Financial Statements bulletin 1 January – 31 December 2008

Financial year (Jan–Dec):

- Consolidated profit for the financial year totalled EUR 17.1 (2007: 13.4) million.
- Earnings per share came to EUR 2.73 (2.13).
- Net sales from continuing operations totalled EUR 349.1 (309.6) million, up 13% on the 2007 total.
- Operating profit from continuing operations amounted to EUR 13.9 (5.3) million.
- Operating profit from continuing operations excluding non-recurring items came to EUR 5.4 (4.9) million.
- The Board will propose a dividend of EUR 0.85 (0.85) per share to the Annual General Meeting.

Fourth quarter (Oct–Dec):

- Net sales from continuing operations totalled EUR 80.9 (96.5) million, down 16% on the same quarter in 2007.
- Operating profit from continuing operations amounted to EUR 4.0 (4.4) million.
- Operating profit from continuing operations excluding non-recurring items came to EUR 2.8 (4.6) million.

The information in this bulletin has not been audited.

Matti Karppinen, CEO:

"The Lännen Tehtaat Group's consolidated profit for the financial year 2008 was the best it has ever posted. The robust result has further strengthened the Group's balance sheet and financial position, to the extent that the Group is, in practice, debt-free. Our equity ratio rose to 70.5%, and the company's financing over the next few years has been secured with committed credit facilities.

The operating profit from our continuing operations, excluding non-recurring items, was up on the previous year's figure, which can be seen as a satisfactory result in view of the circumstances. With the centralization of Frozen Foods production, the organizational streamlining of the Seafood business and the introduction of the new ERP systems and operating models, the performance of our businesses is forecast to improve.

The profit for the financial year was boosted by a number of significant non-recurring items. We sold the remaining 49% of the Suomen Rehu shares to Hankkija-Maatalous during the year, and we also sold the jams and marmalades business, as it did not suit the strategy in our Frozen Foods business. The significant positive non-recurring items from these deals were entered as income. Non-recurring items entered as income were also included in the share of the profit of the associated company Sucros.

The deepening and difficultly forecastable economic recession will affect consumer behaviour and the demand for food products on the company's domestic market. It is possible that even if the food sales volume were to remain steady in our sphere of operations, the sales value could fall if consumer demand focuses more strongly on basic foodstuffs and low added value products. In my view, Lännen Tehtaat plc's business portfolio is well suited to these possible shifts in demand.

Our strong balance sheet and financial position give us an excellent chance to benefit from new emerging opportunities for corporate arrangements."

KEY FIGURES ILLUSTRATING PERFORMANCE,

EUR million	Oct-Dec/2008	Oct-Dec/2007	Jan-Dec/2008	Jan-Dec/2007
All operations, total				
Profit for the year	2.5	4.0	17.1	13.4
Earnings per share, EUR	0.41	0.62	2.73	2.13
Continuing operations				
Net sales	80.9	96.5	349.1	309.6
Operating profit	4.0	4.4	13.9	5.3
Operating profit without non-recurring items	2.8	4.6	5.4	4.9
Profit before taxes	2.4	3.7	10.7	4.6
Profit for the year	2.5	3.2	10.0	4.2
Earnings per share, EUR	0.41	0.50	1.60	0.66
Discontinued operations				
Net sales	-	-	-	78.8
Profit for the year	-	0.8	7.1	9.2
Earnings per share, EUR	-	0.13	1.13	1.48

NET SALES AND PROFIT

Fourth quarter (Oct–Dec):
The net sales from continuing operations in October-December totalled EUR 80.9 (96.5) million, a decrease of 16% on the same quarter in 2007. This decrease was largely attributable to the fall in Grain Trading's fourth-quarter net sales. Net sales of the Vegetable Oils business were up on the same quarter's figure a year earlier.

The fourth-quarter operating profit from continuing operations totalled EUR 4.0 (4.4) million. The same figure but excluding non-recurrent items amounted to EUR 2.8 (4.6) million. Profit in the Frozen Foods business was around the same as in the fourth quarter of 2007, while profit in the other businesses fell short of the corresponding figure a year earlier.

The financial income and expenses from continuing operations in October-December totalled EUR -1.6 (-0.7) million. Profit before taxes was EUR 2.4 (3.7) million, and taxes on the profit for the quarter came to EUR +0.2 (-0.5) million. The profit from continuing operations came to EUR 2.5 (3.2) million, and the earnings per share amounted to EUR 0.41 (0.50).

Financial year (Jan–Dec):
The profit for the year came to EUR 17.1 (13.4) million, and the earnings per share amounted to EUR 2.73 (2.13).

<u>Continuing operations</u>
The net sales from continuing operations in the financial year came to EUR 349.1 (309.6) million, an increase of EUR 39.5 million or 13% on the previous year. The growth occurred mainly in the Vegetable Oils and Grain Trading businesses.

The operating profit from continuing operations totalled EUR 13.9 (5.3) million. The same figure but excluding non-recurrent items was EUR 5.4 (4.9) million.

Net financial expenses for the financial year were EUR -3.3 (-0.8) million. Interest and other financial income totalled EUR +0.9 (+2.0) million. Other financial income includes unrealized valuation gains of EUR +0.4 (+1.0) million with no cash flow implications. Interest and other financial expenses totalled EUR -4.1 (-2.7) million. Other financial expenses include EUR -0.5 (0.0) million as the share of the Avena Nordic Grain profit apportioned to the Avena employee shareholders, and unrealized valuation losses of EUR -1.6 (-0.1) million with no cash flow implications.

The profit before taxes from continuing operations was EUR 10.7 (4.6) million. This includes EUR +8.2 (+0.4) million as the effect of non-recurring items. The most significant non-recurring items concerned the business activities of the associated company Sucros Ltd and the sale of the jams and marmalades business. Taxes for the financial year came to EUR -0.7 (–0.4) million. The continuing operations' profit for the year came to EUR 10.0 (4.2) million, and the earnings per share amounted to EUR 1.60 (0.66).

Discontinued operations

In both 2008 and 2007, the discontinued operations consisted of the Suomen Rehu group. The net sales from discontinued operations in 2007 totalled EUR 78.8 million.

The profit from discontinued operations in 2008 came to EUR 7.1 (9.2) million, and the earnings per share amounted to EUR 1.13 (1.48). The profit for the year includes a profit of EUR 6.6 million on the sale of the minority holding in Suomen Rehu, and EUR 0.5 million as the share of the associated company Suomen Rehu's profit for January-August. The corresponding figures for 2007 included the Suomen Rehu group's profit of EUR 2.3 million for January-May, the profit of EUR 5.6 million on the sale of the majority holding in Suomen Rehu and EUR 1.4 million as the share of the associated company Suomen Rehu's profit for June-December.

FINANCING AND BALANCE SHEET

The Group's financial position strengthened and its liquidity improved. The biggest impact on the financial position was the sum of EUR 27 million received from the sale of the minority holding in Suomen Rehu.

The cash flow from operating activities in the financial year after interest and taxes amounted to EUR -0.4 (+5.3) million. The impact of the change in working capital was EUR -5.1 (–3.3) million. The cash flow from investing activities came to EUR +30.3 (+22.5) million, and included the sale of Suomen Rehu shares. The cash flow from financing activities came to EUR -25.1 (-30.2) million, and included EUR -5.3 (-5.3) million in dividend payments. The cash flow figures for 2007 included cash flow from discontinued operations. The net change in cash and cash equivalents was EUR +4.8 (-2.4) million.

At the end of the financial year, the Group had EUR 15.2 (33.6) million in interest-bearing liabilities and EUR 13.7 (13.2) million in liquid assets. Net interest-bearing liabilities totalled EUR 1.5 (20.4) million. The consolidated balance sheet total stood at EUR 192.3 (205.9) million. Equity totalled EUR 135.6 (128.0) million at the end of the financial year, and the equity ratio was 70.5% (62.1%). Commercial papers issued for the Group's short-term financing stood at EUR 9.0 (27.5) million at the end of the financial year. The Group's liquidity is secured with committed credit facilities; a total of EUR 25.0 (15.0) million was available in credit at the end of the financial year. No credit facilities were used during the financial year.

INVESTMENT

Gross investment in non-current assets excluding corporate acquisitions came to EUR 8.1 (7.5) million. Investment by Frozen Foods totalled EUR 6.0 (2.0) million, by the Seafood business EUR 1.5 (4.3) million, by Vegetable Oils EUR 0.2 (0.4) million, by Grain Trading EUR 0.3 (0.0) million and by Other Operations EUR 0.2 (0.2) million. In 2007, investment by the Feeds business up to the date of sale of the majority holding was EUR 0.6 million.

Investment in shares during the financial year totalled EUR 0.5 (11.6) million, of which the purchase of Foison Oy shares accounted for EUR 0.4 million.

PERSONNEL

The average number of personnel in the continuing operations during the financial year was 755 (705). The average number of personnel in Frozen Foods was 237 (248), in the Seafood business 441 (379), in Vegetable Oils 35 (36), in Grain Trading 30 (29) and in Other Operations 12 (11). The personnel at Apetit Suomi Oy have been divided between Frozen Foods and Seafood in proportion to the service fees. The increase in Seafood business personnel was due to the incorporation of the companies of the Maritim Food group into the Lännen Tehtaat Group in 2007 and the growing number of personnel in the concept business following the transfer of previously franchised Kalatori service counters to be managed by Seafood personnel.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. In production that focuses on seasonal crops, raw materials are processed into finished products mainly during the final quarter, which means that the inventory volumes and their balance-sheet values are at their highest at the end of the year. Since the entry of the fixed production overheads included in the historical cost as an expense item is deferred until the time of sale, the accumulation of consolidated profit occurs especially in the final quarter of the year. The seasonal nature of operations is most marked in Frozen Foods and in the associated company Sucros, due to the link between production and the crop harvesting season.

Apetit Kala's sales peak at weekends and on seasonal holidays. A major proportion of the entire year's profit in the Seafood business depends on the success of Christmas sales.

Net sales in Grain Trading vary from one year and quarter to the next to a greater extent than in the other businesses, being dependent on the demand and supply situation and on the price levels domestically and on other markets.

OVERVIEW OF BUSINESS SEGMENTS

Frozen Foods

EUR million	Oct-Dec/ 2008	Oct-Dec/ 2007	Jan-Dec/ 2008	Jan-Dec/ 2007
Net sales	11.5	13.2	49.3	49.3
Operating profit without non-recurring items	1.6	1.6	3.1	3.5

Fourth quarter (Oct-Dec):
The net sales of Frozen Foods were up by more than 4% in the last quarter compared with the like-for-like figure for the same quarter in 2007 (i.e. adjusted for the effects of the sale of the jams and marmalades business). Sales of retail products were up by 6%, particularly in frozen vegetable and potato products and frozen ready meals. Sales to the hotel, restaurant and catering sector as a whole were up by over 10% due to the good level of frozen vegetable and frozen ready meal sales. Growth in sales to the food industry was just 2% on account of the jams and marmalades business being discontinued. Exports were down on the previous year's fourth-quarter figure due to the reduction in sales of frozen peas. The figure for the last quarter of 2007 included EUR 2.1 million in sales of jams and marmalades.

Frozen Foods' fourth-quarter profit excluding non-recurring items was at about the same level as a year earlier. The quarter's non-recurring items totalled EUR -0.5 (0.0) million and were connected with the transfer of production from Turku.

The sale of the jams and marmalades business to Saarioisten Säilyke Oy took effect at the start of September. The premises formerly used by the jams and marmalades business were refurbished during the autumn for use in frozen ready food production following transfer of this production from Turku. The jam and marmalade production personnel underwent an intensive five-week training and induction period to work in the new frozen ready foods production plant. Production of frozen ready foods began smoothly at Säkylä in December, as planned. For the transfer of the packaging operation from Turku it was necessary first to enlarge the Säkylä premises, after which the packaging operation was then begun in November. The lease on the Turku property formerly used by Frozen Foods terminated at the end of the financial year. Non-recurring expenses of about EUR -0.5 million were incurred in the final quarter on account of the transfer of the Turku frozen ready meals factory and packaging operation. This centralization of production is expected to improve the annual profit by about EUR 0.9 million, starting in 2009.

Financial year (Jan-Dec):
Like-for-like net sales were up by 4% for the full financial year, adjusted for the effects of the sale of the jams and marmalades business. This growth occurred evenly across all the distribution channels, with the exception of exports, which were down slightly. In retailing, the active marketing campaigns and new product launches boosted sales of Apetit products. The highest growth was in sales of frozen potato products, up almost 20%. Sales of frozen vegetables and frozen ready meals also did well, while frozen pizza sales fell as a result of the reduced level of marketing. Apetit Pakaste brought a number of new frozen vegetable products to the retail market during the year, including potato and chopped vegetables for soups and a brand new product range of frozen vegetables in different sauces.

The operating profit of Frozen Foods, excluding non-recurring items, was EUR 3.1 (3.5) million. Non-recurring items totalled EUR +2.0 (-0.2) million and consisted of EUR +2.5 million from the sale of the jams and marmalades business, and EUR -0.5 million from the transfer of the Turku factory production. Apetit Pakaste raised its prices during the year to compensate for the increase in costs.

Investment in Frozen Foods totalled EUR 6.0 (2.0) million. The investment in property and equipment necessary for the transfer of production from Turku amounted to EUR 4.6 million. Other investment was in renewing the company's enterprise resource planning system and in small-scale replacements. It was decided to postpone the introduction of the enterprise resource planning system in Frozen Foods until 2009.

Seafood

EUR million	Oct-Dec/ 2008	Oct-Dec/ 2007	Jan-Dec/ 2008	Jan-Dec/ 2007
Net sales	23.8	25.0	89.7	81.7
Operating profit without non-recurring items	-0.3	0.5	-1.6	-1.5

Fourth quarter (Oct-Dec):
The fourth-quarter net sales of the Seafood business were down by 5%. Total sales of Seafood products on the Finnish market fell short of the figure for the same quarter a year earlier, and the sales shifted to the products with a lower added value. In Norway, Christmas sales were down on the previous year's figure, especially for hot-smoked salmon products, though the sales growth for shellfish in brine, dressings and fishballs continued during the last quarter of the year. On the Swedish market, shellfish sales were up substantially.

On the Finnish market, the Seafood business posted a fourth-quarter profit excluding non-recurring items of about the same level as a year earlier, while in markets abroad, the profit fell short of that posted a year earlier. The lower profit was because of a fall in profitability as a result of higher prices for the main raw materials due to the strong deterioration in the exchange rate with both the Swedish krona and the Norwegian krone, which could not be compensated for with price increases in final products.

The organizational structure in the Seafood business was streamlined at the end of the year by discontinuing the positions of director of the Seafood business, sales director in Sweden and project manager. These organizational changes produced cost savings, which will improve the profit of the Seafood business by about EUR 0.5 million as of the start of 2009.

Financial year (Jan–Dec):
The full-year net sales of the Seafood business were up by around 10% on the previous year's figure. The incorporation of Maritim Food into the Group at the start of March 2007 and of Sandanger at the start of September 2007 boosted net sales by EUR 11 million.

In Seafood, the full-year operating profit excluding non-recurring items was at about the same level as a year earlier. The non-recurring items in 2008 amounted to EUR -0.8 (-0.3) million and consisted of the expenses incurred in streamlining the organizational structure, write-downs on machinery and equipment removed from service, and non-recurring expenses concerning storage arrangements. The non-recurring items in 2007 comprised a write-down on real estate.

Full-year net sales of the Seafood business in Finland were down slightly on the previous year. Apetit Kala's sales were adversely affected in the first half of the year by disruptions in deliveries of the raw material for hot-smoked whitefish, the poor availability of wild fish (which continued into the second half of the year), the consumer trend towards low added value fillets of salmon and rainbow trout, and the changes in the Kalatori network.

Seafood's profitability in Finland increased significantly as a result of the improvements in labour and raw material productivity and delivery performance. The retail sector's active sales campaigns for salmon and rainbow trout fillets continued, and this has steered consumption towards the campaign-priced low added value salmon and rainbow trout fillets and weakened the profitability of Seafood's consumer-packaged fillet products and of the Kalatori service counters.

The organizational changes made in Apetit Kala's sales, production, product development and logistics continued in the spring, with the aim of simplifying responsibilities, improving reaction speeds and boosting cost efficiency. As part of this process, the personnel in charge of Apetit Kala sales and customer relationships were transferred from Apetit Suomi Oy to Apetit Kala Oy at the start of April. This reinforced the customer-oriented and demand-driven resource planning process and simplified the responsibilities for performance.

In Finnish production of fish products, the measures aimed at further improving labour productivity were continued. In concept sales on the Finnish market, efforts are focusing on improving profitability through renewing customer agreements, making the structure of the sales network more efficient and developing the product range.

In international markets, Seafood's net sales for 2008, calculated in the respective local currencies and adjusted for year-on-year comparison, were close to the 2007 figure. The sales growth of shellfish in brine and processed fish products continued, and sales of dressings turned on to a growth track. The sales volume of fresh fish products was down on the previous year's total.

In international operations, profitability was adversely affected by the rise in shellfish product raw material prices, which could not be passed on to sales prices because of the long agreement periods. Profit was also affected by the fall in labour and raw material productivity in the Swedish operations. The lines of responsibility for production control in Sweden were simplified in the autumn.

Sales price increases compensating for the rise in costs were made in the international units, and the measures to improve operating efficiency and productivity were continued.

At Apetit Kala Oy, Jarno Järvinen took up the post of Managing Director at the start of September, and Jan Brevik was appointed Managing Director of Maritim Food Sweden AB, also continuing as Managing Director of Maritim Food AS. As of the start of 2009, Heljä Mantere took up the responsibility for the concept business.
Investment in the Seafood business during the financial year totalled EUR 1.5 (4.3) million. In Finland, investment focused mainly on the renewal of Seafood's enterprise resource planning system. The new system was introduced at Apetit Kala at the start of October and has proceeded smoothly. In the international units, investment focused

on both the renewal of Seafood's enterprise resource planning system and machinery and equipment for improving productivity. The most significant of the investments was the packaging line introduced in the Swedish unit for products intended for the hotel, restaurant and catering sector.

Vegetable Oils

EUR million	Oct-Dec/ 2008	Oct-Dec/ 2007	Jan-Dec/ 2008	Jan-Dec/ 2007
Net sales	16.4	14.7	62.0	46.0
Operating profit without non-recurring items	-0.1	0.0	-0.0	0.8

Fourth quarter (Oct-Dec):
The net sales of the Vegetable Oils business were up by 12% on the figure for the same quarter in 2007, as a result of volume growth and higher sales prices. The raw material price of rapeseed began to fall in the summer, and this continued to the end of the year. The market has fluctuated a lot, with sharp and substantial price changes occurring on a daily basis. Due to the long pricing periods there is a delay between changes in sales and purchasing prices and changes in market prices.

The fourth-quarter profit excluding non-recurring items was at about the same level as a year earlier.

The total rapeseed crop in Finland fell to 86,000 tonnes (2007: 113,000 tonnes) on account of the reduced area under cultivation. This meant an increase in the use of imported rapeseed raw material, the shipping charges of which increased Mildola's costs. Profit was also adversely affected by the cut made in a significant, previously agreed export deal because of financial difficulties faced by the customer. The refining margin improved towards the end of the quarter, but the volume fell short of the planned level.

Financial year (Jan-Dec):
Full-year net sales were up on the previous year by 35%. This was the result of considerable increases in sales prices, the volume growth in sales of oils and the residual material from crushing, and an increase in the added value of products sold.

Operating profit excluding non-recurring items was EUR -0.0 (0.8) million. Non-recurring items totalled EUR -0.1 (+0.1) million. Due to the poor availability of Finnish raw materials it was necessary to use an amount of imported raw materials. The shipping charges for this, together with the higher energy costs in comparison with 2007, served to weaken profitability. On account of the long-term delivery contracts, it was not possible to raise Mildola's sales prices to the extent that would have been needed to compensate for the higher costs.

Vegetable oil raw material prices are determined on world markets. The period 2007-2008 saw an unprecedented increase in the price of rapeseed followed by a powerful decline, after which the raw material market has been unsettled. The traditional mode of operation, with its long agreement periods, has proved unworkable in the present market environment, and so to improve profitability in Vegetable Oils, Mildola has adopted new mode of operation on the final products market and on the raw material market. The further development of Mildola's internal operation and the renewal of its management procedures, begun in the spring, will continue.

Erkki Lepistö took up the post of Managing Director at Mildola at the start of July.

Investment in the Vegetable Oils business consisted of minor expenditure on replacements, totalling EUR 0.2 (0.4) million.

Grain Trading

EUR million	Oct-Dec/ 2008	Oct-Dec/ 2007	Jan-Dec/ 2008	Jan-Dec/ 2007
Net sales	29.0	43.5	148.5	132.8
Operating profit without non-recurring items	0. 8	1.2	5.4	3.9

Fourth quarter (Oct–Dec):
Both the fourth-quarter net sales and operating result in Grain Trading fell short of the corresponding figures for the last quarter in 2007. The drop in net sales was due to smaller volumes and the lower price level. The volume of Finnish sales was greater than a year earlier, but the volume of exports and the volume of trade with third countries were below the figures of a year earlier.

Due to the good crops obtained in different parts of the world, there was a plentiful supply of grains and oilseeds on the market, which held prices low and kept grain in the hands of growers after the threshing season. The food and feed industries covered some of their needs with the new crop and made additional short-term purchases.

Financial year (Jan–Dec):
Full-year net sales in Grain Trading were up on the previous year by 12%. The operating profit of the Grain Trading business rose to a total of EUR 5.4 (3.9) million as a result of good performance in the early part of the year.

In the first six months, the scarcity of supply for all agricultural commodities pushed up prices to record levels. For several years in a row, the global grain crop had only been at average levels, though the demand for grains and oilseeds for both food and energy purposes continued to grow. This reduced the world's stocks very considerably and caused concern over the adequacy of supply. Growers around the world reacted to the high prices by increasing the area under cultivation for the next season wherever this was feasible. With the growing conditions being favourable, the supply of grains and oilseeds became plentiful in the second half of the year, pushing prices down significantly. As the autumn wore on, trading in grains slackened off throughout the EU as growers waited for prices to improve later in the season.

Avena adapted well to these changing market conditions. In 2008, Avena Nordic Grain Oy accounted for about a quarter of all the grain sold in Finland, almost half of the exports of grain and more than half of imported grain. The company was also an important player in the feed raw material trade.

The new branch office opened in Salo in 2007 was fully operational, allowing Avena to improve the efficiency of its grain purchasing, especially in southwest Finland. The representative office in Kazakhstan was moved from Almaty to the new capital, Astana, which is closer to the actual grain-producing regions. A new regional office was also opened in Lithuania.

Investment in Grain Trading amounted to EUR 0.3 (0.0) million and was spent on renewing the company's enterprise resource planning (ERP) system. The new ERP system will be taken into service during 2009.

Other Operations

EUR million	Oct-Dec/ 2008	Oct-Dec/ 2007	Jan-Dec/ 2008	Jan-Dec/ 2007
Net sales	1.2	1.5	3.0	4.4
Operating profit without non-recurring items	0.8	1.2	-1.6	-1.8

Fourth quarter (Oct–Dec):
The reduction in fourth-quarter net sales in this segment was the result of the discontinuation of service fees for sales and product development when they were transferred from Apetit Suomi Oy to the business areas.

The fourth-quarter operating profit excluding non-recurring items includes EUR 0.9 (1.3) million as the share in the profits of associated companies. The non-recurring items, amounting to EUR +2.5 (0.0) million, consisted of income included in the profit of the associated company Sucros, which was mainly the sales profit from the sale of the Jokioinen factory's enzyme business and the sale of Voimavasu Oy shares.

Financial year (Jan–Dec):
The full-year net sales in the Other Operations segment amounted to EUR 3.0 (4.4) million.

Other Operations comprise the service company Apetit Suomi Oy, Group Administration, items not allocated under any of the business segments, and the associated companies Sucros Ltd and Ateriamestarit Oy. The cost impact of the services produced by Apetit Suomi Oy is an encumbrance on the operating result in proportion to the use of services. At the beginning of April, the sales and product development personnel of Apetit Suomi Oy were transferred to the Frozen Foods and Seafood businesses, which reduced Apetit Suomi's net sales.

The full-year operating profit excluding non-recurring items totalled EUR -1.6 (-1.8) million. This figure includes EUR 1.6 (1.3) million as the share of the profits of associated companies. Non-recurring items for the year totalled EUR +7.4 (+0.9) million, of which EUR +7.5 (+0.7) million will be reported under the profit of associated companies.

Investment in Other Operations totalled EUR 0.2 (0.1) million and was spent on the renewal of the enterprise resource planning (ERP) system and the reporting system, and on environmental care of the Säkylä industrial estate. The new ERP system was introduced in the parent company and in Apetit Suomi Oy at the start of September and implementation proceeded without incident.

AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

Authorization to purchase own shares
The Annual General Meeting of Lännen Tehtaat plc, held on 2 April 2008, authorized the Board of Directors to decide on acquiring for the company a maximum of 250,878 of the company's own shares using funds belonging to its unrestricted shareholders' equity.

This authorization is valid until the next Annual General Meeting.

Authorization to issue shares
The Annual General Meeting authorized the Board of Directors to decide on issuing new shares and on the transfer of Lännen Tehtaat plc shares held by the company, in one or more lots as a share issue of a total of no more than 947,635 shares. The share issue authorization covers all of the Lännen Tehtaat plc shares in the company's possession at that time, i.e. 65,000 shares, and also all of the maximum of 250,878 Lännen Tehtaat plc shares coming into its possession by virtue of the authorization of 2 April 2008 for acquiring the company's own shares.

The authorization is valid until the next Annual General Meeting. The authorization revoked the earlier authorization to issue shares, given on 29 March 2007, and the authorization to transfer the company's own shares, given on the same date.

The decisions of the Annual General Meeting are given in more detail in the stock exchange release dated 2 April 2008 and in the Interim Report published on 8 May 2008.

USE OF THE AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

Authorizations to issue shares
By 18 February 2009, the Board of Directors had not exercised the authorizations granted to it to issue new shares or to transfer Lännen Tehtaat plc shares in the company's possession.

Acquisition of own shares
On 6 May 2008, the Lännen Tehtaat plc Board of Directors decided to acquire a maximum of 65,000 of the company's own shares using the authorization granted to it by the Annual General Meeting. A total of 65,000 shares were acquired in trading on the NASDAQ OMX Helsinki Ltd exchange during the period 19 May - 20 August 2008. The total acquisition cost of these shares was EUR 1.0 million. The average price of the shares acquired was EUR 15.25 per share, with the highest purchase price being EUR 15.89 and the lowest price EUR 14.35.

At the close of the financial year, the company had in its possession a total of 130,000 of its own shares acquired during the year or previously, with a combined nominal value of EUR 0.26 million. The company's own shares in its possession represent 2.1% of the company's total number of shares and of the total number of votes. The company's own shares in its possession carry no voting or dividend rights.

SALE OF SHARES IN JOINT ACCOUNT

The Lännen Tehtaat plc Annual General Meeting of 29 March 2007 took the decision to sell, on behalf of the respective holders, the company's shares held in the joint book-entry account and not transferred to the book-entry system, in accordance with chapter 3a, section 3a, of the old Companies Act (734/1978) and section 8 of the Act (625/2006) which implements the Limited Liability Companies Act (624/2006).

The sale began in September. The subject of the sale, a total of 51,910 Lännen Tehtaat plc shares that were in the joint book-entry account, represent about 0.8% of the total number of Lännen Tehtaat plc shares and of the voting rights.

SHARES AND TRADING

At the end of the financial year the total number of shares issued by the company stood at 6,317,576, and the registered share capital totalled EUR 12,635,152. The number of Lännen Tehtaat plc shares held by the company was 130,000, representing 2.1% of the entire share capital.

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 962,862 (923,450), representing 15.2% (14.6%) of the total number of shares. The highest share price quoted was EUR 17.00 (24.50) and the lowest EUR 13.00 (15.65). The share turnover was EUR 14.0 (19.3) million. The year-end share price was EUR 13.49 (16.19), and the combined market value of all shares was EUR 85.2 (102.3) million.

FLAGGING ANNOUNCEMENTS

There were no flagging announcements during the financial year.

MANAGEMENT

At its organizational meeting on 9 April 2008, Lännen Tehtaat plc's Supervisory Board elected Helena Walldén as chairman and Juha Nevavuori as vice chairman of the Supervisory Board.

The company's Board of Directors elected by the Supervisory Board on 9 April 2008 comprises Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula, Soili Suonoja and Tom v. Weymarn. Tom v. Weymarn was elected chairman of the Board of Directors and Hannu Simula was elected vice chairman.

Matti Karppinen has been Lännen Tehtaat plc's CEO since 1 September 2005. The Board of Directors appointed the Group's CFO, Eero Kinnunen, as Deputy CEO, the appointment taking effect on 1 January 2008.

Erkki Lepistö was appointed Managing Director of Mildola Oy, effective as of 1 July 2008.

On 1 September 2008, Jarno Järvinen took up the post of Managing Director at Apetit Kala Oy, and Jan Brevik was appointed Managing Director of Maritim Food Sweden AB, also continuing as Managing Director of Maritim Food AS. Heljä Mantere was appointed head of the concept business as of 1 January 2009.

As part of the reorganization carried out towards the end of the year, the duties of director of the Seafood business and sales director for Maritim Food's Swedish sales were discontinued. In addition, the duties of Seafood's project manager and of project manager under the Lännen Tehtaat Group's corporate management were discontinued.

RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The Board of Directors of Lännen Tehtaat plc has confirmed the Group's risk management policy and risk management principles. All Group companies and business units will regularly assess and report the risks involved in their operations and the adequacy of the control procedures and risk management methods. The purpose of these risk assessments, which support strategy formulation and decision-making, is to ensure that sufficient measures are taken to control risks.

The Lännen Tehtaat Group's risks can be categorized as strategic, operating, financial and hazard risks.

The Group's most significant strategic risks concern corporate acquisitions and their integration into the Group, and changes occurring in the Group's business sectors and in its customer relationships. There are significant concentrations of customers in the Seafood business in Norway and in the concept business in Finland.

The main operating risks concern raw material availability, the time lags between purchasing and sale or use, and fluctuations in raw material prices. Managing price risks is especially important in the Group's Grain Trading, Vegetable Oils and Seafood businesses, in which raw materials represent between 65% and 85% of net sales. The prices of grains, oilseeds and the main fish raw materials are determined on the world market. In both the Vegetable Oils and Grain Trading businesses, limits are defined for open price risks.

The Group operates in international markets and is therefore exposed to currency risks associated with changes in exchange rates. The principal foreign currencies used are the US and Canadian dollars, the Norwegian krone and the Swedish krona. In accordance with the Group's risk management policy, all major open currency positions are hedged. Further details concerning the management of financial risks are given in the notes to the financial statements.

Fire, serious process disruptions and disease epidemics can all lead to major property damage, losses from breaks in production, and other indirect adverse impacts on the company's operations. Group companies guard against these risks by evaluating their own processes, for instance through self-monitoring, and by taking corrective action where necessary. Insurance policies are used to cover all risks for which insurance can be justified on financial or other grounds.

Short-term risks
Financial uncertainty has increased the counterparty risks, and so special attention is being given in Group companies to the management of risks concerning customers' solvency and the ability of suppliers to deliver.

The economic recession may have both positive and negative effects on the demand for different products and product groups.

Projects to renew Lännen Tehtaat's enterprise resource planning system were launched in 2007. In the Vegetable Oils business the new ERP system was introduced during the same year, while in the parent company and in Apetit Suomi and Apetit Kala the new systems were introduced in autumn 2008. The aim is to replace the Group's old operating and financial control systems with integrated solutions. This will be done in the Frozen Foods and Grain Trading businesses during 2009. Lännen Tehtaat is aware of the risks involved in transferring to the new systems, and to ensure that these risks are managed the project's progress is being regularly monitored by steering and working groups.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

With the aim of bringing production and costs into line, Mildola Oy began co-determination talks in January concerning lay-offs affecting its entire personnel. Co-determination talks regarding the need for lay-offs were also begun in January at Apetit Kala Oy concerning the salaried and waged personnel at the Kuopio fish processing plant.

OUTLOOK FOR 2009

The global economic downturn may have an impact on Lännen Tehtaat's businesses during the year. Forecasting changes in consumer demand and in customer behaviour is difficult, however, but it is widely believed that consumer demand for food products will increasingly be channelled towards basic foodstuffs and low value added products.

The net sales of Lännen Tehtaat's continuing operations will be affected particularly by changes in the price level of grains and oilseeds.

Thanks to the measures taken to develop the Group's different businesses, the full-year operating profit from continuing operations, excluding non-recurring items, is estimated to be at about the same level as in 2008. This forecast is nevertheless subject to considerable uncertainty given the economic circumstances prevailing in 2009.

In contrast to 2008, the profit accrual in 2009 is expected to be heavily weighted towards the latter half of the year. The first-quarter operating profit excluding non-recurring items is expected to fall short of the figure for the same period in 2008.

The need for investment in non-current assets is significantly less than in 2008.

PROPOSED DIVIDEND

The aim of the Board of Directors of Lännen Tehtaat plc is that the company's shares provide shareholders with a good return on investment and retain their value. It is the company's policy to distribute in dividends at least 40% of the profit for the financial year attributable to shareholders of the parent company.

The parent company's distributable funds totalled EUR 78,888,764.38 on 31 December 2008, of which EUR 23,596,200.59 is profit for the financial year.

The Lännen Tehtaat Group's profit for 2008 included significant non-recurring items related to implementation of the strategy of Group companies. For this reason, the Board of Directors of Lännen Tehtaat plc will propose that the company deviates from its dividend policy. The Board will propose to the Annual General Meeting that a dividend of EUR 0.85 (0.85) per share be paid, amounting to EUR 5,259,439.60, and that EUR 73,629,324.78 remain in its equity. The proposed dividend is thus 31.1% of the earnings per share.

No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and in the view of the Board of Directors this will not be jeopardized by the proposed distribution of dividends.

Consolidated income statement

EUR million	10-12/2008 3 mths	10-12/2007 3 mths	1-12/2008 12 mths	1-12/2007 12 mths
Continuing operations				
Net sales	**80.9**	96.5	**349.1**	309.6
Other operating income	**0.3**	0.5	**3.8**	1.4
Operating expenses	**-79.3**	-92.2	**-342.8**	-302.3
Depreciation	**-1.2**	-1.4	**-5.1**	-5.0
Impairments	**-0.2**	-0.3	**-0.2**	-0.5
Share of profit/loss of associated companies	**3.5**	1.3	**9.1**	2.1
Operating profit	**4.0**	4.4	**13.9**	5.3
Financial income and expenses	**-1.6**	-0.7	**-3.3**	-0.8
Profit before taxes	**2.4**	3.7	**10.7**	4.6
Income taxes	**0.2**	-0.5	**-0.7**	-0.4
Profit for the period, continuing operations	**2.5**	3.2	**10.0**	4.2
Discontinued operations				
Profit for the period, discontinued operations	**-**	0.8	**7.1**	9.2
Profit for the period	**2.5**	4.0	**17.1**	13.4
Attributable to:				
Equity holders of the parent	**2.6**	3.9	**17.0**	13.3
Minority interests	**-0.1**	0.1	**0.1**	0.1
Earnings per share, calculated of the profit attributable to the shareholders of the parent company				
Basic and diluted earnings per share, EUR, total	**0.41**	0.62	**2.73**	2.13
Basic and diluted earnings per share, EUR, continuing operations	**0.41**	0.50	**1.60**	0.66
Basic and diluted earnings per share, EUR, discontinued operations	**-**	0.13	**1.13**	1.48

Consolidated balance sheet

EUR million	31 Dec **2008**	31 Dec 2007
ASSETS		
Non-current assets		
Intangible assets	**5.3**	4.7
Goodwill	**5.9**	7.0
Tangible assets	**43.5**	43.5
Investment in associated companies	**25.0**	39.2
Available-for-sale investments	**0.1**	0.1
Receivables	**3.1**	4.6
Deferred tax assets	**1.4**	0.3
Non-current assets total	**84.3**	99.4
Current assets		
Inventories	**55.1**	64.4
Receivables	**38.7**	28.6
Income tax receivable	**0.7**	0.4
Financial assets at fair value through profit and loss	**3.8**	8.1
Cash and cash equivalents	**9.9**	5.1
Current assets total	**108.0**	106.6
Total assets	**192.3**	205.9
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent	**135.1**	127.3
Minority interest	**0.5**	0.7
Total equity	**135.6**	128.0
Non-current liabilities		
Deferred tax liabilities	**4.5**	4.8
Long-term financial liabilities	**4.5**	5.3
Non-current provisions	**0.1**	0.1
Other non-current liabilities	**0.2**	-
Non-current liabilities total	**9.3**	10.2
Current liabilities		
Short-term financial liabilities	**10.7**	28.2
Income tax payable	**0.7**	0.7
Trade payables and other liabilities	**36.1**	38.7
Current liabilities total	**47.4**	67.6
Total liabilities	**56.8**	77.9
Total equity and liabilities	**192.3**	205.9

Consolidated cash flow statement

EUR million	1-12/2008 12 mths	1-12/2007 12 mths
Net profit for the period	**17.1**	13.4
Adjustments, total	**-8.5**	-1.5
Change in net working capital	**-5.1**	-3.3
Interests paid from operating activies	**-2.4**	-2.8
Interest received from operating activities	**0.4**	0.7
Taxes paid	**-1.8**	-1.2
Net cash flow from operating activities	**-0.4**	5.3
Investments in tangible and intangible assets	**-8.1**	-7.6
Proceeds from sales of tangible and intangible assets	**3.0**	0.2
Acquisition of subsidiaries deducted by cash	**-0.4**	-9.9
Proceeds from sales of subsidiaries	**-**	42.0
Transactions with minority	**1.5**	-
Acquisition of associated companies	**-0.4**	-
Proceeds from sales of associated companies	**27.0**	0.6
Purchases of other investments	**-14.0**	-35.1
Proceeds from sales of other investments	**18.1**	27.0
Dividends received from investing activities	**3.6**	5.3
Net cash flow from investing activities	**30.3**	22.5
Repayments of short-term loans	**-18.4**	-16.7
Repayments of long-term loans	**-0.1**	-8.1
Payment of financial lease liabilities	**-0.1**	-0.1
Purchase of own shares	**-1.0**	-
Dividends paid to minority	**-0.3**	-
Dividends paid	**-5.3**	-5.3
Cash flows from financing activities	**-25.1**	-30.2
Net change in cash and cash equivalents	**4.8**	-2.4
Cash and cash equivalents at the beginning of the period	**5.1**	7.5
Cash and cash equivalents at the end of the period	**9.9**	5.1

Statement of changes in shareholders' equity

EUR million	Attributable to equity holders of the parent: Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	Total	Minority interest	Total equity
Shareholders' equity at 1 Jan. 2007	12.6	23.4	0.4	7.3	-0.8	-0.2	76.5	119.2	-	119.2
Cash flow hedges:										
gains/losses recorded in equity	-	-	-0.1	-	-	-	-	-0.1	-	-0.1
Taxes related to items entered										
into equity and removed from equity	-	-	0.0	-	-	-	-	0.0	-	0.0
Increase / decrease in subsidiary	-	-	-	-	-	0.2	-	0.2	0.7	0.9
Translation differences	-	-	-	-	-	0.1	-	0.1	-	0.1
Other changes	-	-	-	-0.1	-	-	0.0	-0.1	-	-0.1
Profit for the period	-	-	-	-	-	-	13.3	13.3	0.1	13.4
Total recognized income and expense	-	-	-0.1	-0.1	-	0.3	13.3	13.4	0.7	14.2
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-	-5.3
Shareholders' equity at 31 Dec. 2007	12.6	23.4	0.4	7.2	-0.8	0.1	84.5	127.3	0.7	128.0

EUR million	Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	Total	Minority interest	Total equity
Shareholders' equity at 1 Jan. 2008	12.6	23.4	0.4	7.2	-0.8	0.1	84.5	127.3	0.7	128.0
Cash flow hedges:										
gains/losses recorded in equity	-	-	-1.6	-	-	-	-	-1.6	-	-1.6
Taxes related to items entered										
into equity and removed from equity	-	-	0.4	-	-	-	-	0.4	-	0.4
Increase / decrease in subsidiary	-	-	-	-	-	-	0.4	0.4	-	0.4
Translation differences	-	-	-	-	-	-2.1	-	-2.1	-	-2.1
Other changes	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Profit for the period	-	-	-	-	-	-	17.0	17.0	0.1	17.1
Total recognized income and expense	-	-	-1.2	-	-	-2.1	17.4	14.1	0.1	14.1
Purchase of own shares	-	-	-	-	-1.0	-	-	-1.0	-	-1.0
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-0.3	-5.6
Shareholders' equity at 31 Dec. 2008	12.6	23.4	-0.8	7.2	-1.8	-1.9	96.6	135.1	0.5	135.6

Basis of preparation and accounting policies

The year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2007.
In addition, the IFRIC has published IFRIC 15, 'Agreements for the Construction of Real Estate', IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation', IFRIC 17, 'Distributions of Non-cash Assets to Owners' and IFRIC 18, 'Transfers of Assets from Customers'. The IASB has published IAS 32/IAS1 amendment 'Financial Puttable Instruments and Obligations' Arising from Liquidation' and IAS 39 amendment 'Recognition and Measurement Eligible Hedged Items'. These interpretations and amendments do not have material effect to the Lännen Tehtaat's financial statements.

Segment information

Business segments 1-12/2008

EUR million	Frozen Foods	Seafood	Vegetable Oils	Grain Trading	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	49.3	89.7	62.0	148.5	3.0	**352.4**	-	352.4
Intra-group sales	-0.1	0.0	0.0	-1.1	-2.1	**-3.3**	-	-3.3
Net sales	49.2	89.7	62.0	147.4	0.9	**349.1**	-	349.1
Share of profit/loss of associated companies included in operating profit/loss	-	-	-	-	9.1	**9.1**	-	9.1
Operating profit/loss	5.1	-2.4	-0.1	5.5	5.9	**13.9**	6.6	20.5
Share of profit/loss of associated companies	-	-	-	-	-	**-**	0.5	0.5
Gross investments in non-current assets	6.0	1.5	0.2	0.3	0.2	**8.1**	-	8.1
Corporate acquisitions and other share purchases	-	0.1	-	0.4	-	**0.5**	-	0.5
Depreciations	1.4	2.1	0.7	0.0	0.8	**5.1**	-	5.1
Impairments	-	0.2	-	-	-	**0.2**	-	0.2
Personnel	237	441	35	30	12	**755**	-	755

Business segments 1-12/2007

EUR million	Frozen Foods	Seafood	Vegetable Oils	Grain Trading	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	49.3	81.7	46.0	132.8	4.4	**314.2**	78.8	393.0
Intra-group sales	-0.1	-0.1	0.0	-1.2	-3.2	**-4.6**	-11.6	-16.2
Net sales	49.2	81.6	46.0	131.6	1.2	**309.6**	67.2	376.8
Share of profit/loss of associated companies included in operating profit/loss	-	0.1	-	-	2.1	**2.1**	-	2.1
Operating profit/loss	3.3	-1.7	0.9	3.9	-0.9	**5.3**	9.1	14.5
Share of profit/loss of associated companies	-	-	-	-	-	**-**	1.5	1.5
Gross investments in non-current assets	2.0	4.3	0.4	-	0.2	**6.9**	0.6	7.5
Corporate acquisitions and other share purchases	-	11.6	-	-	-	**11.6**	-	11.6
Depreciations	1.7	1.6	0.6	0.1	1.0	**5.0**	0.2	5.2
Impairments	0.2	0.3	-	-	-	**0.5**	-	0.5
Personnel	248	379	36	29	11	**705**	123	827

Geographical segments

Net sales

EUR million	**1-12/2008 12 mths**	**1-12/2007 12 mths**
Finland	**209.9**	189.2
Scandinavia	**65.8**	45.8
Baltic states and Russia	**7.6**	10.0
Other countries	**65.9**	64.6
Continuing operations total	**349.1**	309.6
Discontinued operations	**-**	67.2
Total	**349.1**	376.8

Discontinued operations

The sale of the majority holding in Suomen Rehu Ltd was completed at the start of June 2007, when Suomen Rehu and its subsidiaries were transferred to Hankkija-Maatalous Oy. In 2007 the net profit from discontinued operations includes a sale profit related to the sold 51% share ownership totalling EUR 5.6 million. Lännen Tehtaat plc and SOK subsidiary Hankkija-Maatalous Oy signed an agreement on 1 September 2008, transferring the remaining shares owned by Lännen Tehtaat in Suomen Rehu Ltd to Hankkija-Maatalous Oy. The transaction price for the 49% shareholding was EUR 27 million. Lännen Tehtaat recognized a non-recurring tax-free profit of EUR 6.6 million for the sale of these minority shares in its financial performance for the third quarter.

Because of the transaction, the profit of the associated company Suomen Rehu is presented differently in the consolidated income statement. Previously shown beneath the operating profit, the share of profit of associated company Suomen Rehu for the period 1 January - 31 August 2008 will be presented under discontinued operations. The information for the comparative year for the period subsequent to the sale of the majority shareholding, 1 June - 31 December 2007, will be adjusted accordingly.

Key indicators

	31 Dec 2008	31 Dec 2007
Shareholders' equity per share, EUR	**21.83**	20.36
Equity ratio, %	**70.5**	62.1
Gearing, %	**1.1**	16.0
Gross investments in non-current assets, EUR million, continuing operations	**8.1**	6.9
Corporate acquisitions and other share purchases, EUR million, continuing operations	**0.5**	11.6
Average number of personnel, continuing operations	**755**	705
Average number of shares, 1,000 pcs	**6,221**	6,253

The key figures in this year-end financial report are calculated with same accounting principles than presented in year 2007 annual financial statements.

Contingent liabilities

EUR million	31 Dec 2008	31 Dec 2007
Mortgages given for debts		
Real estate mortgages	**8.6**	7.3
Corporate mortgages	**-**	1.3
Guarantees	**6.9**	12.8
Non-cancellable other leases, minimum lease payments		
Real estate leases	**3.0**	5.3
Other leases	**0.9**	0.8
DERIVATIVE INSTRUMENTS		
Outstanding nominal values of derivate instruments		
Forward currency contracts	**6.3**	5.0
Commodity derivative instruments	**13.2**	2.6
Interest rate swaps	**-**	25.0

INVESTMENT COMMITMENTS

Lännen Tehtaat does not have significant investment commitments as of 31 December 2008.

Changes in tangibles assets

EUR million	1-12/2008 12 mths	1-12/2007 12 mths
Book value at the beginning of the period	**43.5**	67.4
Acquisitions	**5.9**	6.5
Acquisitions of operations	**-**	7.6
Disposals	**-0.2**	-0.2
Disposals of operations	**-**	-32.6
Depreciations and impairments	**-5.3**	-5.1
Other changes	**-0.5**	-0.1
Book value at the end of the period	**43.5**	43.5

Transactions with associated companies and joint ventures

EUR million	1-12/2008 12 mths	1-12/2007 12 mths
Sales to associated companies	**13.4**	14.3
Sales to joint ventures	**8.5**	8.1
Purchases from associated companies	**0.7**	12.0
Purchases from joint ventures	**0.3**	0.1
Long-term receivables from associated companies	**2.7**	3.9
Trade receivabes and other receivables from associated companies	**1.6**	3.1
Trade receivabes and other receivables from joint ventures	**0.9**	0.8
Trade payables and other liabilities to associated companies	**0.0**	0.0

The sales of goods and services to the associated companies and joint ventures are based on valid price catalogues of the Group.

19 February 2009

LÄNNEN TEHTAAT PLC
Board of Directors