RAISIO PLC

FINANCIAL STATEMENTS REVIEW 2010

RAISIO'S GROWTH CONTINUES

January-December 2010

- Raisio's net sales grew by 17.9% to EUR 443.0 million (EUR 375.9 million 2009).
- EBIT was EUR 19.4 million (EUR 20.5 million excluding one-off items), which accounts for 4.4% (5.5%) of net sales and is accordant with the Group's all-year guidance.
- Discontinuation characterised the year and the entire growth phase as the company's priorities changed considerably.
- EUR 3.5 million costs of growth projects were recognised through profit and loss.
- Cash flow from operations before change in working capital was EUR 35.5 million (EUR 34.1 million)
- Earnings per share were EUR 0.08 (EUR 0.09 excluding one-off items).
- The Board of Directors proposes a dividend of EUR 0.10 (EUR 0.09) per share.

October-December 2010

- Raisio's net sales grew 28.8% and were EUR 117.8 million (EUR 91.5 million Q4/2009).
- EBIT was EUR 3.0 million (EUR 4.2 million) accounting for 2.6% (4.6 %) of net sales. Without the costs of growth projects, EBIT for the previous year would have been exceeded.

Outlook 2011

Raisio continues the implementation of the growth phase according to plan. We expect net sales increase for 2011, especially for the Brands Division. In terms of net sales, it is still essential to pay attention to the impact of raw material price volatility. Activity in growth projects brings extensive costs compared to the company size and thus, undermines profitability in the short term. Group's target is to maintain the earlier 4-5% profitability level also during the growth phase.

Key figures

		Q4/2010	Q4//2009	2010	2009
Results from continuing operations					
Net sales	M€	117.8	91.5	443.0	375.9
Change in net sales	%	28.8	-22.8	17.9	-18.8
EBIT	M€	3.0	4.2	19.4	20.5*
EBIT	%	2.6	4.6	4.4	5.5*
Depreciation and impairment	M€	4.1	5.4	15.9	17.0*
EBITDA	M€	7.1	9.6	35.3	37.5*
Net financial expenses	M€	0.3	0.3	-1.9	-0.5*
Earnings per share (EPS)	€	0.01	0.02	0.08	0.09*
Earnings per share (EPS), diluted	€	0.01	0.02	0.08	0.09*
Balance sheet					
Equity ratio	%	-	-	67.6	73.4
Gearing	%	-	-	-22.5	-46.6
Net interest-bearing debt	M€	-	-	-72.9	-150.2
Equity per share	€	-	-	2.06	2.06
Dividend per share	€	-	-	0.10**	0.09
Gross investments	M€	2.9	3.0	49.1***	10.0
Share					
Market capitalisation****	M€	-	-	439.1	417.4
Enterprise value (EV)	M€	-	-	356.1	257.1
EV/EBITDA		-	-	10.1	6.9

* Excluding one-off items
** Board of Directors' proposal to the Annual General Meeting
*** Including the acquisition of Glisten shares
**** Excluding the company shares held by the Group

Figures for the comparison period are given in brackets.

Chief Executive's review

"Raisio is in the middle of the growth phase which we expect to last two years. During the growth phase, we aim to increase net sales and our international activities. In the first half of 2010, we carried out the acquisition of British Glisten. The acquisition gave us a foothold in the snack and confectionery market in Great Britain.

The acquisition of Big Bear Group in February 2011 was a natural extension of our growth strategy. With the acquisition, Raisio will gain a stronger branded foothold in the snack and breakfast markets in Great-Britain and Western Europe. The transaction will also strengthen the company's position in the confectionery market. Big Bear complements extremely well the earlier acquisition of Glisten and brings the necessary critical mass for the future.

We will continue to be active in the acquisitions front. The Group's strong balance sheet and cash flow provide a good foundation for acquisition activities as far as there are suitable companies available fitting our strategy and meeting our preset criteria. During the growth phase, Raisio aims to maintain the earlier 4-5% level of profitability.

In 2010, a total of EUR 3.5 million direct costs resulting from the growth projects were recognised in the Group's EBIT following the IFRS standards. As the margarine business model was changed and Raisio became a distributor instead of a producer, the EBIT in the Nordic Countries was EUR 4 million lower than in 2009. In the fast changing markets and tough competition situation, Business to Business Division reached a profitable EBIT for each quarter of the year, which can be considered as a good achievement. In the Brands Division's operations, good sales development in Raisio's main brands continued, and we were able to increase our market shares in several product categories. Sales in the Benecol products increased, particularly in the new market areas in Asia and South-America.

Raisio was among the first to anticipate, already in 2007, high price volatility and a permanent upturn after the long-term fall of grain real price. Our vision is still topical since grain raw material prices have been and will continue to be volatile. As the company's priority changed, our raw material procurement with new raw materials such as nuts, cacao and sugar will be more diverse. In terms of the Group profitability, risk management of raw material prices will be essential also in the future, regarding both value and volume.

Raisio is growing by combining ecology, health and snacks suitable for mobile lifestyle into a whole that meets the needs of consumers and customers in all our market areas."

RAISIO PLC

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Events related to the financial statements publication
A press and analyst event will be arranged in Helsinki on 10 February 2011 at 2.00 p.m. Finnish time. It will be held at Hotel Scandic Simonkenttä, in the Pavilion meeting room. The address is Simonkatu 9, Helsinki. A teleconference in English will start at 3.30 p.m. Finnish time on 10 February 2011. The participants are requested to call 5-10 minutes before the start of the conference as it takes a moment to log in. The number is +358 9 8248 8669 and the PIN code 27929.

Release dates of financial reviews in 2011
- Raisio's Annual Report will be published in week 10 on the Internet. Raisio Corporate Responsibility Report will be published as part of the Annual Report.
- The Annual General Meeting will be held on 24 March 2011.
- Interim report for January-March will be published on 10 May 2011.
- Interim report for January-June will be published on 16 August 2011.
- Interim report for January-September will be published on 8 November 2011.

The financial statements review has not been audited.

Report of the Board of Directors 2010

Raisio's operating environment

After the successful turnaround and profitability phases, Raisio moved to a growth phase. In practise, this means both acquisitions and organic growth in the current market areas and expansion to new markets and new product categories. Raisio's target is to become the leading provider of healthy snacks in Europe.

We actively work to carry out acquisitions that fit our strategy. In 2010, we were investigating dozens of growth projects. In 11 cases, we proceeded through a non-disclosure agreement to the due diligence process. Raisio analysed thoroughly five potential acquisition targets two of which resulted in the acquisition. The acquisition of Big Bear Group took place in February 2001 after the review period. Carefully considered acquisitions secure profitable growth and achievement of our targets in the long run. Through acquisitions, we can also create shareholder value.

During the growth phase, Raisio has completed two acquisitions in Great Britain and gained a firm foothold in the British breakfast and snack market and the confectionery market. The completed acquisitions support the company's strategic targets. Raisio continues the implementation of the growth phase according to plan.

Two global challenges we are facing, climate change and food security, are linked to each other. Transition to a bioeconomy is Raisio's way to tackle these challenges. In the bioeconomy, renewable natural resources are used sustainably. In terms of nutrition, the bioeconomy means that our mobile lifestyle includes healthier and more ecological food, that we are able to reliably measure the eco-efficiency of production and to control the process through facts. Raisio has developed tools to measure the energy efficiency of cultivation (EcoPlus), carbon footprints (CarbonPlus) and nutrient balance (WaterPlus). The core idea of Raisio's strategy is well realised in the bioeconomy, both in the Brands and Business to Business Division.

Our business strategy is based on healthy and ecological snacking, functional foods, and feed solutions that promote animal well-being and productivity, reduce environmental impacts and are economically viable. Ecology gives us a competitive edge in all our activities. Consumers are increasingly more ready and willing to make an impact through their sustainable consumption choices. This is why providing the consumers with environmental information, e.g. carbon footprints of products, is becoming increasingly significant.

The year 2010 was a good example of Raisio's capability to adapt quickly to a changing operating environment by developing new economically viable solutions that support the bioeconomy. When the global food chain changes in the future, we will be able to provide sustainable solutions. Raisio is growing profitably on the threshold of a bioeconomic era.

Financial reporting

Raisio reports on its performance in line with the Group's continuing operations. The reportable Divisions are Brands and Business to Business. The Brands Division includes international brands (Benecol) and local brands. Western European operations are reported as part of the local brands from the second quarter of the year. The Business to Business Division is comprised of feed, malt and feed protein businesses.

Net sales

The Raisio Group's net sales totalled EUR 443.0 million (EUR 375.9 million 2009) and rose 17.9% from the previous year. Net sales were especially boosted by Glisten becoming part of Raisio's financial reporting as well as by good sales development in our main brands in all market areas. Net sales from outside Finland represented 42.0% (33.1%) of the total, amounting to EUR 186.2 million (EUR 124.4 million).

January-December net sales of the Brands Division in 2010 were EUR 236.4 million (EUR 177.6 million), those of the Business to Business Division EUR 208.3 million (EUR 205.6 million) and those of other operations EUR 0.9 million (EUR 0.9 million).

Result

Raisio's EBIT from continuing operations in 2010 totalled EUR 19.4 million (EUR 20.5 million and, including one-off items EUR 19.5 million) accounting for 4.4% (5.5% and, including one-off items, 5.2%) of net sales. EUR 3.5 million costs of growth projects were recognised through profit and loss. In 2009, Raisio had recognised a total of EUR 1.1 million in one-off expenses for other operations, resulting from an unrealised acquisition and donation.

EBIT of the Brands Division amounted to EUR 20.0 million (EUR 20.5 million), that of the Business to Business Division EUR 2.1 million (EUR 3.0 million) and that of other operations EUR -2.8 million (EUR -3.3 million and, including one-off items, EUR -4.3 million).

Depreciation and impairments, allocated to operations in the income statement, totalled EUR 15.9 million (EUR 17.0 million).

The pre-tax result for 2010 was EUR 17.6 million (EUR 20.1 million and, including one-off items, EUR 18.9 million). The Group's net financial items totalled EUR -1.9 million (EUR -0.5 million and, including one-off items, EUR -0.6 million). The Group's post-tax result from continuing operations totalled EUR 12.4 million (EUR 14.2 million and, including one-off items, EUR 13.4 million). Earnings per share were EUR 0.08 (EUR 0.09).

Balance sheet and cash flow

Raisio's balance sheet total at the end of December amounted to EUR 487.2 million (EUR 444.2 million 31 December 2009). Shareholders' equity totalled EUR 324.0 million (EUR 322.0 million), while equity per share at the end of the year was EUR 2.06 (EUR 2.06).

Raisio's interest-bearing debt was EUR 67.2 million at the end of December (EUR 62.8 million). Net interest-bearing debt was EUR -72.9 million (EUR -150.2 million). The equity ratio totalled 67.6% (73.4%), and gearing was -22.5% (-46.6 %). Return on investment was 5.1% (6.1%).

Cash flow from operations in January-December was EUR 23.0 million (EUR 51.5 million). Working capital amounted to EUR 79.3 million at the end of the review period (EUR 66.1 million) The increase in working capital of the Business to Business Division resulted from higher stock levels of grain and oil seeds securing raw material sufficiency.

Raisio plc paid EUR 14.0 million in dividends in 2010.

Investments

Raisio makes investments for real needs and aims to use existing capacity by controlling it more efficiently on the basis of customer information, as well as to keep plant utilisation rates high. In recent years, the Group's gross investments, excluding investments related to acquisitions, have stabilised at a moderate level.

Raisio takes sustainable development into consideration in the production processes. Lifecycle assessment of products has not only opened doors to the carbon footprint calculation but has also enabled, through its accurate calculation data, a new kind of assessment of the production efficiency in development targets. Raisio has made several investments enhancing the operations. These investments are both cost effective and environmentally friendly.

The Group's gross investments in 2010 totalled EUR 49.1 million (EUR 10.0 million), or 11.1% (2.7%) of net sales. The largest investment in 2010 was the acquisition of Glisten shares. Raisio paid EUR 22.2 million for Glisten's share capital and financed the repayment of Glisten's credits at the time of acquisition, granted by financial institutions, in a total amount of EUR 36.5 million. Raisio has also invested in new, consumer-friendly and easy-to-use packages by renewing packaging lines.

Gross investments of the Brands Division were EUR 43.4 million (EUR 3.3 million), those of the Business to Business Division EUR 4.5 million (EUR 5.4 million) and those of other operations EUR 1.3 million (EUR 1.3 million).

Research and development

In 2010, two significant plant stanol ester studies were published. These studies showed that higher than currently recommended plant stanol ester doses enhance cholesterol-lowering effect. Only Benecol products contain plant stanol ester. Benecol business cooperates extensively with Finnish and international research institutes and universities.

Grain and non-dairy based healthy snacks are the top priorities in the product development of Raisio foods. Our aim is to ensure the future growth with new innovative products meeting consumer needs. In 2010, Raisio invested in a project management system that enables better R&D management and more efficient development of consumer-oriented products.

Product development in feeds aims to improve the profitability of livestock production, increase the animal well-being and reduce the environmental load of livestock production. Raisio Feed continuously makes inputs into the research projects studying nutritional needs of animals. Raisio provides its feed customers with ecological choices. Raisio’s R&D in malt is focused on customer-driven product development.

The Raisio Group’s investment in research and development totalled EUR 6.3 million (EUR 6.1 million), or 1.4% (1.6 %) of net sales. The R&D investments of the Brands Division were EUR 5.0 million (EUR 4.9 million) and those of the Business to Business Division EUR 1.4 million (EUR 1.2 million).

Segment information

Brands Division

Net sales of the Brands Division totalled EUR 236.4 million (EUR 177.6 million). Net sales of local brands were EUR 188.7 million (EUR 133.1 million) and those of international brands EUR 47.8 million (EUR 47.0 million). The Brands Division accounted for some 53% of the Group's net sales.

EBIT of the Brands Division was EUR 20.0 million (EUR 20.5 million) accounting for 8.5% (11.5%) of net sales. As expected, Raisio’s main brands strengthened in all market areas.

Local brands

Raisio’s main local brands are, e.g., Elovena, Sunnuntai, Carlshamn, Nordic and The Dormen.

In the Western European operations, the market situation in Great Britain was challenging due to the promotion-driven market. For instance, over a quarter of the retail chain Tesco’s range was sold on sales promotions and over 90% of the Pringles brand sales were generated by promotional campaigns. In terms of brands, a positive side of this phenomenon was the decrease in the market share of private label products in the UK. Weather conditions have been very difficult, particularly in Great Britain. Because of snow storms, deliveries to shops have been interrupted and motorways and factories have been closed. December was extremely difficult for retail trade and grocery industry in the UK but Raisio UK managed well, only one factory had to be closed for 30 hours.

In the Northern European operations, sales volumes in our main brands increased in Finland and Sweden. Raisio continued to strengthen its position in several product segments. Despite the rising grain raw material prices, Raisio performed well in the second half of the year thanks to its strong brands and rapid response capability. Price increases resulted in a change in consumers' purchasing behaviour and sales growth of inexpensive products.

Excellent sales development in Elovena products continued in 2010 after the very successful year 2009. Sales growth was seen particularly in healthy snacks, such as Elovena snack drinks and biscuits. Elovena bread and spoonable snacks were launched as novelties. Elovena’s target to be the number one brand of healthy snacks in Finland was achieved already in 2010. Furthermore, Elovena was rated as the second-most valued Finnish food brand in the research conducted by Markkinointi & Mainonta magazine.

Elovena celebrated its 85th anniversary in 2010 and the brand was strongly visible to consumers in various occasions. Elovena has cooperated with Finnish Athletics Federation already for four years. We have arranged Elovena Power Days together with more than 100 schools with over 100,000 school children. The objective of our cooperation is to promote children’s healthier lifestyle by means of exercise and healthy snacks.

In 2010, Elovena packages were further developed to better meet consumer needs. In addition, we expanded the use of carbon meter, and it can now be seen in dozens of Raisio’s products to inform consumers about carbon footprints.

In Sweden, sales of non-dairy products sold under Carlshamn brand more than doubled. At the same time, Raisio’s share of the Swedish market for non-dairy products rose to 10%. Raisio’s position as the market second strengthened in soyghurts, i.e. non-dairy spoonable snacks. In two years, Raisio has managed to reach a 40% share in the soyghurt market. Swedish consumers have warmly welcomed the novelties of the Carlshamn brand.

In the Eastern European operations, sales and volumes in the Nordic brand products developed well in spite of the Russian government ban to adjust product prices to meet dramatically increased raw material costs. Despite the challenging market situation, Raisio’s EBIT was positive in Russia and Ukraine. In Poland, sales in Benecol drinks developed well, and the Elovena product range was expanded. In the Polish market, we aim to grow sales in the Benecol products and healthy snacks.

International brands - Benecol

Net sales of Benecol remained at the previous year's level, totalling EUR 47.8 million (EUR 47.0 million). In the review period, sales and volumes in cholesterol-lowering functional Benecol products grew in Asia and South America. In other market areas, sales of Benecol products were stable and at the previous year’s level. There were big variations between different markets.

The challenging economic situation in Europe had an impact on many markets. Nevertheless, sales of Benecol products increased in Great Britain, Spain, Greece and Ireland. The market situation was challenging in Poland and Portugal. In 2010, Benecol bread was launched in the Romanian market. Our sales focus with the Benecol products is still firmly on the European markets. Double-digit sales growth was recorded in the countries where Benecol products were recently launched, as in Thailand, Indonesia and Columbia.

We expanded the service concept offered to our partners, and further strengthened the expert role of the Benecol brand together with the partners. The renewed look of the Benecol brand with turquoise colour scheme will further establish Benecol’s position as an international expert brand. The same new brand look will be seen in all Benecol products worldwide.

Key figures for the Brands Division

		Q4/2010	Q4/2009	2010	2009
Net sales	M€	65.5	45.5	236.4	177.6
International brands	M€	10.8	12.4	47.8	47.0
Local brands	M€	54.7	33.4	188.7	133.1
EBIT	M€	2.9	2.8	20.0	20.5
One-off items	M€	0.0	0.0	0.0	0.0
EBIT, excluding one-off items	M€	2.9	2.8	20.0	20.5
EBIT	%	4.5	6.2	8.5	11.5
Investments	M€	0.8	1.1	43.4	3.3
Net assets	M€	-	-	143.6	69.6

Targets

In 2011, Raisio's targets relate to increasing net sales, profitable growth as well as launching new, healthy and ecological snacks. The target is the same in all current and new markets. Volatility in raw material and product prices may impact consumer demand and thus, sales volumes and net sales.

Growth through acquisitions offers us interesting opportunities to build international brands and expand into new product categories and new market areas. We are expanding our product range in Russia, Ukraine and Poland, and will focus on supporting growth.

In Benecol, our target is to increase our operations worldwide and to strengthen Benecol's expert role together with our partners. Raisio continues negotiations worldwide with potential new partners in order to expand into emerging markets, particularly in Asia and South America.

The latest scientific evidence shows that higher than currently recommended daily doses of plant stanol ester further enhance its cholesterol-lowering effect. This effect has been found only in the Benecol products containing plant stanol ester. Raisio uses the latest research data as part of the marketing of the Benecol products.

Business to Business Division

Net sales of the Business to Business division totalled EUR 208.3 million (EUR 205.6 million). In malts, the year-end market situation continued challenging as grain raw material prices rose while malt price remained low in the global markets. At the end of the year, Raisio started rapeseed oil deliveries to Neste Oil that uses the oil as raw material for its renewable diesel. In the feed market, 2010 was exceptional in many ways, and discontinuity characterised the entire year. The Business to Business Division accounted for some 47% of the Group's net sales.

EBIT of the Division was EUR 2.1 million (EUR 3.0 million) accounting for 1.0% (1.4%) of net sales.

Regardless of the exceptionally difficult year, Raisio maintained its position in the Finnish market of farm and fish feeds, and increased its exports of farm feeds to Russia. The company lost market share in poultry feeds as a result of a new market actor and the price advantage of GMO feed launched by some competitors. On the other hand, our position was slightly strengthened in pig feeds. The company’s share of the Finnish feed market was almost 40%.

In fish farming, 2010 was exceptional due to the long heat period in Finland and Russia. Production volumes of fish were down by a quarter as fish stopped eating during the heat wave, and hot weather also caused mortality of young fish.

At Raisio, we have calculated the carbon footprint of our feeds. The data is used in the development of our operations, feeding concepts and product development. Environmental perspective is an integral part of all our activities.

Raisio’s position in the Finnish malt market strengthened, and some 2/3 of all pilsner malt used in Finland comes from Raisio. Price volatility in raw materials is a challenge for the whole beer chain. As prices are increasing, breweries start looking for savings also by replacing malt with extract sources. Increases in energy, water and other commodity prices also form a challenge for the malt industry. Malting industry is facing radical changes since the field is more and more centralised, for both breweries and maltsters.

In autumn 2010, Raisio and Neste Oil agreed on long-term cooperation regarding the utilisation of Raisio’s rapeseed oil surplus as Neste Oil’s renewable diesel raw material. According to the agreement Neste Oil will use, from the beginning of 2011, all rapeseed oil generated as a by-product in Raisio’s feed protein production that has no market in the food chain.

First environmentally friendly technical lubrication oils were launched under the Lubria brand. The products are used in several pilot projects.

Key figures for the Business to Business Division

		Q4/2010	Q4/2009	2010	2009
Net sales	M€	53.0	46.3	208.3	205.6
Feeds	M€	47.7	40.0	180.8	176.1
Malt	M€	3.9	6.2	19.6	26.3
Other	M€	1.2	0.1	8.0	3.6
EBIT	M€	0.7	2.0	2.1	3.0
One-off items	M€	0.0	0.0	0.0	0.0
EBIT, excluding one-off items	M€	0.7	2.0	2.1	3.0
EBIT	%	1.4	4.3	1.0	1.4
Investments	M€	1.6	1.3	4.5	5.4
Net assets	M€	-	-	84.0	79.2

Targets

The target of the Business to Business Division is to maintain its strong position in the domestic market and to clearly improve profitability. The Division also aims to increase the input trade to feed customers. For malt and special feeds, the aim is to increase exports.

No significant changes are expected in the Finnish livestock production. The Finnish malt market is stable, but especially the Russian malt market and export opportunities could considerably change as a result of poor crops last year. Price competition will remain intense due to overcapacity in the sector.

Our delivery agreement of rapeseed oil with Neste Oil brings certainty and stability in the oil plant cultivation and pressing as well as the feed protein production. The use of rapeseed oil in traffic fuels is already extensive. Interest in its use also in technical lubricants and other solutions is estimated to clearly grow and the production may be expanded from the pilot scale. Apart from rapeseed oil, we are also investigating various possibilities to commercially use bioenergy sources generated as side cut.

Grain market

In 2010, the prices of grain raw material and oil plants rose almost to the level of 2008. Rise in prices began as a result of an extremely dry summer in Russia. Traditional grain exporters that bring plenty of grain in the global markets were uncertain about the crops. This and speculative money in grain stocks were heating up the grain market. Finnish grain crop was clearly lower than on average but met the consumption, thanks to sufficient stocks. Raisio imported rye and special wheat varieties that Finland could not provide sufficiently.

Almost a fifth of some 800 million kilos of biomass Raisio used in 2010 was processed into foods. Four fifths were used as feed raw material, in malt production or in the production of feed protein and rapeseed oil.

Over 95% of the grain Raisio uses is Finnish. The company purchases the greater part of its grain from the contract farmers. In the spring, Raisio conducted an extensive national campaign to increase the rapeseed cultivation. The campaign was a success since the cultivated area of rapeseed doubled from 80,000 hectares to 160,000 hectares and many Finnish farmers started to cultivate rapeseed. Protein self-sufficiency in Finland rose from some 10% to over 20%.

Raisio wants to further develop the contract farming model to balance the prices, to ensure the availability and to improve working capital. Raisio offers cost-effective cultivation solutions to the contract farmers to help them produce good quality crops. Raisio sees the traceability of raw materials as a competitive advantage. In Finland we already now know where our grain raw material is produced. Furthermore, we provide our contract farmers with various tools to reduce the environmental impacts of cultivation. Raisio expanded the range of fertilizers, seeds and plant protection products.

Management and administration

Raisio's Board of Directors had five members in 2010: Simo Palokangas (Chairman), Michael Ramm-Schmidt (Deputy Chairman), Anssi Aapola and Erkki Haavisto as well as Pirkko Rantanen-Kervinen as of 25 March 2010. Satu Lähteenmäki was a Board member until 25 March 2010. All Board members are independent of the company and of significant shareholders.

Raisio's Supervisory Board is chaired by Michael Hornborg, MA (Agriculture &Forestry) and farmer while Holger Falck, agronomist, is the Deputy Chairman.

Personnel

The Raisio Group's continuing operations employed 1,257 people at the end of the year (593 people 31 December 2009). With the acquisition of Glisten, 60.0% of the personnel (14.3% 31 December 2009) works outside Finland. The Brands Division had 958, the Business to Business Division 240 and the service functions 59 employees at the end of the year.

In 2010, Raisio's wages and fees from continuing operations totalled EUR 50.2 million (EUR 41.7 million 2009 and EUR 46.3 million 2008) including other personnel expenses.

Raisio reports on the personnel issues in the Corporate Responsibility section of the Annual Report.

Corporate responsibility

Raisio is committed to taking responsibility for its operating environment, environmental matters and personnel. We regularly monitor the realisation of the predetermined environmental objectives. We aim to continuously improve our activities in line with sustainable development and to reduce the quantities of energy, water and waste, among others. Raisio reports on its environmental responsibility in the Corporate Responsibility section of the Annual Report. In its reporting, the company complies with the international GRI guidelines on sustainable development.

We are involved in several projects that aim to improve the state of seas and environment. Raisio provides its partners and contract farmers with information and tools that enable them to measure and reduce the environmental impacts of their own activities. Raisio is a forerunner in ecology also through carbon and water labels the company has developed.

Raisio develops ecological and healthy products and solutions that preserve natural resources and meet the needs of consumers and customers. Raisio is not aware of any significant financial environmental risks related to its operations.

Changes in group structure

The acquisition of the snack producer Glisten plc was completed in April. The subgroup formed with Glisten Ltd as a parent company was made part of Raisio Group on 8 April 2010 through the Raisio plc's subsidiary Raisio UK Ltd.

In June, Raisio plc and Raisio Nutrition Ltd founded a company in Belgium named Raisio Finance NV, which operates in financing of group companies. The shares of the new subsidiary are held by the founding companies.

Raisio Nutrition Ltd's feed protein business, i.e. manufacturing and trade of meals and oils, was incorporated to the limited company Proteinoil Oy through partial demerger. The incorporation came into effect on 31 December 2010.

Company shares and share issues

At the end of the review period, Raisio plc held 3,949,888 free shares and 201,295 restricted shares, which were acquired from 2005 to 2009 based on the authorisations given by the Annual General Meetings. The executives' holding company Reso Management Oy of which, on the basis of the agreements, Raisio plc is seen to have the control, and which is thus regarded as a subsidiary, owns 4,482,740 free shares. The number of free shares held by Raisio plc and Reso Management Oy accounts for 6.4% of all free shares and the votes they represent, while the corresponding figure for restricted shares is 0.6%. In all, the company shares held by these two companies represent 5.2% of the entire share capital and 1.5% of overall votes. Raisio plc and its subsidiaries do not have any shares as collateral and did not have any in the review period. Since all of the company 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.

Based on the authorisation given by the 2010 Annual General Meeting, the Board can purchase a maximum of 6,000,000 free shares and 1,500,000 restricted shares in the public trading conducted by a stock exchange. The authorisations were not exercised during the review period.

Based on the authorisation given by the 2010 Annual General Meeting, 738,221 free shares were assigned in the review period. Of these, 553,056 were assigned as a part of the 2009 share-based incentive scheme in May 2010, and a total of 168,000 as recognition of and reward for the successfully completed divestment of the margarine business in 2009 in May 2010 and a total of 17,165 to the Chairman and members of the Board of Directors for handling their duties. The value of free shares assigned as a part of the share-based incentive scheme was EUR 1,499,335 at the time of assignment, while the value of free shares assigned as recognition of and reward for the divestment of the margarine business was EUR 455,448 and the value of free shares assigned as rewards to the Board of Directors totalled EUR 45,861. The number of assigned shares equals 0.45% of the share capital and 0.1% of the votes it represents.A total of 5,000 free shares assigned on the basis of the share-based incentive scheme were returned to the company according to the conditions related to the ending of employment or service.

Of the 51 persons who received shares, either through the 2009 share-based incentive scheme or, as rewards for the divestment of the margarine business, Jacek Dziekonski, Markku Krutsin, Leif Liedes, Merja Lumme, Pasi Lähdetie, Jyrki Paappa, Vincent Poujardieu and Matti Rihko belonged to the close associates of the company.

The Board of Directors was authorised by the Annual General Meeting in 2010 to dispose of all company shares. According to the Companies Act, the Board of Directors is also entitled to annul them. No shares were annulled in the review period.

The Raisio Group Research Foundation holds 150,510 restricted shares, which is 0.44% of the restricted shares and the votes they represent and, correspondingly, 0.09% of the whole share capital and 0.37% of the votes it represents. The Foundation does not or 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.

In June 2010, based on the authorisation, the Board of Directors decided on the share issue against payment directed to Reso Management Oy. In the share issue, a total of 4,120,000 free shares held by the company were assigned, deviating from the pre-emptive subscription right of shareholders, to be subscribed by Reso Management Oy. The company had a weighty financial reason to deviate from the pre-emptive subscription right of shareholders since the shares assigned in the share issue were used to implement the incentive and commitment scheme for the members of the Raisio Management Team. As the assigned free shares in the share issue were company shares held by Raisio plc, the number of the company's shares remained unchanged.

The subscription price (assignment price) of a free share was the trade volume weighted average quotation of the company’s free share on the NASDAQ OMX Helsinki Ltd during 5 May - 22 June 2010, i.e. EUR 2.58. The share subscription period was 1 - 2 July 2010 and the subscribed shares had to be paid on 16 July 2010 at the latest. The subscription price has been paid to the company and registered to the reserve for invested unrestricted equity of the company.

Events after the review period

On 4 February 2011, Raisio acquired the entire issued share capital of British Big Bear Group plc. The enterprise value was EUR 95.3 million. Raisio financed the all cash transaction with its cash reserves and a loan of EUR 52 million raised for the acquisition. The acquisition supports Raisio’s growth strategy to become the leading provider of healthy snacks in Europe.

With the acquisition, Raisio will gain a stronger branded foothold in the snack and breakfast markets in Great-Britain and Western Europe. The acquisition will also strengthen the company’s position in the confectionery market. Great-Britain also becomes the largest market area for Raisio’s food business with EUR 140-150 million annual net sales. Raisio is already present in the British snack market with Glisten acquired in 2010.

Big Bear Group was made a part of Western European brand operations from the 4 February 2011 and its operations are reported with Raisio Brands Division’s figures from the first quarter of 2011. The acquisition will improve Raisio’s earnings per share this year, also after the expenses and taxes related to the transaction.

Risks and sources of uncertainty in the near future

The growth phase is a phase of transition for Raisio. During this phase, several company's activities are developed and business management is considerably more challenging than in ordinary circumstances.

During the growth phase, Raisio sees that companies’ valuation levels have remained high despite the global recession. This means that a lot work will be needed so that acquisitions are possible at the valuation levels that meet Raisio’s targets. There is a risk that economic recovery may accelerate the rise of valuation levels and slow down growth through acquisitions. Furthermore, general instability in financial markets may also complicate acquisition financing. These circumstances may, however, create a competitive advantage for a stable Nordic player.

Raisio has product groups in which the price of energy is a significant cost factor. In the international competition, price changes do not have equal impacts on all parties in different markets. Through a competitive situation, this causes uncertainty for profitability of these product groups.

Raisio was among the first to anticipate, already in 2007, high price volatility and a permanent upturn after the long-term fall of grain real price. Our vision is still topical since grain raw material prices have been and will continue to be volatile. As the company’s priority changed, our raw material procurement with new raw materials such as nuts, cacao and sugar will be more diverse. In terms of the Group profitability, risk management of raw material prices will be essential also in the future, regarding both value and volume.

Outlook 2011

Raisio continues the implementation of the growth phase according to plan. We expect net sales increase for 2011, especially for the Brands Division. In terms of net sales, it is still essential to pay attention to the impact of raw material price volatility. Activity in growth projects brings extensive costs compared to the company size and thus, undermines profitability in the short term. Group’s target is to maintain the earlier 4-5% profitability level also during the growth phase.

Board of Directors’ proposal for the distribution of profits

The parent company’s distributable equity was EUR 203,660,575.05 on 31 December 2010. The Board of Directors will propose a dividend of EUR 0.10 per share at the Annual General Meeting on 24 March 2011.

The ex-dividend date is 25 March 2011, and the record date is 30 March 2011. The payble date is 5 April 2011.

Financial review of October-December 2010

Operating environment

Good sales development of our main brands continued in Finland and Sweden also in the fourth quarter. The sales volumes of non-dairy products sold under the Carlshamn brand in Sweden further increased. The Nordic brand products were successful in Russia and Ukraine. There is a significant upward pressure on consumer product prices in Russia. The Russian government banned all price increases even though the prices of grain raw materials rose sharply. In Great Britain, Christmas sales did not reach the expectations as promotional activities continued throughout the year. Nevertheless, Raisio's development continued positively in Great Britain. Sales in Benecol products continued stable. Snow storms in many parts of Europe caused delivery interruptions and closings of factories.

The situation in the malt market continued challenging as malt price remained low while malt barley prices kept rising. The dramatic rise in grain raw material prices could not be fully transferred to feed prices due to competition reasons. Raisio started rapeseed oil deliveries to Neste Oil that will use it as raw material for renewable diesel.

In the last quarter of the year, costs were increased due to the fierce price increase of raw materials that caused the need to import certain grain varieties not sufficiently available in Finland. Our flexible pricing works well in the management of value risks but we faced a new challenge of volume risks when certain grain varieties were finished in the market. We realised the flexible pricing system needs to be further developed.

Financial development

Raisio Group's net sales grew 28.8% from the comparison period, amounting to EUR 117.8 million (EUR 91.5 million Q4/2009). In October-December, net sales of the Brands Division were EUR 65.5 million (EUR 45.5 million), those of the Business to Business Division EUR 53.0 million (EUR 46.3 million) and those of other operations EUR 0.2 million (EUR 0.3 million). Net sales from outside Finland represented 39.6% (31.1%) of the total, amounting to EUR 46.7 million (EUR 28.5 million).

The Group's EBIT totalled EUR 3.0 million (EUR 4.2 million). EBIT of the Brands Division amounted to EUR 2.9 million (EUR 2.8 million), that of the Business to Business Division to EUR 0.7 million (EUR 2.0 million) and that of other operations to EUR -0.7 million (EUR -0.8 million).

Depreciation and impairments, allocated to operations in the income statement, totalled EUR 4.1 million (EUR 5.4 million).

The fourth-quarter pre-tax result was EUR 3.3 million (EUR 4.5 million). The Group's net financial expenses totalled EUR 0.3 million (EUR 0.3 million).

The Group's post-tax result from continuing operations was EUR 2.2 million (EUR 3.0 million). Earnings per share were EUR 0.01 (EUR 0.02).

In Raisio, 10 February 2011

Raisio plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

INCOME STATEMENT (M€)

	10-12/ 2010	10-12/ 2009	2010	2009
CONTINUING OPERATIONS:				
Net sales	117.8	91.5	443.0	375.9
Expenses corresponding to products sold	-100.3	-79.2	-370.8	-313.3
Gross profit	17.5	12.3	72.3	62.6
Other operating income and expenses, net	-14.5	-8.1	-52.9	-43.2
EBIT	3.0	4.2	19.4	19.5
Financial income	1.3	0.9	1.0	3.1
Financial expenses	-1.0	-0.6	-2.9	-3.7
Share of result of associated companies and joint ventures	0.0	0.0	0.0	0.1
Result before taxes	3.3	4.5	17.6	18.9
Income tax	-1.1	-1.5	-5.1	-5.6
Result for the period from continuing operations	2.2	3.1	12.4	13.4
DISCONTINUED OPERATIONS: **Result for the period from discontinued operations**	-0.1	37.2	-0.2	39.7
RESULT FOR THE PERIOD	2.1	40.3	12.2	53.1
Attributable to:				
Equity holders of the parent company	2.1	40.3	12.3	53.1
Non-controlling interests	0.0	0.0	-0.1	0.0
Earnings per share from the profit attributable to equity holders of the parent company (€)				
CONTINUING OPERATIONS:				
Undiluted earnings per share	0.01	0.02	0.08	0.09
Diluted earnings per share	0.01	0.02	0.08	0.09
DISCONTINUED OPERATIONS:				
Undiluted earnings per share	0.00	0.24	0.00	0.26
Diluted earnings per share	0.00	0.24	0.00	0.25

COMPREHENSIVE INCOME STATEMENT (M€)

	10-12/ 2010	10-12/ 2009	2010	2009
Result for the period	2.1	40.3	12.2	53.1
Other comprehensive income items				
Protection of net investments	-0.1		-0.2	
Financial assets available for sale	1.4		1.4	
Translation differences recognised in profit and loss on disposal of foreign operations	0.0	-0.3	0.0	-0.3
Gains and losses arising from translating the financial statements of foreign operations	0.4	0.1	1.6	-0.3
Comprehensive income for the period	3.9	40.1	14.9	52.6
Components of comprehensive income:				
Equity holders of the parent company	3.9	40.1	15.1	52.6
Non-controlling interests	0.0	0.0	-0.1	0.0

BALANCE SHEET (M€)

	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Intangible assets	10.7	7.5
Goodwill	51.9	0.0
Property, plant and equipment	106.4	95.3
Shares in associated companies and joint ventures	0.8	0.8
Financial assets available for sale	2.5	0.6
Receivables	1.7	0.4
Deferred tax assets	5.3	6.5
Total non-current assets	179.3	111.0
Current assets		
Inventories	88.2	55.0
Accounts receivables and other receivables	69.0	54.9
Financial assets at fair value through profit or loss	131.8	215.3
Cash in hand and at banks	18.9	8.0
Total current assets	307.9	333.2
Total assets	487.2	444.2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	27.8	27.8
Own shares	-17.8	-18.5
Other equity attributable to equity holders of the parent company	313.0	312.8
Equity attributable to equity holders of the parent company	323.0	322.0
Non-controlling interests	1.0	0.0
Total equity	324.0	322.0
Non-current liabilities		
Deferred tax liabilities	7.6	7.6
Pension liabilities	0.2	0.2
Reserves	1.1	1.4
Non-current financial liabilities	53.1	48.6
Other non-current liabilities	0.1	0.0
Total non-current liabilities	62.1	57.8
Current liabilities		
Accounts payable and other liabilities	85.1	48.4
Reserves	1.7	1.6
Derivative contracts	0.1	0.1
Current financial liabilities	14.1	14.2
Total current liabilities	101.1	64.4
Total liabilities	163.2	122.1
Total equity and liabilities	487.2	444.2

CHANGES IN GROUP EQUITY (M€)

	Share capital	Share premium reserve	Reserve fund	Own shares	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 31.12.2008	27.8	2.9	88.6	-19.3	-3.2	0.0	182.7	279.4	0.0	279.4
Comprehensive income for the period										
Result for the period	-	-	-	-	-	-	53.1	53.1	0.0	53.1
Other comprehensive income items										
Translation differences arising from disposals of foreign operations	-	-	-	-	-0.3	-	-	-0.3	-	-0.3
Gains and losses arising from translating the financial statements of foreign operations	-	-	-	-	-0.3	-	-	-0.3	-	-0.3
Total comprehensive income for the period	0.0	0.0	0.0	0.0	-0.6	-	53.1	52.6	0.0	52.6
Dividends	-	-	-	-	-		-10.9	-10.9	-	-10.9
Repurchase of own shares	-	-	-	0.0	-		-	0.0	-	0.0
Share-based payment	-	-	-	0.9	-		0.1	1.0	-	1.0
Equity on 31.12.2009	27.8	2.9	88.6	-18.5	-3.7	0.0	225.0	322.0	0.0	322.0
Comprehensive income for the period										
Result for the period	-	-	-	-	-	-	12.3	12.3	-0.1	12.2
Other comprehensive income items (adjusted for tax effects)										
Protection of net investments	-	-	-	-	-0.2	-	-	-0.2	-	-0.2
Financial assets available for sale	-	-	-	-	-	1.4	-	1.4	-	1.4
Translation differences arising from disposals of foreign operations	-	-	-	-	0.0	-	-	0.0	-	0.0
Gains and losses arising from translating the financial statements of foreign operations	-	-	-	-	1.6	-	-	1.6	-	1.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	1.4	1.4	12.3	15.1	-0.1	14.9
Dividends	-	-	-	-	-		-14.1	-14.1	-	-14.1
Unclaimed dividends	-	-	-	-	-	-	0.2	0.2	-	0.2
Executives' holding company				-1.0				-1.0	1.2	0.2
Share-based payment	-	-	-	1.7	-		-1.0	0.7	-	0.7
Equity on 31.12.2010	27.8	2.9	88.6	-17.8	-2.4	1.4	222.5	323.0	1.0	324.0

CASH FLOW STATEMENT (M€)

	2010	2009
Result before taxes, continuing operations	17.6	18.9
Result before taxes, discontinued operations	-0.4	39.3
Adjustments	18.4	-24.1
Cash flow before change in working capital	35.5	34.1
Change in accounts receivables and other receivables	-3.9	4.2
Change in inventories	-24.5	16.3
Change in accounts payable and other liabilities	21.3	-2.6
Total change in working capital	-7.1	17.9
Financial items and taxes	-5.4	-0.5
Cash flow from business operations	23.0	51.5
Investments in fixed assets	-11.0	-10.0
Divestment of subsidiaries	3.5	47.1
Acquisition of subsidiaries	-22.2	0.0
Divestment of associated companies	0.0	0.0
Proceeds from sale of fixed assets	0.1	23.6
Investments on marketable securities	-25.1	-10.0
Sales of securities	22.4	
Loans granted	-0.7	-0.1
Repayment of loan receivables	0.3	0.3
Cash flow from investments	-32.8	50.9
Change in non-current loans	-42.6	43.9
Change in current loans	-6.9	-0.7
Investment of related parties	1.2	0.0
Repurchase of own shares	-1.0	0.0
Dividend paid to equity holders of the parent company	-14.0	-10.8
Cash flow from financial operations	-63.3	32.4
Change in liquid funds	-73.1	134.8
Liquid funds at the beginning of the period	213.0	77.9
Effects of changes in foreign exchange rates	0.5	0.1
Impact of change in market value on liquid funds	-0.3	0.1
Liquid funds at period-end	140.1	213.0

NOTES TO THE FINANCIAL STATEMENTS REPORT

This financial statements review has been prepared in compliance with IAS 34 Interim Financial Reporting according to the same principles and calculation methods used in financial statements 2009 with the exception of the amendments to the principles mentioned below.

The Group adopted the following IFRSs or amendments to them on 1 January 2010:

Revision of IFRS 3 Business Combinations. According to the revised standard, the acquisition cost method is still applied but some significant amendments have been made. For instance, all the payments effected to complete the acquisition must be recognised at their acquisition-date fair values, and the conditional payments classified as debts are later recognised at fair value through profit and loss. For each acquisition, IFRS 3 allows an accounting policy choice to measure the minority's interest either at fair value or its proportionate share of net assets of the acquisition. All costs related to the acquisition are recognised as an expense.

Revised IAS 27 Consolidated and Separate Financial Statements. The amended standard specifies the treatment of the increases and decreases in the ownership interests of the Group's subsidiaries. According to the standard, the impacts of minority transactions must be recognised in shareholders' equity if the control is not changed and these transactions no longer result in goodwill entries or entries of gain and loss. If the control is lost, the eventual remaining ownership interest is recognised at fair value and gain or loss through profit and loss.

In addition, since the beginning of the year 2010 Raisio has applied the following amended standards and interpretations that have not an impact on the financial statements:

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendment to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
Improvements to IFRSs (April 2009)
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 (amendment) Financial Instruments: Recognition and Measurement – Embedded Derivatives

Reso Management Oy owned by the management is combined to the Raisio's consolidated financial statement as Raisio has the control of the company because of the funding schemes. Raisio plc's shares held by Reso Management Oy entered to the consolidated financial statement through the combination are presented on the balance sheet in the own shares as a deduction from shareholders' equity, and the management's ownership is presented in the non-controlling interests.

When preparing the financial statements, management must make estimates and assumptions that affect the reported assets and liabilities, income and expenses. Actual figures may differ from these estimates.

The financial statements review is shown in EUR millions.

SEGMENT INFORMATION

The reportable segments are Brands and Business to Business. The Brands segment includes international brands - Benecol and local brands, and the reported figures are those of the Benecol Division and of the Northern and Eastern European operations of the food business as well as, from the beginning of the second quarter, those of the Western European operations of the food business, which include the transactions of Glisten companies. The Business to Business segment includes the feed, malt and feed protein businesses.

NET SALES BY SEGMENT (M€)

	10-12/2010	10-12/2009	2010	2009
Brands	65.5	45.5	236.4	177.6
Business to Business	53.0	46.3	208.3	205.6
Other operations	0.2	0.3	0.9	0.9
Interdivisional net sales	-0.8	-0.6	-2.5	-8.1
Total net sales	117.8	91.5	443.0	375.9

EBIT BY SEGMENT (M€)

	10-12/2010	10-12/2009	2010	2009
Brands	2.9	2.8	20.0	20.5
Business to Business	0.7	2.0	2.1	3.0
Other operations	-0.7	-0.8	-2.8	-4.3
Eliminations	0.0	0.2	0.0	0.3
Total EBIT	3.0	4.2	19.4	19.5

NET ASSETS BY SEGMENT (M€)

	31.12.2010	31.12.2009
Brands	143.6	69.6
Business to Business	84.0	79.2
Other operations and unallocated items	96.4	173.2
Total net assets	324.0	322.0

INVESTMENTS BY SEGMENT (M€)

	10-12/2010	10-12/2009	2010	2009
Brands	0.8	1.1	43.4	3.3
Business to Business	1.6	1.3	4.5	5.4
Other operations	0.5	0.6	1.3	1.3
Eliminations	0.0	0.0	0.0	0.0
Total investments	2.9	3.0	49.1	10.0

NET SALES BY MARKET AREA (M€)

	10-12/2010	10-12/2009	2010	2009
Finland	71.1	63.0	256.8	251.5
Great Britain	21.6	2.5	68.4	12.5
Rest of Europe	23.1	24.1	105.5	104.9
ROW	2.0	1.9	12.4	7.1
Total	117.8	91.5	443.0	375.9

ACQUIRED BUSINESS OPERATIONS

Raisio plc made a public purchase offer for the entire share capital of British Glisten plc. The shareholders of Glisten plc approved Raisio's purchase offer on 12 March 2010, and the deal became legally valid on 8 April 2010.

Glisten produces healthy, nutritious, high-quality snack foods. Fruitus, Victoria and The Dormen are the company's well-known brands in their own product categories. The company operates through eight premises across Great-Britain and employs approximately 650 people. With the acquisition, the Group's strategy is to expand its current domestic market in breakfast and snack products. Glisten's result has been reported as part of the figures of Raisio's Brands Division from the beginning of the second quarter.

Raisio UK Ltd, founded for the purpose of the acquisition, acquired the share capital of Glisten plc. After the closing of the deal, Raisio plc owned 85% and the senior management of Glisten 15% of Raisio UK Ltd's share capital. Later it was agreed to amend the shareholder agreement so that Glisten's senior management increased its ownership in Raisio UK Ltd up to 21.3%. On the grounds of the shareholders agreement, this invested amount with interests will be paid to the senior management of Glisten in connection with the payment of purchase price debt. This increased the amount of the debt by 1.0 M€ (0.9 M£). Since Raisio is obligated to redeem the part of the management's shares, the company has been consolidated to the Group according to the shareholding of 100% and the redemption price has been treated as a liability.

The acquisition price was thus comprised of the share paid in cash and the purchase price liability later paid to Glisten management for the ownership of Raisio UK Ltd's. The part of the purchase price paid in cash was 22.2 M€ (19.5 M£). The amount of the purchase price liability was estimated to be 16.0 M€ (14.0 M£) at the time of the acquisition and it has been entered on the balance sheet as a liability. The payment time of the purchase price liability is estimated to be during the third quarter of 2012.

The fees of lawyers, advisors and outside valuators related to the deal amounted to a total of administration costs of 1.1 M€ recognised in the income statement

Goodwill resulting from the acquisition was 50.9 M€ (44.6 M£). Goodwill is resulted from the income expectations of the local operations, based on the business entity's historical earning power and view of maintaining and improving the level of earnings.

Raisio Group's net sales for January-December 2010 would have been 462.8 M€ and pre-tax result excluding one-off items 17.7 M€ if the acquisition of business operations completed during the financial year had been combined with the consolidated financial statement from the beginning of the financial year 2010. The post-acquisition net sales of subgroup Glisten was 65.5 M€ and pre-tax result 4.3 M€.

The values of acquired assets and assumed liabilities on the date of acquisition were as follows:

	Fair values entered in the business combination	Carrying values before business combination
Property, plant and equipment	14.0	14.0
Trade marks	4.6	0.0
Deferred tax assets	0.2	0.0
Inventories	8.4	8.2
Accounts receivables and other receivables	14.7	14.7
Cash in hand and at banks	0.0	0.0
Total assets	42.0	37.0
Deferred tax liabilities	2.1	0.7
Reserves	0.9	0.9
Financial liabilities	32.3	32.3
Financial liabilities at fair value through profit or loss	5.1	5.1
Other liabilities	14.3	14.3
Total liabilities	54.7	53.3
Net assets	-12.7	-16.3
Acquisition cost	38.2	
Goodwill	50.9	
Purchase price paid in cash	22.2	
Financial assets of the acquired subsidiary	0.0	
Cash flow generation	22.2	
Change in goodwill in 2010		
Goodwill 31.12.2009	0.0	
Acquired business operations	50.9	
Exchange rate difference	1.0	
Goodwill 31.12.2010	51.9	

DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued operations

Raisio and Bunde signed an agreement on the divestment of Raisio's margarine business to Bunge in May 2009. The divestment was concluded in October 2009. Discontinued operations in the income statement include the result of Raisio Polska Foods Sp's margarine business, as well as the impact that the divestment of the margarine business had on results. The result of the Finnish margarine business is still reported under continuing operations, since Raisio will continue to sell margarines in Finland, Sweden and Estonia as a distributor of Bunge.

	2010	2009
Result for the discontinued operations (M€)		
Income from ordinary operations	0.0	32.7
Expenses	0.0	-28.9
Result before taxes	0.0	3.7
Taxes	0.0	-0.7
Result after taxes	0.0	3.1
Earnings due to discontinuation	-0.4	35.6
Taxes	0.2	1.1
Result after taxes	-0.2	36.7
Result for discontinued operations	-0.2	39.7
Cash flow for the discontinued operations (M€)		
Cash flow from business operations	-3.6	7.3
Cash flow from investments	3.5	70.7
Cash flow from financial operations	0.0	-1.0
Total cash flow	-0.2	77.0

TANGIBLE ASSETS (M€)

	31.12.2010	31.12.2009
Acquisition cost at the beginning of the period	332.7	417.1
Conversion differences	1.9	-1.1
Increase	39.9	9.4
Decrease	-0.5	-92.6
Acquisition cost at period-end	373.9	332.7
Accumulated depreciation and impairment at the beginning of the period	237.4	292.8
Conversion difference	1.4	-0.7
Increase	15.8	0.0
Decrease and transfers	0.0	-73.4
Depreciation for the period	13.0	12.5
Write-downs	0.0	6.2
Accumulated depreciation and impairment at period-end	267.5	237.4
Book value at period-end	106.4	95.3

RESERVES (M€)

	31.12.2010	31.12.2009
At the beginning of the period	3.1	1.1
Increase in provisions	1.1	2.3
Provisions used	-1.3	-0.4
At period-end	2.8	3.1

BUSINESS ACTIVITIES INVOLVING INSIDERS (M€)

	31.12.2010	31.12.2009
Sales to associated companies and joint ventures	10.8	12.0
Purchases from associated companies and joint ventures	0.2	0.1
Sales to key employees in management	0.0	0.2
Purchases from key employees in management	0.8	0.7
Receivables from associated companies and joint ventures	1.2	1.2
Liabilities to associated companies and joint ventures	0.1	0.2
Receivables from the key persons in the management	11.5	

CONTINGENT LIABILITIES (M€)

	31.12.2010	31.12.2009
Contingent off-balance sheet liabilities		
Non-cancelable other leases		
Minimum lease payments	9.1	1.3
Contingent liabilities for the company		
Contingent liabilities for others		
Guarantees	0.0	0.0
Other liabilities	7.0	2.8
Commitment to investment payments	0.5	0.6

DERIVATIVE CONTRACTS (M€)

	31.12.2010	31.12.2009
Nominal values of derivative contracts		
Currency forward contracts	58.2	7.5
Interest rate swaps	30.8	39.4

QUARTERLY PERFORMANCE (M€)

	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009	1-3/ 2009
Net sales by segment								
Brands	65.5	63.0	64.5	43.4	45.5	43.5	44.2	44.5
Business to Business	53.0	56.3	55.6	43.3	46.3	54.2	55.8	49.3
Other operations	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Interdivisional net sales	-0.8	-0.7	-0.4	-0.5	-0.6	-2.4	-2.4	-2.7
Total net sales	117.8	118.9	120.0	86.4	91.5	95.5	97.8	91.2
EBIT by segment								
Brands	2.9	6.5	5.8	4.8	2.8	7.3	4.6	5.8
Business to Business	0.7	0.0	1.3	0.1	2.0	0.3	0.6	0.1
Other operations	-0.7	-0.4	-1.1	-0.6	-0.8	-0.8	-1.6	-1.1
Eliminations	0.0	0.0	0.0	0.0	0.2	0.2	0.2	-0.3
Total EBIT	3.0	6.1	6.0	4.3	4.2	7.0	3.7	4.5
Financial income and expenses, net	0.3	0.8	-2.9	-0.1	0.3	-0.3	-0.3	-0.3
Share of result of associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Result before taxes	3.3	6.8	3.1	4.3	4.5	6.8	3.4	4.2
Income tax	-1.1	-1.9	-0.8	-1.3	-1.5	-1.8	-1.0	-1.4
Result for the period from continuing operations	2.2	4.9	2.3	3.0	3.0	5.0	2.5	2.9

KEY INDICATORS

	31.12.2010	31.12.2009
Net sales, M€	443.0	375.9
Change of net sales, %	17.9	-18.8
Operating margin, M€	35.4	36.4
Depreciation and impairment, M€	15.9	17.0
EBIT, M€	19.4	19.5
% of net sales	4.4	5.2
Result before taxes, M€	17.6	18.9
% of net sales	4.0	5.0
Return on equity, ROE, %	3.9	4.5
Return on investment, ROI, %	5.1	6.1
Interest-bearing financial liabilities at period-end, M€	67.2	62.8
Net interest-bearing financial liabilities at period-end, M€	-72.9	-150.2
Equity ratio, %	67.6	73.4
Net gearing, %	-22.5	-46.6
Gross investments, M€	49.1	10.0
% of net sales	11.1	2.7
R & D expenses, M€	6.3	6.1
% of net sales	1.4	1.6
Average personnel	1,111	627
Earnings/share from continuing operations, €	0.08	0.09
Cash flow from operations/share, €	0.15	0.33
Equity/share, €	2.06	2.06
Average number of shares during the period, in 1,000s*)		
Free shares	122,226	121,666
Restricted shares	34,217	34,268
Total	156,443	155,934
Average number of shares at period-end, in 1,000s*)		
Free shares	122,461	121,894
Restricted shares	34,054	34,250
Total	156,515	156,145
Market capitalisation of shares at period-end, M€*)		
Free shares	344.1	324.2
Restricted shares	95.0	93.2
Total	439.1	417.4
Share price at period-end		
Free shares	2.81	2.66
Restricted shares	2.79	2.72

*) Number of shares, excluding the shares held by the company and shares held by Reso Management Oy

CALCULATION OF INDICATORS

Return on equity (ROE), %	Result before taxes – income taxes*) -- x 100 Shareholders' equity (average over the period)
Return on investment (ROI), %	Result before taxes + financial expenses*) -- x 100 Shareholders' equity + interest-bearing financial liabilities (average over the period)
Equity ratio, %	Shareholders' equity -- x 100 Balance sheet total – advances received
Net interest-bearing financial liabilities	Interest-bearing financial liabilities - liquid funds and liquid financial assets at fair value through profit or loss
Net gearing, %	Net interest-bearing financial liabilities -- x 100 Shareholders' equity
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 at period-end adjusted for share issue***)
Market capitalisation	Closing price, adjusted for issue x number of shares without own shares at the end of the period***)

*)The calculation of key indicators uses continuing operations result
**)Excluding shares with a potential return obligation and shares held by Reso Management Oy
***)Shares held by Reso Management Oy have been subtracted from the total number of shares