions under liabilities.

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 effect related to items directly recognised under shareholders' equity is recognised, correspondingly, under shareholders' equity. 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 deferred tax asset has been recognised to the extent that it is probable that taxable income will be generated in the future, against which the temporary difference can be used.

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.

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

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.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

Financial assets are derecognised in 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 recognised at fair value through profit or loss are financial assets held for trading. This group includes bonds, certificates of deposit and commercial papers, as well as fixed-income fund units. Derivatives which do not fulfil the terms of hedge accounting have been classified as held for trading. Assets held for trading are all current assets. Financial assets held for trading have been acquired to generate short-term profit from changes in market prices. 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 non-derivative assets with fixed or determinable payments, which are not quoted in the active market and are not held for trading by the Group. This group includes the Group's financial assets, sales and loan receivables and financial instruments included in deferred liabilities. They are measured at amortised cost and are included in current and non-current financial assets; in the latter, if they fall due after 12 months.

Financial assets available for sale are non-derivative assets that have been specifically allocated to this group. The group consists almost exclusively of shares in unquoted companies. Unquoted shares are measured at purchase price, because reliable fair values are not available for them. 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 recognised in the fair value reserve in shareholders' equity, including the tax effect. Changes in fair value are transferred from shareholders' equity to the income statement when the investment is sold or it has been impaired to the extent that an impairment loss must be recognised.

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 liabilities are classified as financial liabilities recognised at fair value through profit or loss or as other financial liabilities. Financial liabilities are recognised at fair value on the basis of the compensation originally received. Transaction costs have been included in the original book value of financial liabilities. Financial liabilities recognised at fair value through profit or loss are liabilities from derivative contracts which do not fulfil the terms of hedge accounting. Other financial liabilities are measured at amortised cost using the effective interest method. Financial debts are included in current and non-current debts and may be either interest-bearing or non-interesting-bearing.

Impairment of financial assets

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

According to its financial risk management policy, the Group uses various derivatives to hedge against interest rate, currency and commodity price risks. Interest rate swaps are used to hedge against changes in market rates of interest. Currency forward contracts are used to hedge receivables and debts in foreign currencies, as well as future commercial cash flows. Quoted rapeseed forward contracts are used to hedge against the price risk caused by temporal differences of the fixed-price raw material purchases and product sales of the so-called vegetable oil chain.

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 values of interest rate swaps are recognised under financial income and expenses. 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 rapeseed forward contracts are recognised under financial income and expenses.

The fair values of derivatives are presented in notes 27.

ACCOUNTING POLICIES CALLING FOR MANAGEMENT'S JUDGEMENT AND MAIN UNCERTAINTIES RELATED TO THE ASSESSMENTS

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 include, in particular, the factors related to the Group's financial operating environment, which 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 recognised 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.

- *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. In the opinion of the Group's management, the standard will not affect the reported segments or the accounting principles used for segment information. 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 have a material impact on future consolidated financial statements. The amendment has 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 changes are mainly related to the presentation of the income statement and the statement of changes in equity. The method used to calculate earnings per share will remain unchanged. The amendment has been endorsed in the EU.
- Amendment to IFRS 3 *Business Combinations* (effective in periods starting on or after 1 July 2009). The scope of the amended standard is broader than before. Several of the changes brought about by the amendments are significant to the Group. The amendments affect the amount of goodwill recognised for acquisitions, as well as business disposals. They also have an impact on the items recognised in the income statement in the period of acquisition and

in the periods in which additional consideration is paid or additional acquisitions are carried out. According to the transition requirements, business combinations with an acquisition date prior to the date of obligatory adoption of the standard need not be restated. 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 amended standard requires that the impact of changes in the ownership of subsidiaries is recognised in shareholders' equity if the changes do not result in loss of control. In other words, minority transactions no longer result in goodwill entries or entries of gain or loss through profit and loss. If the parent loses control of a subsidiary, the retained interest is recognised at fair value through profit or loss. This accounting method will also be applied to investments in associates (IAS 28) and in joint ventures (IAS 31). As a result of the amendment, the losses of a subsidiary can be allocated to a minority even if they exceed the amount of the minority interest. The amended standard has not yet been endorsed in the EU.

- Amendment to *IFRS 2 Share-Based Payment (Vesting Conditions and Cancellations)* (effective in periods beginning on or after 1 January 2009). According to the amendment, all features that are not vesting conditions must be taken into account when measuring the fair value of equity instruments. The amendment also clarifies the treatment of cancellations. The Group estimates that the amendment will not have a material impact on future consolidated financial statements. The amended standard has been endorsed in the EU.

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 32 *Financial Instruments: Presentation* concerning puttable financial instruments and obligations arising on liquidation (effective in periods starting on or after 1 January 2009). According to the amendments, some puttable instruments and financial instruments that impose on the issuer an obligation to deliver a pro-rata share of the entity's net assets only on liquidation shall be treated as equity. The adoption of the amended standards will not affect the consolidated financial statements. The amendments have been endorsed in the EU.

- *Improvements to IFRSs (Annual Improvements 2007)* (mostly effective in periods beginning on or after 1 January 2009). In the Annual Improvements process, minor and less urgent amendments to standards are compiled and implemented once a year. The process includes amendments to a total of 34 standards. The impacts of the amendments vary depending on the standard, but the Group does not expect the changes to have a significant effect on the consolidated financial statements. The amendments have been endorsed in the EU.

- Amendments to *IFRS 1 First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements* (Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate) (effective in periods beginning on or after 1 January 2009). Since the amendments apply to first-time adopters, they will not have an impact on future consolidated financial statements. The amendments have been endorsed in the EU.

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* for eligible hedged items (effective in periods beginning on or after 1 July 2009). The amendments clarify two hedge accounting issues: a one-sided risk in a hedged item and inflation in a financial hedged item. The Group estimates that the interpretation will not have a material impact on future consolidated financial statements. The interpretation has not yet been endorsed in the EU.

- IFRIC 12 *Service Concession Arrangements.* The interpretation provides guidance on how an operator shall recognise certain contractual items in arrangements involving the provision of public service. The Group has not entered into agreements with the public sector as referred to in the interpretation in the now concluded reporting period or the period prior to that. The interpretation has not yet been endorsed in the EU.

- IFRIC 13 *Customer Loyalty Programmes* (effective in periods beginning on or after 1 July 2008). The interpretation addresses loyalty award credits. The Group estimates that the interpretation will not affect its future consolidated financial statements, since it has not adopted any customer loyalty programmes referred to in the interpretation. The interpretation has been endorsed in the EU.

- IFRIC 15 *Agreements for the Construction of Real Estate* (effective in periods beginning on or after 1 January 2009). The interpretation provides guidance on how to determine what standard to apply when recognising revenue from real estate construction and when revenue from a construction project can be recognised. The interpretation will not affect the Group's financial statements. The interpretation has not yet been endorsed in the EU.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective in periods beginning on or after 1 October 2008). The interpretation clarifies the treatment of hedge accounting of a net investment in a foreign operation in the consolidated financial statements. The conclusion is that the hedging of a net investment in a foreign operation applies to differences in functional currencies, not in the presentation currency. Moreover, the hedging instrument may be held by any entity in the group. The provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates* apply to the hedged item. The Group estimates that the interpretation will not have a material impact on future consolidated financial statements. The interpretation has not yet been endorsed in the EU.

- IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective in periods beginning on or after 1 July 2009). The interpretation provides guidance on the recognition and measurement of non-cash-settled dividends. The Group estimates that the interpretation will not affect future consolidated financial statements. The interpretation has not yet been endorsed in the EU.

- IFRIC 18 *Transfer of Assets from Customers.* The interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer a tangible asset that the entity must use to connect the customer to a network or to supply the customer with certain goods or services. The Group management is examining the impact of the amendments on the consolidated financial statements. The interpretation 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 ingredients for food businesses worldwide. In 2007, Raisio sold its Diagnostics segment in its entirety, its food 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.

(EUR MILLION)	FOOD		FEED & MALT		INGREDIENTS		OTHER OPERATIONS		DISCONTINUED OPERATIONS		ELIMINATIONS		GROUP TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External sales														
Services							0.9	0.3					0.9	0.3
Goods	197.2	190.4	271.2	194.7	33.6	35.4	0.1	0.1					502.1	420.6
Royalties			0.0	0.0	1.0	1.0							1.0	1.0
Total external sales	197.2	190.4	271.2	194.7	34.6	36.4	1.0	0.4					504.0	421.9
Internal sales	4.6	6.7	11.4	12.0	9.7	8.4					−25.7	−27.1	0.0	0.0
Net sales	201.8	197.1	282.7	206.7	44.3	44.9	1.0	0.4			−25.7	−27.1	504.0	421.9
Segment operating result	9.7	−11.1	12.3	14.2	10.0	9.5	−3.4	−2.1			−0.3	0.1	28.3	10.6
Share of associated companies' results	0.0	−0.4	0.1	0.0									0.1	−0.3
Unallocated items													−6.1	−1.9
Result for the financial period from continuing operations													22.2	8.3
Result for the financial period from discontinued operations													0.0	−7.3
Result for the financial period													22.2	1.1
Segment's assets	98.5	109.6	113.1	123.6	41.4	48.1	17.4	18.8			−3.0	−6.3	267.4	293.7
Holdings in associated companies and joint ventures	0.1	0.8	0.6	0.6									0.7	1.4
Unallocated assets													95.9	65.2
Total assets													364.0	360.3
Segment's liabilities	16.9	24.6	32.1	38.1	3.1	2.1	5.5	4.4			−2.5	−6.1	55.1	63.1
Unallocated liabilities													29.5	18.5
Total liabilities													84.6	81.5
Investments	16.6	7.2	9.3	16.7	1.3	7.5	1.9	1.6		0.9	0.0	−1.6	29.1	32.3
Depreciation	7.0	8.3	4.2	3.5	3.7	3.2	3.1	3.0					18.1	18.0
Goodwill impairment	0.0	1.3	0.0										0.0	1.3
Other impairment and their retuns	1.3	2.4		−6.0									1.3	−3.5
Other expenses that do not involve payment: Withdrawal from the investment project		1.5											0.0	1.5

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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	301.0	263.9	45.9	38.5	44.1	39.5	106.7	74.8	6.3	5.2			504.0	421.9
Segment's assets	338.5	326.5	16.4	18.4	8.6	10.7	4.3	5.9	11.6	11.7	–15.4	–12.9	364.0	360.3
Investments	27.8	29.6	1.2	1.1	0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0	29.1	31.4

(EUR MILLION)	2008	2007
2. OTHER INCOME AND EXPENSES FROM BUSINESS OPERATIONS		
Sales profit from tangible assets	0.1	1.1
Gain on dissolution of joint venture	4.2	0.0
Goodwill impairment	0.0	–1.3
Other income and expenses from business operations	0.8	–1.1
Total	5.1	–1.3
Auditors' remuneration		
Audit	0.1	0.2
Certificates and reports	0.0	0.0
Tax guidance	0.0	0.0
Other services	0.2	0.1
Total	0.3	0.4
3. DEPRECIATION AND IMPAIRMENT		
Depreciation by asset group		
Depreciation on intangible assets		
Intangible rights	1.1	0.9
Other intangible assets	2.0	1.9
Total	3.1	2.8
Depreciation on tangible assets		
Buildings	5.1	4.6
Machinery and equipment	9.8	10.2
Other tangible assets	0.1	0.5
Total	15.0	15.3
Impairment by asset group		
Goodwill		1.5
Intangible rights		0.2
Other intangible assets		0.0
Buildings		–4.3
Machinery and equipment		0.6
Prepayments and uncompleted acquisitions	1.3	0.0
Total	1.3	–2.0
Total depreciation and impairment	19.3	16.0
Depreciation by activity		
Cost of sales	13.1	12.7
Sales and marketing	0.2	0.3
Administration	4.0	4.2
Research and development	0.7	0.8
Total	18.1	18.0

(EUR MILLION)	2008	2007
Impairment and their retuns		
Expenses corresponding to products sold	1.3	−3.7
Administration	0.0	0.2
Other income and expenses from business operations	0.0	1.5
Total	1.3	−2.0

4. EXPENSES FROM EMPLOYMENT BENEFITS

	2008	2007
Salaries	41.8	40.6
Pension expenses – defined contribution plans	5.9	6.0
Pension expenses – defined benefit plans	0.0	0.0
Other indirect personnel costs	3.5	4.0
Total	51.2	50.7

Details about the management's employee benefits are provided in Notes 30 Related party transactions. Details about assigned company shares are provided in Notes 19 Share-based payments.

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

	2008	2007
Food	642	749
Feed & Malt	275	278
Ingredients	65	73
Joint operations	66	57
Total	1,048	1,157

5. FINANCIAL INCOME AND EXPENSES

	2008	2007
Dividend income from available-for-sale financial assets	0.2	0.2
Sales profits of financial assets at fair value through profit or loss	0.0	0.9
Fair value change in financial assets at fair value through profit or loss	0.2	0.0
Interest income from financial assets at fair value through profit or loss	1.3	0.7
Interest income from loan receivables	0.1	0.1
Other interest income	0.6	0.6
Exchange rate differences, net	0.0	0.0
Other financial income	0.0	0.0
Total financial income	2.4	2.5
Fair value change in financial assets at fair value through profit or loss	0.0	0.0
Interest expenses from loans	−0.6	−0.5
Other interest expenses	−1.2	−0.5
Changes in value of commodity derivatives	−1.2	−2.0
Exchange rate differences, net	0.0	−0.1
Other financial expenses	−0.2	−0.1
Total financial expenses	−3.2	−3.2

Items comprising the operating result include exchange rate gains and losses amounting to EUR –0.0 million in 2008 (EUR –0.3 million).

6. INCOME TAXES

	2008	2007
Tax based on the taxable income for the financial period	−3.1	−0.5
Taxes paid in previous financial periods	−0.5	0.0
Deferred taxes	−1.7	−0.7
Total	−5.3	−1.2

(EUR MILLION)	2008	2007
Reconciliation statement for the tax expenses in the income statement and the taxes calculated on the basis of the Group's domestic tax rate (26%).		
Taxes calculated on the basis of the domestic tax rate	−7.2	−2.5
Impact of a deviating tax rate used in foreign subsidiaries	0.3	−0.3
Impairment of goodwill	0.0	−0.4
Returns exempt from tax	1.2	0.1
Non-deductible expenses	−0.4	−0.1
Unused losses in the financial period	−0.8	−0.9
Use of previously unrecognised fiscal losses	0.2	0.5
Recognition of deferred tax assets for depreciation not deducted previously in taxation	2.2	2.5
Depreciation not deducted in taxation	0.0	0.0
Tax from previous years	−0.5	0.0
Other items	−0.4	−0.1
Total	−5.3	−1.2

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

The Group had no assets held for sale or discontinued operations in 2008. In February 2007, the Group signed a preliminary agreement on the divestment of its food potato business. According to the agreement signed in March, the business transferred to the new owner at the beginning of June 2007.

In January 2007, the Group announced its intention to divest its diagnostics business. The agreement was signed and the transaction concluded at the beginning of September 2007.

In November 2007, the Group classified Monäs Feed Oy Ab, a producer of special feeds, as held for sale. The company was divested on 31 December 2007, at which time the company transferred to the new owner.

The food potato business, diagnostics business and Monäs Feed Oy Ab are reported under discontinued operations in the income statement for 2007.

	2008	2007
Result for discontinued operations:		
Income from ordinary operations		19.3
Expenses		−23.7
Result before taxes		−4.5
Taxes		−0.1
Result after taxes		−4.6
Earnings due to discontinuation		−2.9
Taxes		0.1
Result after taxes		−2.7
Result for the financial period from discontinued operations		−7.3
Cash flows for discontinued operations:		
Cash flows from business operations	0.0	1.3
Cash flows from investments	0.9	5.8
Cash flows from financial operations	0.0	−0.1
Total cash flows	0.9	7.0
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

(EUR MILLION)	2008	2007
Short-term creditors		3.2
Accumulated translation differences		−0.5
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

8. EARNINGS PER SHARE

Undiluted earnings per share have been calculated by dividing the profit for the period for parent company shareholders with the weighted average number of outstanding shares over the financial period.

	2008	2007
Profit for the period for parent company shareholders, continuing operations (EUR million)	22.1	8.7
Profit for the period for parent company shareholders, discontinued operations (EUR million)	0.0	−7.3
Undiluted weighted average of shares in the financial period	156,604,834	159,014,892
Dilution resulting from share-based compensation	64,846	–
Diluted weighted average of shares in the financial period	156,669,680	159,014,892
Undiluted earnings per share, continuing operations (EUR/share)	0.14	0.05
Earnings per share adjusted by the dilution effect, continuing operations (EUR/share)	0.14	0.05
Undiluted earnings per share, discontinued operations (EUR/share)	0.00	−0.05
Earnings per share adjusted by the dilution effect, discontinued operations (EUR/share)	0.00	−0.05

NOTES TO THE CONSOLIDATED BALANCE SHEET

9. CONSOLIDATED INTANGIBLE ASSETS 2008

(EUR MILLION)	INTANGIBLE RIGHTS	GOODWILL	OTHER LONG-TERM EXPENDITURE	ADVANCES PAID AND INCOMPLETE ACQUISITIONS	INTANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	32.0	27.1	19.5	0.8	79.4
Exchange rate differences	–1.2	–2.9	0.0	0.0	–4.1
Increase	1.1	0.3	1.0	0.1	2.5
Divestments and other decreases	0.4	0.3	4.2	0.0	4.9
Reclassifications between items	0.0	0.0	0.8	–0.8	–0.0
Acquisition cost 31.12.	**31.5**	**24.2**	**17.1**	**0.1**	**73.0**
Accumulated depreciation and write-downs 1.1.	28.3	25.8	13.1	0.0	67.2
Exchange rate differences	–1.2	–2.7	0.0	0.0	3.9
Accumulated depreciation of decrease and transfers	0.4	0.3	4.2	0.0	4.9
Depreciation for the financial period	1.1	0.3	2.0	0.0	3.3
Write-downs and their returns	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	**27.8**	**23.1**	**10.9**	**0.0**	**61.8**
Book value 31.12. 2008	**3.7**	**1.2**	**6.2**	**0.1**	**11.1**

9. CONSOLIDATED TANGIBLE ASSETS 2008

(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.	4.9	129.2	274.3	1.4	20.4	430.2
Exchange rate differences	0.0	–1.1	–0.5	–0.1	–0.1	–1.8
Increase	0.2	3.1	7.6	0.0	3.4	14.2
Divestments and other decreases	0.0	3.7	21.7	0.2	0.0	25.6
Reclassifications between items	0.0	10.4	7.0	0.1	–17.5	0.0
Acquisition cost 31.12.	**5.1**	**137.8**	**266.8**	**1.2**	**6.2**	**417.1**
Accumulated depreciation and write-downs 1.1.	0.0	75.5	225.9	0.9	0.0	302.3
Exchange rate differences	0.0	–0.3	–0.5	–0.1	0.0	–1.0
Accumulated depreciation of decrease and transfers		3.7	20.9	0.1	0.0	24.7
Depreciation for the financial period	0.0	5.1	9.7	0.1	0.0	14.9
Write-downs and their returns	0.0	0.0	0.0	0.0	1.2	1.3
Accumulated depreciation 31.12.	**0.0**	**76.6**	**214.2**	**0.8**	**1.2**	**292.8**
Book value 31.12.2008	**5.1**	**61.2**	**52.5**	**0.4**	**5.0**	**124.2**
Book value of the machinery and equipment 31.12.			**49.6**			

The book value of intangible and tangible assets includes machinery and equipment purchased via financial leasing to the value of EUR 1.1 million.

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.

(EUR MILLION)	2008	2007

10. GOODWILL TESTING

The Group's remaining goodwill is related to the Food Division's Polish margarine business. The goodwill totalled EUR 1.2 million on 31 December 2008 (EUR 1.3 million in 2007).

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:

	2008	2007
Budgeted operating margin percentage *)	7.3	8.0
Growth percentage **)	3.0	1.9
Discount rate	10.6	10.6

*) 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 of EUR 1.3 million was derecognised.

11. HOLDINGS IN ASSOCIATED COMPANIES AND JOINT VENTURES

JOINT VENTURES

	2008	2007
Book value 1.1.	0.1	0.5
Exchange rate differences	0.1	0.0
Decrease	−0.1	−0.1
Share of result for the financial period	0.0	−0.3
Book value 31.12.	0.1	0.1

The book value of joint ventures does not include goodwill. At the beginning of the 2008 financial period, the Group sold its share in the GoGreen AB joint venture. During the financial period 2007, the joint venture ZAO Skandinavskij Korm, in Russia, was terminated.

ASSOCIATED COMPANIES

	2008	2007
Book value 1.1.	1.4	1.8
Exchange rate differences	0.0	−0.2
Increase	0.0	0.0
Decrase	−0.8	−0.3
Share of result for the financial period	0.1	0.0
Book value 31.12.	0.6	1.4

The book value of associated companies on 31 December 2008 does not include goodwill (EUR 0.2 million in 2007). At the beginning of the 2008 financial period, the Group sold its share in the Latvian associated company, AS Rigas Dzirnavnieks. In the 2007 financial period, the Group sold Vihannin Vedenpuhdistamo Oy and the Polish associate, Obory w Kozienicach Sp. Z o.o.

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

	2008	2007
Assets and liabilities related to investments in joint ventures:		
Non-current assets	0.0	0.2
Current assets	1.7	2.6
Non-current liabilities	0.0	0.0
Current liabilities	1.6	3.0
Assets, net	0.1	−0.1

(EUR MILLION)	2008	2007
Income and expenses related to investments in joint ventures:		
Net sales	16.0	18.5
Expenses	16.0	19.0
Profit/loss	0.0	−0.5
Total assets, liabilities, net sales and profit/loss of associated companies:		
Assets	2.0	29.6
Liabilities	0.4	26.1
Net sales	0.9	22.0
Profit/loss	0.1	−0.3

12. FINANCIAL ASSETS AVAILABLE FOR SALE

(EUR MILLION)	2008	2007
Unquoted investments in shares	0.6	0.6
Total investments available for sale	0.6	0.6

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

13. LONG-TERM RECEIVABLES

(EUR MILLION)	2008	2007
Loan receivables from associated companies	0.6	0.9
Other long-term receivables	0.0	0.4
Total long-term receivables	0.6	1.3

The non-current loan receivable presented above mainly consists of a variable-rate receivable in USD. The fair values of non-current receivables are presented in Note 27.

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. Loan receivables form a credit risk concentration because they are mostly granted by a single company.

14. INVENTORIES

(EUR MILLION)	2008	2007
Materials and supplies	47.9	64.4
Production in progress	8.7	8.3
Finished products and goods	16.6	18.8
Advances paid	0.1	0.2
Total inventories	73.3	91.7

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

(EUR MILLION)	2008	2007
Accounts receivables	51.6	45.0
Receivables from Group companies	1.4	2.3
Prepaid expenses and accrued income	2.5	4.1
Advance payment receivables	0.1	0.0
Amortisation instalment for long-term loan receivables	0.3	0.4
Current loan receivables	0.7	0.0
Avoir fiscal tax credit receivables	6.7	7.3
Other receivables	2.7	11.0
Total accounts receivable and other receivables	66.0	70.1

At the reporting date, three-quarters of the Group's accounts receivables were denominated in euro, one-tenth in Polish zloty, nearly one-tenth in rouble 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 1.2 million (EUR 2.2 million in 2007). The overdue receivables have the following age distribution:

(EUR MILLION)	2008	2007
Overdue 61–180 days	1.0	2.0
Overdue more than 180 days	0.2	0.2
	1.2	2.2

(EUR MILLION)	2008	2007
The following items have been deducted from accounts receivables:		
Value on 1.1.	0.6	0.9
Increase	1.0	0.2
Decrease	−0.3	−0.4
Value on 31.12.	1.2	0.6

The Group recognised a total of EUR 1.0 million (EUR 0.3 million in reporting period 2007) 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 27.

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008	2007
Securities under financial assets	65.2	27.7
Derivative contracts	1.6	0.2
Total financial assets recognised at fair value in the income statement	66.8	27.9

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 the event that other contracting parties are unable to meet their obligations related to financial instruments. Investments in items belonging to financial assets recognised at fair value through profit or loss are carefully diversified and 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

	2008	2007
Cash in hand and at bank accounts	12.8	15.9

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

18. SHAREHOLDERS' EQUITY

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

(EUR MILLION)	1,000 SHARES		SHARE CAPITAL		COMPANY SHARES	
	2008	2007	2008	2007	2008	2007
Series K (20 votes/share)	34,474	34,474	5.8	5.8		
Repurchase of company shares, series K	−198	−158			−0.4	−0.3
Series V (1 vote/share)	130,675	130,675	22.0	22.0		
Disposal of company shares, series V	72				0.2	
Repurchase of company shares, series V	−9,231	−8,231			−19.1	−17.6
Total	155,793	156,760	27.8	27.8	−19.3	−17.9

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.

(EUR MILLION)	2008	2007

Company shares:
Company shares include the acquisition cost of shares held by the Group. In 2005–2007, a total of 8,388,800 company shares were acquired on the stock exchange. Of these, 8,230,500 were free shares and 158,300 were restricted shares. In 2008, the Group acquired 1,039,508 additional shares: 1,000,000 free shares and 39,508 restricted shares. In 2008, a total of 72,000 free shares held by the company were assigned to management and key employees as remuneration for good performance in 2007. At the end of the 2008 financial period, the Group held 9,356,308 company shares, of which 9,158,500 were free shares and 197,808 restricted shares. The remaining acquisition cost of company shares totals EUR 19.3 million and is presented as a deduction from shareholders' equity.

Dividends:
After the closing date, the parent company Board has proposed that EUR 0.07 per share be paid as dividends.

Accumulated translation differences:

	2008	2007
Translation differences 1.1.		
Group companies	−2.2	−1.3
Associated companies	−0.1	0.0
	−2.3	−1.2
Change in translation difference		
Group companies	−1.0	−0.9
Associated companies	0.1	−0.2
	−0.9	−1.1
Translation differences 31.12.		
Group companies	−3.2	−2.2
Associated companies	0.0	−0.1
	−3.2	−2.3

19. SHARE-BASED PAYMENTS

Raisio plc's Board of Directors decided on 28 May 2008 to set up a three-year share-based incentive scheme as a part of the incentive and reward system offered to Raisio's key personnel. The scheme gives authorisation to distribute a maximum of 1,600,000 free shares already in the company's possession. Rewards are paid as a combination of shares and cash. The cash payment is to cover the taxes and fiscal fees arising from share-based rewards.

The 2008 reporting period is the first earnings period in the scheme, which uses net sales growth (with a weight of 30%) and profit before taxes excluding one-off items (70%) as earnings criteria. The maximum number of free shares to be distributed is 400,000. The amount earned in rewards will be determined on the basis of the achievement of targets after the financial statements have been prepared in spring 2009. Rewards will be paid to those covered by the scheme in August 2009. Shares distributed as part of the scheme are subject to a disposal restriction and return obligation, which last until 1 September 2011 and will be applied if the employee's employment or job contract end prior to the expiration of the disposal restriction. The return obligation also applies to the cash payment to the extent that the amount of taxes and fiscal fees decreases as a result of the return of shares. In the first earnings period, the scheme covers 15 people.

As a part of rewards to the management and key personnel, the Group distributed a total of 72,000 Raisio plc free shares in spring 2008 for good performance in 2007.

Expenses from employee benefits include equity-settled and cash-settled cash-based payments:

	2008	2007
Equity-settled	0.1	
Settled in equity in future	0.1	
Cash-settled	0.0	
Settled in cash in future	0.3	
Liabilities from cash-settled share-based schemes	0.3	

(EUR MILLION)	2008	2007
Parameters used in fair value calculations:		
Number of shares granted in the period	361,000	
Share price at grant date, EUR	1.71	
Expected dividend for 2008, EUR	0.07	
Fair value of share at grant date, EUR*)	1.64	
Share price at closing date, EUR	1.47	
Shares expected to be returned prior to reward payment, %	0.0	
Shares expected to be returned in vesting period, %	0.0	
Expected fulfillment of earnings criteria, %**)	96.3	
Fair value of share remuneration at grant date, EUR million	0.6	
Lapsed	0.0	
Fair value of share remuneration at closing date, EUR million	0.5	

*) Share price less expected, estimated dividends for the earnings period.
**) The amount earned in rewards in the earnings period is determined on the basis of the achievement of targets after the financial statements have been prepared in spring 2009. The table is based on the Group's best possible estimate at the closing date of the expected number of vested shares.

20. DEFERRED TAXES

Changes in deferred taxes in 2008:

(EUR MILLION)	1.1.2008	RECOGNISED IN THE INCOME STATEMENT	EXCHANGE RATE DIFFERENCES	ACQUIRED/ DIVESTED SUBSIDIARIES	31.12.2008
Deferred tax assets:					
Internal margin of inventories	0.1	−0.1			0.0
Internal margin of fixed assets	0.0	0.0			0.0
Leasing property	0.0	0.0			0.0
Confirmed fiscal losses	0.0	0.0			0.0
Pension contributions	0.0	0.0			0.0
Depreciation not deducted in taxation	8.9	−2.7			6.2
Other items	2.3	−0.6	−0.1		1.5
Total	11.3	−3.3	−0.1	0.0	7.9
Deferred tax liability:					
Accumulated depreciation difference	1.7	−1.7	0.0		0.0
Leasing property	0.0	0.0	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	1.7	0.0			1.7
Total	9.1	−1.7	0.0	0.0	7.4

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

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 47.0 million (31 December 2007: EUR 49.5 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)	2008	2007
Deferred tax assets	7.9	11.3
Deferred tax liability	7.4	9.1
Deferred net tax assets	0.5	2.2

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

21. PENSION CONTRIBUTIONS

Changes in the liabilities recorded in the balance sheet:

	2008	2007
Beginning of financial period	0.2	0.2
Paid benefits	0.0	0.0
Pension expenses in the income statement	0.0	0.0
End of financial period	0.2	0.2

22. RESERVES

Provision for withdrawal from investment project:

	2008	2007
Reserves 1.1.	1.9	5.1
Increase in provisions		
Provisions used	−0.8	−3.3
Reserves 31.12.	1.1	1.9

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 0.8 million of the provision has been used in 2008 and EUR 3.3 million in 2007.

(EUR MILLION)	2008	2007

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Derivative contracts	0.4	1.5

Derivative contracts are interest rate, currency and raw material derivatives held for trading.

24. FINANCIAL LIABILITIES

Non-current		
Bank loans	7.8	0.0
Pension loans	5.8	0.0
Financial leasing liabilities	0.7	0.3
Total	14.3	0.4

Bank and pension loans are denominated in euro.

Of non-current liabilities (incl. finance leases), EUR 4.7 million will mature in 2009 (EUR 1.2 million in the comparison period), total EUR 13.1 million in 2010–2013 (EUR 0.1 million) and EUR 1.2 million in 2014 (EUR 0.0 million).

Current		
Overdraft facilities	0.7	4.6
Amortisation of long-term loans	3.4	0.8
Financial leasing liabilities	0.5	0.4
Other interest-bearing liabilities	0.8	1.0
Total	5.5	6.8

The fair values of interest-bearing liabilities are presented in Notes 27.

Financial liabilities are mainly variable-rate and euro-denominated. The interest rates of bank loans are mainly tied to 3–12-month Euribor rates. The interest rate period for pension loans liabilities is 3 years.

Maturity of financial leasing liabilities:

Financial leasing liabilities – total of minimum leases		
Within 12 months	0.5	0.4
After 12 months but before five years	0.7	0.3
Gross overall investment	1.2	0.8
Financial leasing liabilities – present value of minimum leases		
Within 12 months	0.4	0.3
After 12 months but before five years	0.6	0.3
Gross overall investment	1.0	0.7
Financial expenses accumulated in the future	0.2	0.1
Total financial liabilities	1.2	0.8

25. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Non-current		
Other liabilities	0.1	0.0
Current		
Accounts payable	29.8	37.8
Liabilities to associated companies	0.2	0.5
Accrued liabilities and deferred income	14.1	13.3
Advances paid	5.2	2.3
Other liabilities	5.7	7.9
Total	54.9	61.8

Accrued liabilities include accrued business expenses and financial items. The most significant of these are accrued salaries and fees and other personnel expenses, which totalled EUR 8.5 million in 2008 (EUR 7.3 million in 2007).

26. 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 investments, loan assets 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 sum, maturity and counterparties of invested assets. In addition to direct long- or short-term interest-bearing investments, assets can be invested in fixed-income funds, shares and equity funds. The CFO 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 investors. The liquidity reserve also includes the agreed 90-million-euro commercial paper programme. Funding risks are diversified by acquiring funding from various sources.

Market risks

Interest rate risk

Interest rate risk refers to the impact of interest rate fluctuations on the Group's net financial 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 interest rate profile can be modified using interest rate swaps, forward rate agreements and interest rate options. At the date of the financial statements, the Group had an open euro-denominated interest rate swap with a nominal value of EUR 10 million. 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	31.12.2008	31.12.2007
Impact of 1-ppt increase in market rates:		
Interest income	0.6	0.3
Interest expenses	0.0	0.0
Change in market values	0.0	0.0
Net impact on interest income and expenses	0.6	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 expenses and income. The examination takes into account Raisio's interest-bearing investments and liabilities. Owing to the Group's balance sheet structure, the management of interest rate risks focuses on those related to investments. In the review period, Raisio's interest-bearing investments have focused on investments with a short term to maturity. At the date of the financial statements, 31 December 2008, Raisio's sensitivity to a one-percentage-point rise in interest rates was approximately EUR +0.6 million (EUR +0.3 million) and to an interest rate decrease of the same size approximately EUR –0.6 million (EUR –0.3 million). Had the interest rate been 1 percentage point higher on the closing date, 31 December 2008, Raisio's result after taxes would have been EUR +0.5 million (EUR +0.2 million) higher. Had the interest rate been 1 percentage point lower on the closing date, 31 December 2008, Raisio's result after taxes would have been EUR –0.5 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 the 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 2008 would be EUR 0.1 million (EUR 0.1 million) if other currencies had weakened by 5% against the euro. The impact on Raisio's result after taxes would be EUR 0.1 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 28.9 million. The Group companies' currency positions against functional currencies other than the euro are not significant.

(EUR MILLION)					
CURRENCY RISK 31.12.2008			CURRENCY RISK 31.12.2007		
Currency risk, net position			Currency risk, net position		
RUB	SEK	USD	RUB	SEK	USD
0.3	−0.2	1.4	0.0	0.5	−0.6
5% weakening in currency against the euro:					
RUB	SEK	USD	RUB	SEK	USD
0.0	0.0	0.1	0.0	0.0	0.0

Commodity price risk

Raisio hedges against the uncertainty resulting from temporal differences in raw material purchases and product sales by acting risk-neutrally so that binding, physical purchase and sales commitments are kept in balance in terms of volume. The Group uses commodity derivatives allowed by the financial risk policy to hedge against earnings risk if physical commitments cannot be balanced fast enough otherwise. The hedging instruments used are short-term rapeseed futures.

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 2008, the risk position was 24.4 million kg (3.8 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 from the VaR figure presented here.

(EUR MILLION) VALUE-AT RISK OF COMMODITY POSITION	31.12.2008	31.12.2007
VaR	0.4	0.1

If realised, the VaR risk of the commodity position on the closing date, 31 December 2008, would affect Raisio's result after taxes by EUR ± 0.3 million (EUR ±0.0 million).

(EUR MILLION) NOMINAL VALUES OF DERIVATIVES	31.12.2008	31.12.2007
Interest rate derivatives	10.0	0.0
Currency derivatives	28.9	18.6
Commodity derivatives	0.0	11.2

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 2008, the Group's equity was EUR 279.4 million (EUR 278.8 million) and its equity ratio was 77.9% (77.9%). The equity ratio is calculated by dividing shareholders' equity with the balance sheet total less advances received. The equity ratios were as follows:

	31.12.2008	31.12.2007
Equity, EUR million	279.4	278.8
Balance sheet total, EUR million	364.0	360.3
Equity ratio	77.9%	77.9%

27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the book values and fair values 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 2008	FAIR VALUE 2008	BOOK VALUE 2007	FAIR VALUE 2007
Financial assets					
Financial assets available for sale	12	0.6	0.6	0.6	0.6
Loan receivables	13	1.7	1.7	1.2	1.2
Sales receivables and other receivables	15	53.1	53.1	47.2	47.2
Investments recognised at fair value in the income statement	16	65.2	65.2	27.7	27.7
Liquid assets	17	12.8	12.8	15.9	15.9
Derivatives	16	1.6	1.6	0.2	0.2
Financial liabilities					
Bank loans	24	10.0	10.0	0.8	0.8
Pension loans	24	7.0	6.9		
Other loans	24	0.8	0.8	1.0	1.0
Overdraft facilities	24	0.7	0.7	4.6	4.6
Financial leasing liabilities	24	1.2	1.0	0.8	0.7
Accounts payable and other liabilities	25	53.0	53.0	57.5	57.5
Derivatives	23	0.4	0.4	1.5	1.5

The above 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 NASDAQ OMX Helsinki Ltd's 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 interest rate, currency and commodity derivatives are determined using publicly quoted market prices at the closing date.

Loan receivables, bank and pension loans and financial leasing liabilities:
The fair values of loan receivables and bank and pension 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 sales receivables and other receivables:
The original book value of accounts payable and other liabilities or sales receivables and other receivables corresponds to their fair value, because the impact of discounting is not significant taking into consideration the maturity of liabilities or receivables.

(EUR MILLION)	2008	2007
28. OTHER LEASES		
Group as lessee:		
Minimum leases paid on the basis of other non-cancellable leasing contracts:		
Within 12 months	0.8	1.1
After 12 months but before five years	0.5	0.9
After five years	0.5	0.5
Total	1.8	2.5
The Group has leased cars, production facilities and land areas.		
Based on other leases, Raisio's 2008 income statement includes paid leases worth EUR 3.6 million (EUR 5.2 million).		
29. CONTINGENT AND OTHER LIABILITIES		
Pledged assets:		
For the company		
Mortgages on real estate	0.0	0.7
Contingent off-balance sheet liabilities:		
Contingent liabilities for the company	0.0	1.5
Contingent liabilities for others		
Guarantees	0.0	0.1
Other liabilities		
Other financial liabilities	1.7	2.0
Commitment to investment payments		
Commitments to investment payments effective at the reporting date	0.8	2.7

30. 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	
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 / Margarine, Mill and Non Dairy, Raisio	100.00	100.00
ZAO Zolotaya Melnitsa, Russia	74.90	
Feed & Malt Division		
Raisio Malt Ltd, Raisio	100.00	100.00
Raisio Nutrition Ltd / Oil Milling, Raisio	100.00	100.00
Raisio Feed Ltd, Raisio	100.00	100.00
Ingredients Division		
Raisio Staest US Inc., USA	100.00	
Raisio Nutrition Ltd / Ingredients, Raisio	100.00	100.00
Others		
Raision Konsernipalvelut Oy, Raisio	100.00	100.00
Raisionkaari Industrial Park Ltd., Raisio	100.00	50.00
JOINT VENTURES		
Food Division		
Ateriamestarit Oy, Turku	50.00	
ASSOCIATED COMPANIES		
Feed & Malt		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR MILLION)	2008	2007
Business activities involving insiders:		
Sales to associated companies and joint ventures	13.6	12.8
Purchases from associated companies and joint ventures	0.1	3.1
Sales to key employees in management	1.1	0.0
Purchases from key employees in management	0.9	0.6
Short-term receivables from associated companies and joint ventures	1.4	2.3
Liabilities to associated companies and joint ventures	0.2	0.5
Sales to associated companies and joint ventures are carried out at fair market value.		
Management's employee benefits:		
Wages and fees	2.0	1.7
Compensation paid in conjunction with termination of employment	0.1	0.3
Total	2.1	2.0

(EUR MILLION)	2008	2007
Fees paid to Supervisory Board:	0.0	0.0
Fees paid to Board of Directors:	0.3	0.3
Wages and fees paid to Managing Director and members of Management Team:		
Matti Rihko	0.5	0.4
Other members of Management Team	1.2	1.0
Total	1.7	1.4

Pension and other benefits:

Members of the management have the right and obligation to retire at the age of 62.

The Managing Director's contract may be terminated by both sides 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.

FINANCIAL INDICATORS

	2008	2007	2006
Result and profitability			
Net sales, EURm1)	504.0	421.9	402.6
change, %	19.5	4.8	1.2
International net sales, EURm1)	203.0	158.0	158.7
% of net sales	40.3	37.5	39.4
Operating result, EURm1)	28.3	10.6	–28.1
% of net sales	5.6	2.5	–7.0
Result before taxes, EURm1)	27.5	9.5	–33.2
% of net sales	5.5	2.3	–8.3
Return on equity, ROE, %1)	8.0	2.9	–10.7
Return on investment, ROI, %1)	9.8	3.5	–9.1
Financial and economical position			
Shareholders' equity, EURm	279.4	278.8	290.4
Interest-bearing financial liabilities, EURm	19.7	7.2	23.2
Net interest-bearing financial liabilities, EURm	–58.2	–36.5	–55.6
Balance sheet total, EURm	364.0	360.3	387.4
Equity ratio, %	77.9	77.9	75.0
Net gearing, %	–20.8	–13.1	–19.1
Cash flow from business operations, EURm	52.7	15.6	15.1
Other indicators			
Gross investments, EURm1)	29.1	31.4	27.6
% of net sales	5.8	7.5	6.9
R&D expenses, EURm1)	5.8	6.4	9.8
% of net sales	1.2	1.5	2.4
Average personnel1)	1,048	1,157	1,263

1) Key figures presented for continuing operations

SHARE INDICATORS

	2008	2007	2006
Earnings/share, continuing operations (EPS), EUR[1]	0.14	0.05	−0.22
Cash flow from business operations/share, EUR[1]	0.34	0.10	0.09
Equity/share, EUR[1]	1.79	1.70	1.73
Dividend/share, EUR	0.07[2]	0.04	0.03
Dividend/earnings, %	50.0	73.2	−13.7
Effective dividend yield, %			
Free shares	4.8	2.7	1.7
Restricted shares	4.3	2.6	1.7
P/E ratio			
Free shares	10.5	27.5	−8.2
Restricted shares	11.7	27.8	−8.2
Adjusted average quotation, EUR			
Free shares	1.56	1.95	1.88
Restricted shares	1.66	1.96	1.91
Adjusted lowest quotation, EUR			
Free shares	1.35	1.39	1.35
Restricted shares	1.38	1.50	1.42
Adjusted highest quotation, EUR			
Free shares	1.87	2.33	2.44
Restricted shares	1.85	2.25	2.44
Adjusted quotation 31.12., EUR			
Free shares	1.47	1.50	1.79
Restricted shares	1.64	1.52	1.80
Market capitalization 31.12., EUR million[1]			
Free shares	178.6	183.7	224.9
Restricted shares	56.2	52.2	62.1
Total	234.8	235.8	287.1
Trading, EURm			
Free shares	44.2	100.0	121.1
Restricted shares	1.3	2.6	2.8
Total	45.5	102.6	124.0
Number of shares traded			
Free shares, 1,000 shares	28,365	51,309	64,308
% of total	21.7	39.3	49.3
Restricted shares, 1,000 shares	808	1,323	1,479
% of total	2.3	3.8	4.3
Average adjusted number of shares, 1,000 shares[1]			
Free shares	122,310	124,553	125,843
Restricted shares	34,294	34,462	34,524
Total	156,605	159,015	160,367
Adjusted number of shares 31.12., 1.000 shares[1]			
Free shares	121,516	122,444	125,655
Restricted shares	34,276	34,316	34,522
Total	155,793	156,760	160,177

1) Number of shares, excluding company shares held by the Group
2) According to Board's proposal EUR 0.07 per share

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 + FINANCIAL EXPENSES / SHAREHOLDERS' EQUITY + 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 STATEMENT	
NET GEARING, %	NET INTEREST-BEARING FINANCIAL 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 NASDAQ OMX Helsinki Ltd. Raisio's market value at the end of 2008 was EUR 248.6 million. Overall trading totalled nearly EUR 45.5 million. The closing price of free shares on 30 December 2008 was EUR 1.47, and that of restricted shares was EUR 1.64. The Board of Directors will propose a dividend of EUR 0.07 at the Annual General Meeting in spring 2009.

SHARE CAPITAL AND SHARE CLASSES

The fully paid-up share capital of Raisio plc is EUR 27,776,072.91, which on 31 December 2008 was divided into 34,474,150 restricted shares (series K) and 130,674,880 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 2008). 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 were no changes in the share capital during 2008. The company has not issued securities that entitle the holder to shares.

Raisio plc's shares are listed on NASDAQ OMX Helsinki Ltd. (hereafter referred to as the 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 Prelist. The trading 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.

The assignment of restricted shares requires the approval of the Board of Directors. Approval is required even if the party who the shares are assigned to already owns restricted shares in the company. Approval must be given if the share recipient is a natural person whose primary occupation is farming. If approval is not given, the Board of Directors must convert the assigned 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 2008, a total of 100 (one hundred) restricted shares were converted into free shares.

In the book-entry system, restricted shares for which the approval procedure is in progress, or for which approval has not been sought, will be retained on the waiting list until they are entered as restricted shares in the share register following approval, assigned to another shareholder or converted into free shares. The waiting list had 5.6 million restricted shares on 31 December 2008.

TRADING IN RAISIO'S SHARES

The highest price of the series V share was EUR 1.87 and the lowest EUR 1.35. The average price was EUR 1.56. The year-end price of the V share was EUR 1.47. The number of Raisio V shares traded in 2008 totalled 28.4 million (2007: 51.3 million), which equals some 22% of the total volume. The value of share trading was EUR 44.2 million (EUR 100.0 million).

The highest price of the series K share was EUR 1.85 and the lowest EUR 1.38. The average price was EUR 1.66. The year-end price of the K share was EUR 1.64. The number of Raisio's K shares traded in 2008 totalled 0.8 million (1.3 million), and the value of share trading was EUR 1.3 million (EUR 2.6 million).

The share capital had a market value of EUR 248.6 million at the end of 2008 (EUR 248.4 million), and EUR 234.8 million (235.8 million) excluding the shares held by the company.

OWNERSHIP STRUCTURE

At the end of 2008, Raisio plc had 37,269 registered shareholders (37,873). With a share of 58.0%, households made up the largest owner group (58.8%).

Raisio plc owned 9,158,500 free shares and 197,808 restricted shares on 31 December 2008. Other Group companies do not have holdings in Raisio plc. Shares in 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 15.1%, at its lowest to 14.4% and at the end of the year to 14.8% (15.4%). Of the company's shares, 0.5% remain outside the book-entry system.

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

DIVIDEND POLICY AND DIVIDEND

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

Raisio plc's Annual General Meeting, held on 27 March 2008, decided on a dividend of EUR 0.04 per share. The dividend was paid on 8 April 2008. No dividend was paid on the shares held by the company. The Board of Directors will propose a per-share dividend of EUR 0.07 at the Annual General Meeting in spring 2009. The record date is 31 March 2009, and the payable date 7 April 2009.

SHARE-BASED INCENTIVE SYSTEMS 2008–2010

Raisio plc's Board of Directors decided in May 2008 to set up a three-year share-based incentive scheme as a part of the incentive and reward system offered to Raisio's key personnel. The goal is to integrate the targets of shareholders and key employees in order to increase the company's market capitalisation, to enhance the key employees' commitment to the company and to offer them a competitive reward system based on share ownership.

The scheme gives authorisation to distribute a maximum of 1,600,000 of Raisio plc's free shares already in the company's possession after previous share repurchases. Rewards are paid as a combination of shares and cash. Cash payments are to cover the taxes and fiscal fees arising from share-based rewards.

The financial year 2008 is the first earnings period in the scheme, which uses net sales growth (with a weight of 30%) and profit before one-off items and taxes (70%) as earnings criteria. The maximum number of shares to be distributed is 400,000 free shares. The amount earned in rewards will be determined on the basis of the achievement of targets after the financial statements have been prepared in the spring of 2009. Any rewards will be paid to those covered by the scheme in August 2009. Shares distributed as part of the scheme are subject to a disposal restriction and return obligation, which last until 1 September 2011 and will be applied if the employee's employment or job contract end prior to the expiration of the disposal restriction. The scheme covers 15 people in the first earnings period.

In December 2008, the Board of Directors decided on a share-based incentive scheme for the second earnings period, which is the financial year 2009. The earnings criteria to be used are return on capital employed (with a weight of 1/3) and profit before one-off items and taxes (2/3). The maximum number of shares to be distributed is 600,000 free shares. The amount earned in rewards will be determined on the basis of the achievement of targets after the financial statements have been prepared in the spring of 2010. Any rewards will be paid to those covered by the scheme in August 2010. Shares distributed as part of the scheme are subject to a disposal restriction and return obligation, which last until 31 December 2011 and will be applied if the employee's employment or job contract end prior to the expiration of the disposal restriction. The scheme covers 55 people in the second earnings period.

COMPANY MANAGEMENT SHAREHOLDINGS

The members of the company's Supervisory Board, the members of the Board of Directors and the CEO, as well as associations and foundations under their control, owned 1,405,760 restricted shares and 4,673,401 free shares on 31 December 2008. This accounts for 3.7% of all shares and represents 4.00% of the maximum voting power.

The CEO is covered by the Group's share-based incentive scheme, under which he may receive a maximum of 66,667 of Raisio plc's free shares in August 2009 (first earnings period) and a maximum of 66,667 free shares in August 2010 (second earnings period). Should the CEO obtain these maximum amounts of free shares, the shareholdings of the group defined above will rise to 3.8% of all shares and 4.01% of the maximum voting power.

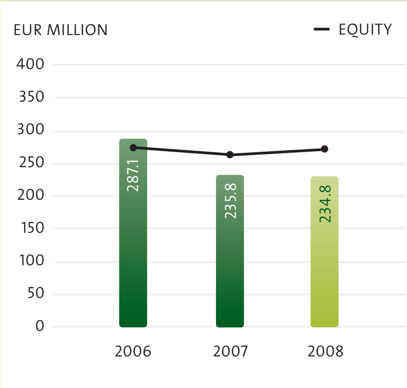
SHAREHOLDER AGREEMENTS

Raisio's Board of Directors is not aware of any valid agreements related to the ownership of the company's shares and the use of voting power.

STRUCTURE OF SHARE CAPITAL ON 31 DECEMBER 2008

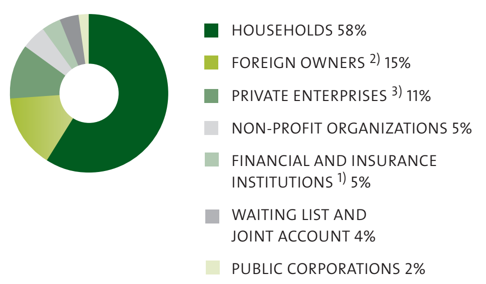
	NUMBER OF SHARES	% OF TOTAL SHARES	% OF TOTAL VOTES
FREE SHARES	130,674,780	79.1	15.9
RESTRICTED SHARES	34,474,250	20.9	84.1
TOTAL	165,149,030	100.0	100.0

MARKET VALUE



EXCLUDING THE SHARES HELD BY THE COMPANY

SHAREHOLDERS ON 31 DECEMBER 2008



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

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 require a decision by a three-quarter majority of the votes given and the shares represented to be made at two successive shareholders' meetings held with an interval of at least twenty days. In certain cases, the Companies Act requires a vote by types of shares and the shareholders' consent.

AMENDMENT TO THE ARTICLES OF ASSOCIATION IN 2008

The Annual General Meeting approved the Board of Directors' proposal to amend the business definition (Section 3) in the Articles of Association by removing the reference to food diagnostics equipment. The amendment was entered in the Trade Register in April 2008.

CORPORATE GOVERNANCE SYSTEM

With the exception of representatives of personnel groups, 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 Annual General 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 replaced every year. The Supervisory Board also has three representatives elected by personnel groups formed by Raisio's employees in Finland. Their term is approximately three years.

The Board of Directors consists of a minimum of five and a maximum of eight members elected by the Annual General Meeting. 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 CEO is appointed and discharged by the Board of Directors. The CEO is appointed for an indefinite term.

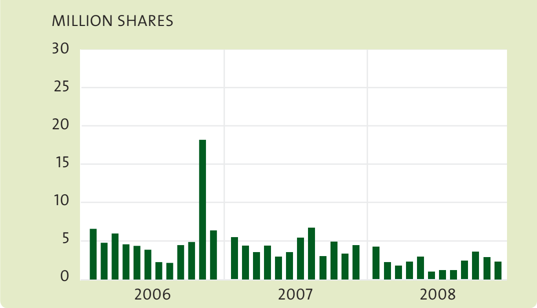
The body that elects the members of the Supervisory Board and the Board of Directors may make a new appointment decision at any time, meaning that the duties of a member or all members may be terminated before the term comes to an end.

SHARE REPURCHASE AUTHORISATION FOR THE BOARD OF DIRECTORS

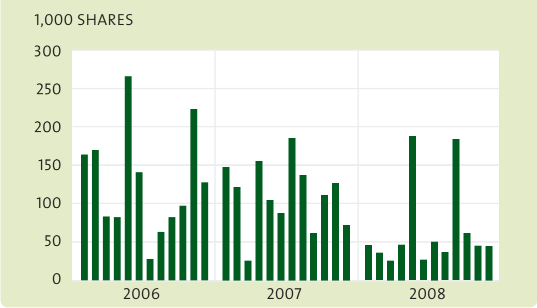
The Annual General Meeting held in spring 2008 authorised the Board of Directors to decide on the repurchase of a maximum of 6,000,000 free shares and 1,500,000 restricted shares through public trading arranged by the stock exchange. The authorisation allows shares to be repurchased in order to develop 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 assigned or cancelled. The authorisation expires, at the latest, on 27 September 2009.

The shares that may be repurchased under the authorisation amount to 4.5% of the share capital and to 4.4% of overall votes.

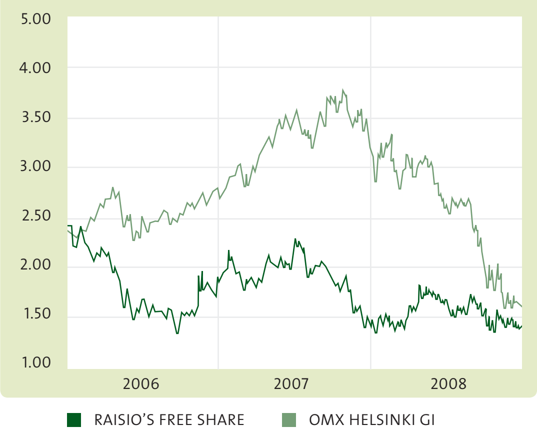
TRADING VOLUME, FREE SHARE



TRADING VOLUME, RESTRICTED SHARE



SHARE PRICE DEVELOPMENT, FREE SHARE



SHARE PRICE DEVELOPMENT, RESTRICTED SHARE

In August, the Board of Directors decided to initiate repurchases of shares through public trading arranged by the stock exchange starting on 3 September 2008. Based on the authorisation, the company repurchased 1,000,000 free shares for some EUR 1.55 million and 20,005 restricted shares for some EUR 33,000 in the review period.

SHARE ISSUE AUTHORISATION FOR THE BOARD OF DIRECTORS

The Annual General Meeting in spring 2008 authorised the Board of Directors to decide on share issues by (1) disposing all of the company shares held by the company at the time of the decision and any repurchased shares – a maximum total of 16,500,000 shares, 2,269,500 of which can be restricted shares, and by (2) issuing a maximum of 16,500,000 new free shares against payment.

On 31 December 2008, the company shares available for disposal under the authorisation totalled 5.7% of the share capital and 1.6% of overall votes. The new free shares that can be issued under the authorisation total 10.0% of the share capital and 2.0% of overall votes.

The Board of Directors is entitled to decide to whom and in which order the company shares are disposed and new shares issued. The Board of Directors is entitled to deviate from shareholders' pre-emptive rights in the disposal of shares and the issue of new 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 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 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 on other specific terms.

The disposal authorisation expires, at the latest, on 27 March 2013 and has not been used to date.

SHAREHOLDERS

25 MAJOR SHAREHOLDERS ON 31 DECEMBER 2008, 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
OP-FINLAND SMALL FIRMS FUND		1,832,560	1,832,560	1.11	1,832,560	0.22
OP-FINLAND VALUE FUND		1,434,800	1,434,800	0.87	1,434,800	0.17
AKTIA CAPITAL FUND		1,223,853	1,223,853	0.74	1,223,853	0.15
ARVO ASSET MANAGEMENT LTD ARVO FINLAND VALUE		1,150,000	1,150,000	0.70	1,150,000	0.14
ILMARINEN MUTUAL PENSION INSURANCE COMPANY		1,016,966	1,016,966	0.62	1,016,966	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 GLOBAL II VERDIPAPIRFOND		933,800	933,800	0.57	933,800	0.11
SKAGEN VEKST VERDIPAPIERFOND		916,743	916,743	0.56	916,743	0.11
RELANDER HARALD BERTEL		900,000	900,000	0.55	900,000	0.11
BROTHERUS ILKKA	42,540	784,500	827,040	0.50	1,635,300	0.20
VARMA MUTUAL PENSION INSURANCE COMPANY		820,000	820,000	0.50	820,000	0.10
CENTRAL UNION OF SWEDISH-SPEAKING AGRICULTURAL PRODUCERS IN FINLAND	659,500	113,000	772,500	0.47	13,303,000	1.62
NORDEA NORDIC SMALL CAP FUND		683,959	683,959	0.41	683,959	0.08
LANGH HANS	654,480		654,480	0.40	13,089,600	1.60
HAAVISTO MAIJA	393,120	264,270	657,390	0.40	8,126,670	0.99
HAAVISTO HEIKKI	542,300	96,090	638,390	0.39	10,942,090	1.33
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
MYLLYMÄKI ERKKI	374 320	113,080	487,400	0.30	7,599,480	0.93

SHARES REGISTERED UNDER FOREIGN OWNERSHIP, INCLUDING NOMINEE REGISTRATIONS, TOTALLED 24,380,051 ON 31 DECEMBER 2008 OR 14.8% OF THE TOTAL AND 18.7% OF FREE SHARES.

AT THE END OF THE YEAR, RAISIO PLC OWNED 9,356,308 COMPANY SHARES, WHICH REPRESENTS 5.7% OF THE TOTAL.

SPLIT OF SHAREHOLDINGS ON 31 DECEMBER 2008								
	FREE SHARES				RESTRICTED SHARES			
SHARES	SHAREHOLDERS		SHARES		SHAREHOLDERS		SHARES	
NO.	NO.	%	NO.	%	NO.	%	NO.	%
1–1,000	22,343	64.1	10,844,541	8.3	3,765	58.0	1,346,362	3.9
1,001–5,000	9,757	28.0	23,833,233	18.2	1,747	26.9	4,161,084	12.1
5,001–10,000	1,698	4.9	12,776,221	9.8	509	7.8	3,628,429	10.5
10,001–25,000	729	2.1	11,560,576	8.9	326	5.0	5,032,289	14.6
25,001–50,000	169	0.5	6,005,825	4.6	101	1.6	3,301,262	9.6
50,001–	147	0.4	65,295,764	50.0	45	0.7	10,735,980	31.1
WAITING LIST			0	0.0			5,648,414	16.4
JOINT ACCOUNT			189,320	0.1			620,330	1.8
SPECIAL ACCOUNTS			169,400	0.1			0	0.0
TOTAL	34,843	100.0	130,674,880	100.0	6,493	100.0	34,474,150	100.0

31 DECEMBER 2008 RAISIO PLC HAD A TOTAL OF 37,269 REGISTERED SHAREHOLDERS.

PARENT COMPANY INCOME STATEMENT

(EUR MILLION)	NOTE	1.1.–31.12.2008	1.1.–31.12.2007
NET SALES		2.7	13.3
Other income from business operations		0.0	0.7
Materials and services	1	−0.1	−0.1
Personnel expenses	2	−2.2	−3.8
Depreciation and write-downs	3	−0.1	−3.0
Other expenses from business operations	4	−5.1	−12.0
OPERATING RESULT		−4.7	−4.9
Financial income and expenses	5	+13.1	+10.8
RESULT BEFORE EXTRAORDINARY ITEMS		8.4	5.9
Extraordinary items	6	−6.6	−10.1
RESULT BEFORE APPROPRIATIONS AND TAXES		1.8	−4.2
Appropriations	7	0.0	+2.7
Income taxes	8	−0.7	−0.2
RESULT FOR THE FINANCIAL PERIOD		1.1	−1.7

PARENT COMPANY BALANCE SHEET

(EUR MILLION)	NOTE	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	0.1	0.1
Tangible assets	9	0.4	0.5
Holdings in Group companies	10	103.9	85.0
Other investments	10	139.1	199.0
		243.5	284.6
CURRENT ASSETS			
Inventories		0.0	0.0
Current receivables	11	34.6	58.6
Securities under financial assets		64.5	34.7
Cash in hand and at banks		6.7	1.3
		105.8	94.6
TOTAL ASSETS		349.3	379.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	12		
Share capital		27.8	27.8
Premium fund		2.9	2.9
Reserve fund		88.6	88.6
Retained earnings		198.5	208.0
Result for the year		1.1	–1.7
		318.9	325.6
APPROPRIATIONS	13	0.0	0.0
LIABILITIES			
Non-current liabilities	14	7.8	0.0
Current liabilities	15	22.6	53.5
		30.4	53.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		349.3	379.2

PARENT COMPANY CASH FLOW STATEMENT

(EUR MILLION)	2008	2007
CASH FLOW FROM BUSINESS OPERATIONS		
Operating result	–4.7	–4.9
Operating result adjustments:		
Planned depreciation	0.1	3.0
Other adjustments	0.8	0.6
Cash flow before change in working capital	–3.8	–1.3
Increase (–)/decrease (+) in current receivables	+8.2	+0.1
Increase (–)/decrease (+) in inventories	0.0	0.0
Increase (+)/decrease (–) in current interest-free liabilities	+2.5	–18.3
Change in working capital	10.7	–18.2
Cash flow from business operations before financial items and taxes	6.9	–19.5
Interest paid and payments on financial operating expenses	–2.6	–1.9
Dividends received	0.2	0.2
Interest and other financial income from operations	16.6	13.0
CASH FLOW FROM BUSINESS OPERATIONS	21.1	–8.3
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	0.0	–1.8
Income from surrender of tangible and intangible assets	0.0	1.9
Investments in Group company shares	0.0	–0.1
Loans granted	–28.0	–47.0
Repayment of loan receivables	67.0	29.2
CASH FLOW FROM INVESTMENTS	39.1	–17.7
Cash flow after investments	60.2	–25.9
CASH FLOW FROM FINANCIAL OPERATIONS		
Increase (+)/decrease (–) in non-current loans	+9.2	–11.0
Increase (+)/decrease (–) in current liabilities	–45.3	+24.3
Increase (–)/decrease (+) in loan receivables	+15.5	0.0
Group contributions received and paid	3.5	–10.0
Repurchase of company shares	–1.6	–6.5
Dividend paid and other distribution of profit	–6.2	–4.8
CASH FLOW FROM FINANCIAL OPERATIONS	–24.9	–7.9
Change in liquid funds	35.2	–33.8
Liquid funds at the beginning of the period	36.0	69.8
Liquid funds at period-end	71.2	36.0

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.

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.

NET SALES

Net sales consist of product sales as well as income from services that the parent company provides to Group companies.

OTHER INCOME FROM BUSINESS OPERATIONS

Other income from business operations has been included 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 and exchange rate differences arising from them are recorded in the income statement.

The interest rate risk of the portfolio consisting of the Group's interest-bearing receivables and liabilities is 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.

COMPANY SHARES

Share repurchase and related expenses are recognised in the company's financial statements as a decrease in retained earnings, while disposals are recognised as an increase in retained earnings.

INCENTIVE SCHEME FOR MANAGEMENT

The expenses related to the management's long-term, share-based incentive scheme are recognised as an earnings period expense in the income statement and as liabilities in the balance sheet.

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)	2008	2007
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	0.0
Total	0.1	0.1
2. PERSONNEL EXPENSES		
Wages and fees	1.6	2.9
Pension expenses	0.2	0.6
Other personnel expenses	0.4	0.2
Total	2.2	3.8
WAGES AND FEES PAID TO MANAGEMENT		
Managing Director and members of the Board of Directors	0.8	0.7
AVERAGE NUMBER OF PARENT COMPANY PERSONNEL		
Workers	0	1
Office workers	2	45
	2	46
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	0.1	3.0
4. OTHER EXPENSES FROM BUSINESS OPERATIONS		
Auditors' remuneration:		
PricewaterhouseCoopers Oy		
Audit	0.0	0.1
Tax guidance	0.0	0.0
Other services	0.2	0.1
	0.2	0.2

(EUR MILLION)	2008	2007
5. FINANCIAL INCOME AND EXPENSES		
Dividend received		
From participating interest companies	0.0	0.0
From others	0.2	0.2
Total	0.2	0.2
Total income from long-term investment		
From Group companies	12.3	8.7
Total income from long-term investment	12.5	8.9
Other interest and financial income		
From Group companies	2.1	1.8
From others	1.6	1.8
Total	3.7	3.6
Total interest received from long-term investment and other interest and financial income	16.0	12.3
Exchange rate differences		
To Group companies	–1.4	0.0
To others	1.3	0.2
Total	–0.1	0.2
Interest paid and other financial expenses		
To Group companies	–1.7	–1.3
To others	–1.4	–0.5
Total	–3.0	–1.8
Total financial income and expenses	13.1	10.8
6. EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary income		
Group subsidies received	0.0	10.4
Total	0.0	10.4
Extraordinary expenses		
Group subsidies paid	–6.6	–20.5
Total	–6.6	–20.5
Total extraordinary income and expenses	–6.6	–10.1
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	0.0	2.7
8. INCOME TAXES		
Income tax on extraordinary items	1.7	2.6
Income tax on ordinary operations	–2.4	–2.8
Taxes on previous financial years	0.0	0.0
Total	–0.7	–0.2

NOTES TO THE PARENT COMPANY BALANCE SHEET

9. PARENT COMPANY INTANGIBLE ASSETS 2008

(EUR MILLION)	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENDITURE	ADVANCES PAID	INTANGIBLE ASSETS TOTAL
Acquisition cost 1.1.	0.2	0.4	0.0	0.6
Increase 1.1.–31.12.	0.0			0.0
Decrease 1.1.–31.12.				0.0
Reclassifications				0.0
Acquisition cost 31.12.	**0.2**	**0.4**	**0.0**	**0.6**
Accumulated depreciation and write-downs 1.1.	0.2	0.3		0.5
Accumulated depreciation of decrease and transfers	0.0			0.0
Depreciation for the year	0.0	0.1		0.1
Accumulated depreciation 31.12.	**0.2**	**0.3**	**0.0**	**0.6**
Book value 31.12.2008	**0.0**	**0.0**	**0.0**	**0.1**
Book value 31.12.2007	**0.0**	**0.1**	**0.0**	**0.1**

9. PARENT COMPANY TANGIBLE ASSETS 2008

(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.	0.0	0.7	0.2	0.3	0.0	1.2
Increase 1.1.–31.12.						0.0
Decrease 1.1.–31.12.	0.0	0.0				0.0
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.		0.5	0.2			0.7
Accumulated depreciation of decrease and transfers			0.0			0.0
Depreciation for the year		0.0	0.0			0.0
Accumulated depreciation 31.12.	**0.0**	**0.6**	**0.2**	**0.0**	**0.0**	**0.8**
Book value 31.12.2008	**0.0**	**0.2**	**0.0**	**0.3**	**0.0**	**0.4**
Book value 31.12.2007	**0.0**	**0.2**	**0.0**	**0.3**	**0.0**	**0.5**
Book value of the production machinery and equipment						
31.12.2008			**0.0**			
31.12.2007			**0.0**			

10. PARENT COMPANY INVESTMENT 2008

(EUR MILLION)	GROUP COMPANY SHARES	PARTICIPATING INTEREST COMPANY SHARES	OTHER SHARES	RECEIVABLES, GROUP COMPANIES	TOTAL INVESTMENT
Acquisition cost 1.1.	85.0	0.0	0.0	199.0	284.0
Increase 1.1.–31.12.	19.0			28.0	47.0
Decrease 1.1.–31.12.				87.9	87.9
Acquisition cost 31.12.	**103.9**	**0.0**	**0.0**	**139.0**	**243.0**
Book value 31.12.2008	**103.9**	**0.0**	**0.0**	**139.0**	**243.0**
Book value 31.12.2007	**85.0**	**0.0**	**0.0**	**199.0**	**284.0**

SHARES AND HOLDINGS 2008

	GROUP HOLDING, %	PARENT COMPANY HOLDING, %
GROUP COMPANIES		
Raisio Malt Ltd, Raisio	100.00	100.00
Raision Konsernipalvelut Oy, Raisio	100.00	100.00
Raisionkaari Industrial Park Ltd., Raisio	100.00	50.00
Raisio Nutrition Ltd, Raisio	100.00	100.00
Raisio Feed Ltd, Raisio	100.00	100.00
ASSOCIATED COMPANIES		
Vihervakka Oy, Pöytyä	38.50	38.50

(EUR MILLION)	2008	2007
11. RECEIVABLES		
Current receivables		
Accounts receivables	0.0	0.3
Receivables from Group companies		
Accounts receivables	0.1	0.8
Loan receivables	23.5	36.5
Other receivables	0.1	10.5
Prepaid expenses and accrued income	2.0	1.9
	25.7	49.8
Receivables from participating interest companies		
Accounts receivables	0.0	0.0
Other receivables	6.7	7.7
Prepaid expenses and accrued income	2.2	0.9
Total current receivables	34.6	58.6

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

12. SHAREHOLDERS' EQUITY		
Restricted 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
Total restricted shareholders' equity	119.3	119.3
Retained earnings 1.1.	206.4	219.4
Dividend distributed	−6.3	−4.8
Disposal of company shares	0.1	0.0
Repurchase of company shares	−1.6	−6.5
Retained earnings 31.12.	198.5	208.0
Result for the year	1.1	−1.7
Total unrestricted shareholders' equity	199.6	206.4
Total shareholders' equity	318.9	325.6
Distributable equity	199.6	

Company share capital dividend by share series as follows:

	2008		2007	
	SHARES	EUR 1,000	SHARES	EUR 1,000
Series K (20 votes/share)	34,474,150	5,798	34,474,250	5,798
Series V (1 vote/share)	130,674,880	21,978	130,674,780	21,978
Total	165,149,030	27,776	165,149,030	27,776

Company shares held by Raisio:

	2008		2007	
	SHARES	ACQUISITION COST EUR 1,000	SHARES	ACQUISITION COST EUR 1,000
Series K (20 votes/share)	197,808	382	158,300	318
Series V (1 vote/share)	9,158,500	19,027	8,230,500	17,576
Total	9,356,308	19,409	8,388,800	17,894

The probable assignment price of company shares held by Raisio on the date of the financial statements was EUR 13.8 million (EUR 12.6 million in 2007).

(EUR MILLION)	2008	2007
13. APPROPRIATIONS		
Appropriations consist of the accumulated depreciation difference.		
LIABILITIES		
14. NON-CURRENT LIABILITIES		
Loans from credit institutions	7.8	0.0
Total non-current liabilities	7.8	0.0
15. CURRENT LIABILITIES		
Loans from credit institutions	2.2	0.8
Accounts payable	0.2	0.2
Liabilities to Group companies		
Accounts payable	0.0	0.3
Other liabilities	17.5	50.5
Accrued liabilities and deferred income	0.2	0.1
	17.7	50.9
Other liabilities	0.6	0.7
Accrued liabilities and deferred income	2.0	0.9
Total current liabilities	22.6	53.5
Accrued liabilities and deferred income comprises items related to the periodization of operational expenses, financial items and taxes.		
Interest-free debts		
Non-current	9.5	23.2

OTHER NOTES TO THE PARENT COMPANY ACCOUNTS

(EUR MILLION)	2008	2007
16. CONTINGENT AND OTHER LIABILITIES AND PLEDGED ASSETS		
CONTINGENT OFF-BALANCE SHEET LIABILITIES:		
Leasing liabilities		
Amounts outstanding on leasing contracts		
Falling due in 2009	0.0	0.0
Falling due after 2009	0.0	0.0
Total	0.0	0.0
Leasing contracts do not include substantial liabilities related to termination and redemption terms.		
Contingent liabilities for Group companies		
Guarantees	27.5	17.9
Contingent liabilities for others		
Guarantees	0.0	0.1
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	1.6	0.2
Value of underlying instrument	28.9	18.6
The value of the underlying instrument in currency forward contracts is the sum of open forward contracts, converted into euros at the exchange rate of the closing day.		
Interest rate swaps:		
Fair value	−0.1	0.0
Value of underlying instrument	10.0	0.0

The value of interest rate swaps is the nominal amount of open contracts.

BOARD'S PROPOSAL FOR THE DISPOSAL OF PROFIT

Shareholders' equity according to the balance sheet at 31 December 2008 is EUR 199,648,743.48. The Board of Directors proposes that a dividend of EUR 0.07 per share be paid from the parent company's earnings

totalling	EUR 11,560,432.10
carried over on the retained earnings account	EUR 188,088,311.38
Total	EUR 199,648,743.48

However, dividend will not be paid on the shares which are held by the company at the record date 31 March 2009.

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

Raisio, 12 February 2009

Simo Palokangas	Anssi Aapola
Erkki Haavisto	Satu Lähteenmäki
Michael Ramm-Schmidt	Matti Rihko, *CEO*

AUDITOR'S REPORT

To the Annual General Meeting of Raisio plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raisio plc for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Supervisory Board and the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Raisio, 12 February 2009

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 2008.

The Supervisory Board gives its assent to the approval of the financial statements and the consolidated financial statements and concurs with the Board of Directors' proposal for the allocation of profits.

Raisio, 24 February 2009

For the Supervisory Board

Juha Saura, *Chairman*

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