



Lännen Tehtaat plc

INTERIM REPORT, Q2 2008

12 AUGUST 2008

Scandic Simonkenttä

Matti Karppinen
CEO



Lännen Tehtaat

Q2 2008

CEO Matti Karppinen:

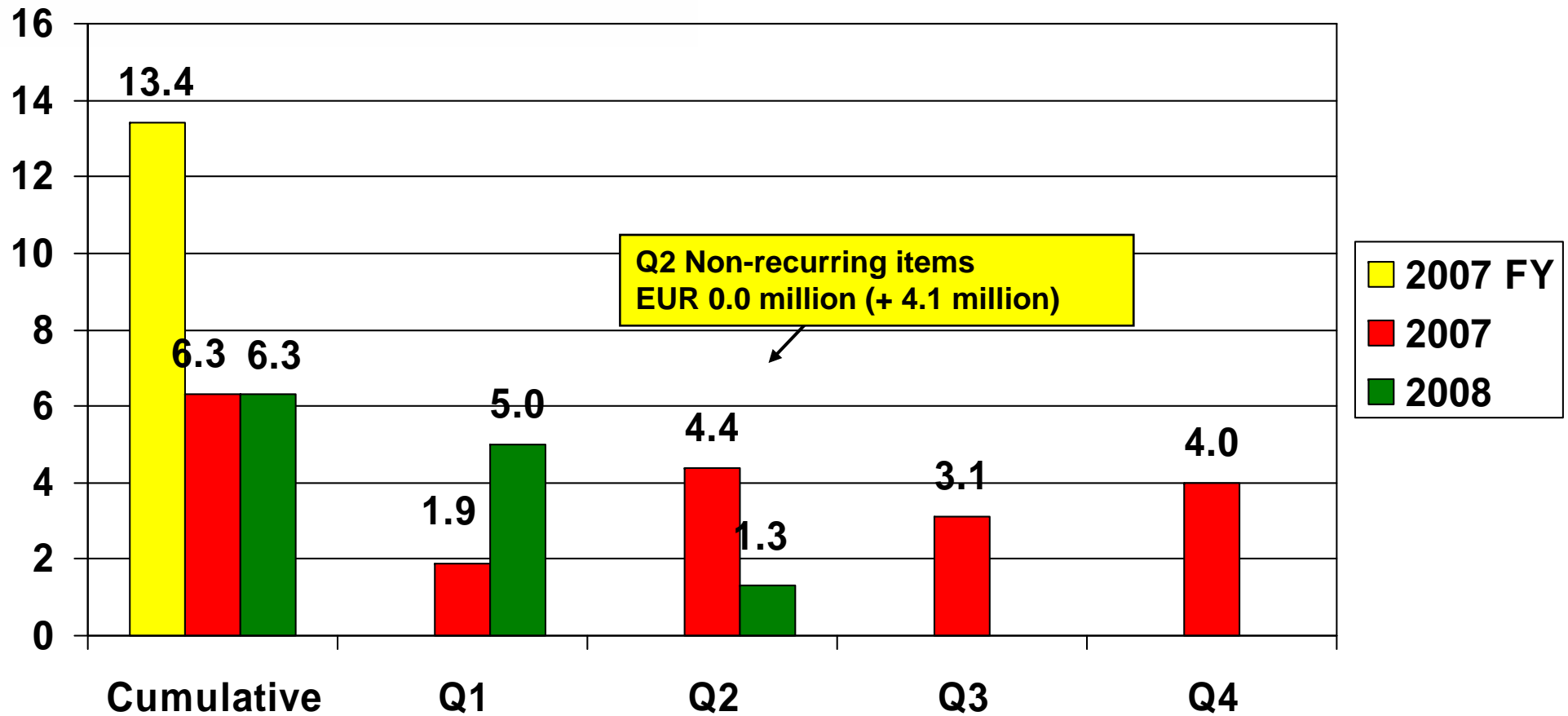
“All the business operations continued to increase their net sales in the second quarter. There was particularly strong growth in Grain Trading, where volumes and market prices were considerably higher than in the comparative period. The greatest success was achieved by Avena Nordic Grain on international markets.

“The operating profit of the continuing operations was much better than the comparative period as a result of the excellent performance by Grain Trading and the improved performance by the Fish business.

“The growth rate of the world economy has slowed down, and a great deal of uncertainty surrounds future economic development. The effects of this slowdown and the deterioration in consumer confidence are expected to effect on customers’ purchasing behaviour. However, these effects on Lännen Tehtaat’s business operations are expected to be small..”



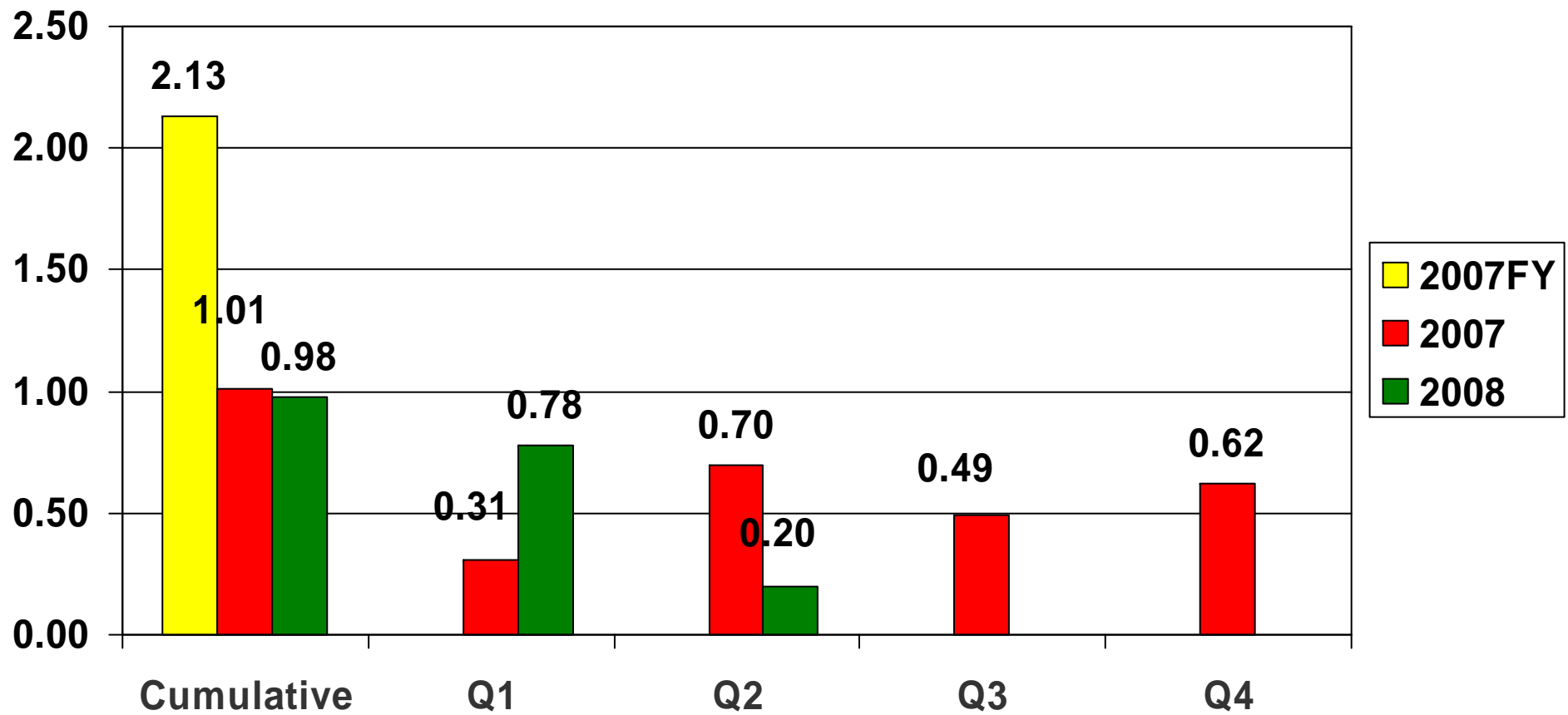
Profit for the financial period, EUR million



H1 The profit includes non-recurring items: EUR +4.9 million (+4.2 million).



Earnings per share, EUR





Lännen Tehtaat

KEY INDICATORS, EUR million

4-6/2008 4-6/2007 1-6/2008 1-6/2007 1-12/2007

Continuing operations

Net sales	101.0	68.0	191.9	139.5	309.6
Operating profit	1.8	-0.4	7.2	-0.2	5.3
Operating profit without non-recurring items	1.8	-0.4	2.3	-0.4	5.6
Profit before taxes	1.5	-0.3	6.5	-0.2	6.0
Profit for the period	1.3	-0.2	6.3	-0.1	5.6
Earnings per share, EUR	0.20	-0.03	0.98	-0.02	0.88

Discontinued operations

Profit for the period	-	4.6	-	6.4	7.8
Earnings per share, EUR	-	0.73	-	1.03	1.25



Frozen Foods



Fish



Vegetable Oils

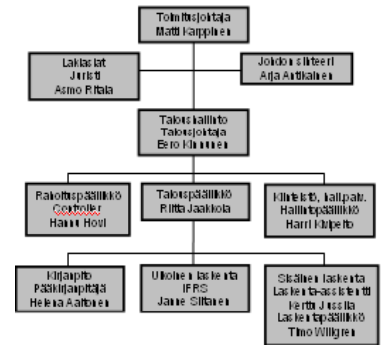


Grain Trading



Others

Lännen Tehtaat Oyj Emoyhtiön organisaatio



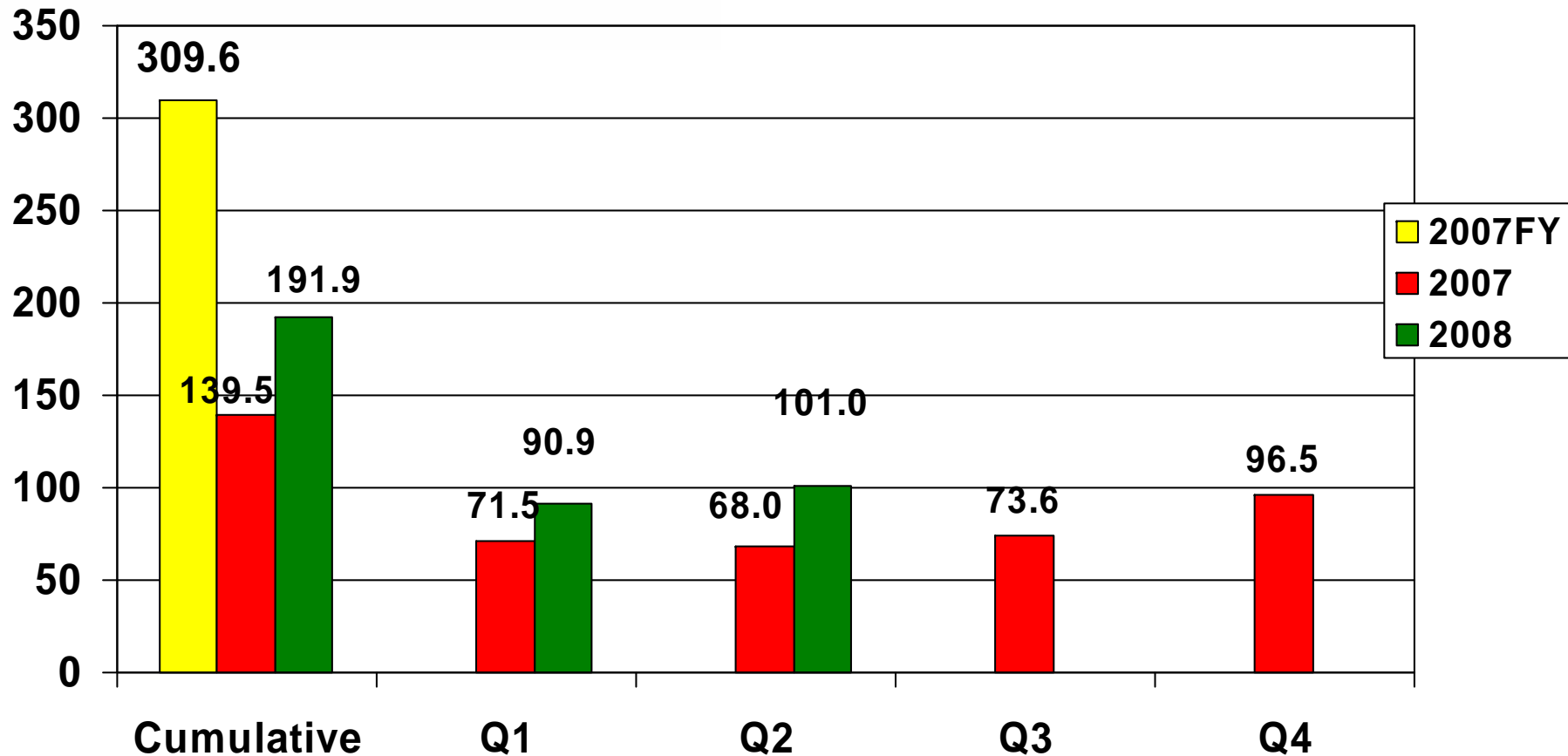
Apetit Suomi Oy

**Associated companies:
Sucros Ltd (20%)
Ateriamestarit Oy (50%)**

Lännen Tehtaat continuing operations



Net sales, continuing operations, EUR million

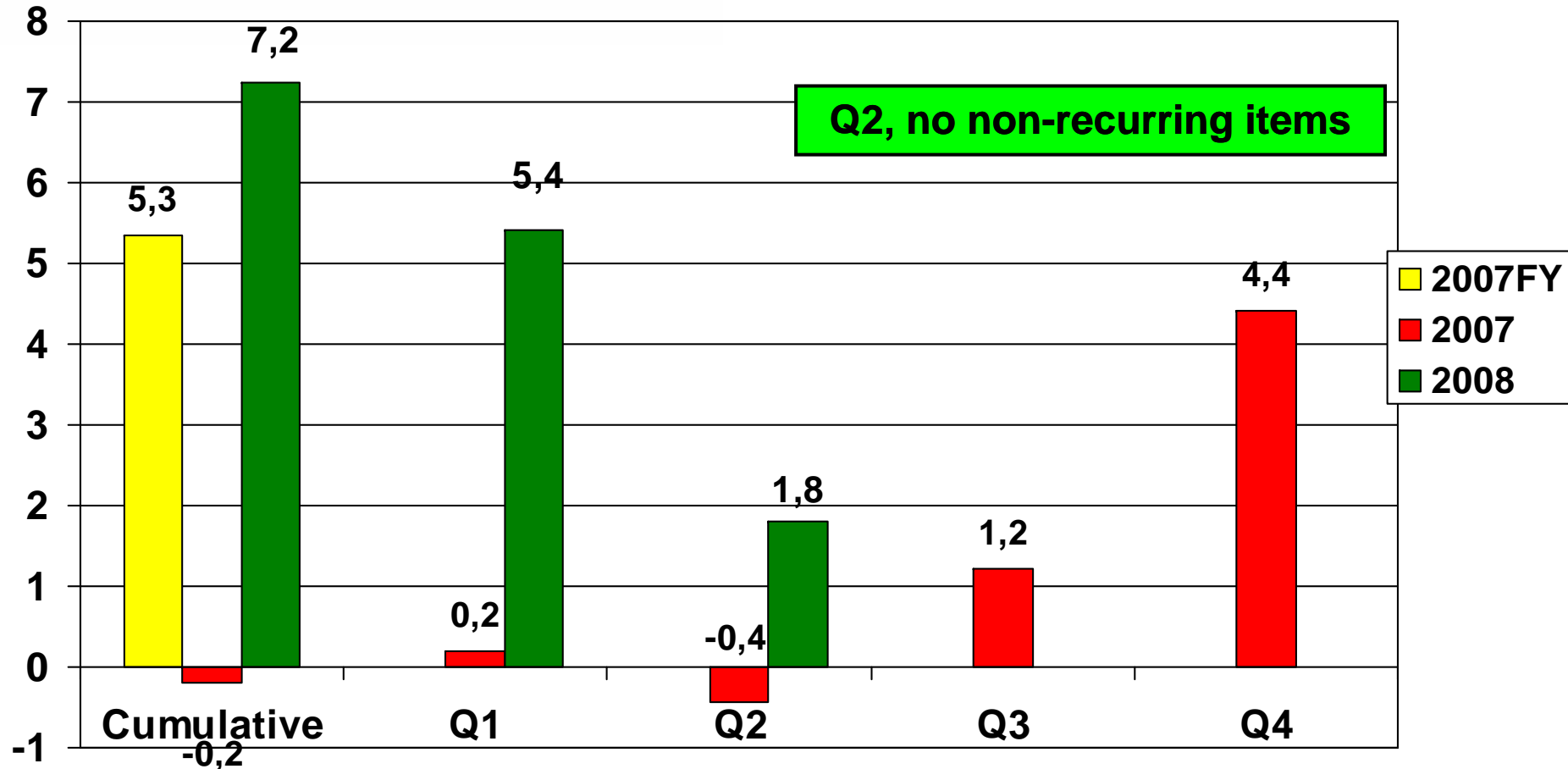


Q2 Net sales increased by EUR +33.0 million (49%)

• Grain Trading +98%, Vegetable Oils +49%, Fish +13%, Frozen Foods +6%.



Profit/loss, continuing operations, EUR million



Q2, Profit/loss without non-recurring items increased by EUR 2.2 million to EUR 1.8 million
Increase: Grain Trading (+1.4 million), Fish (+1.0 million) and Others (+0.5 million)
Decrease: Frozen Foods (-0.1 million) and Vegetable Oils (-0.5 million).
Q2 profit includes EUR +0.5 million (+0.1 million) from associated companies.
NOTE: Impact of last quarter.

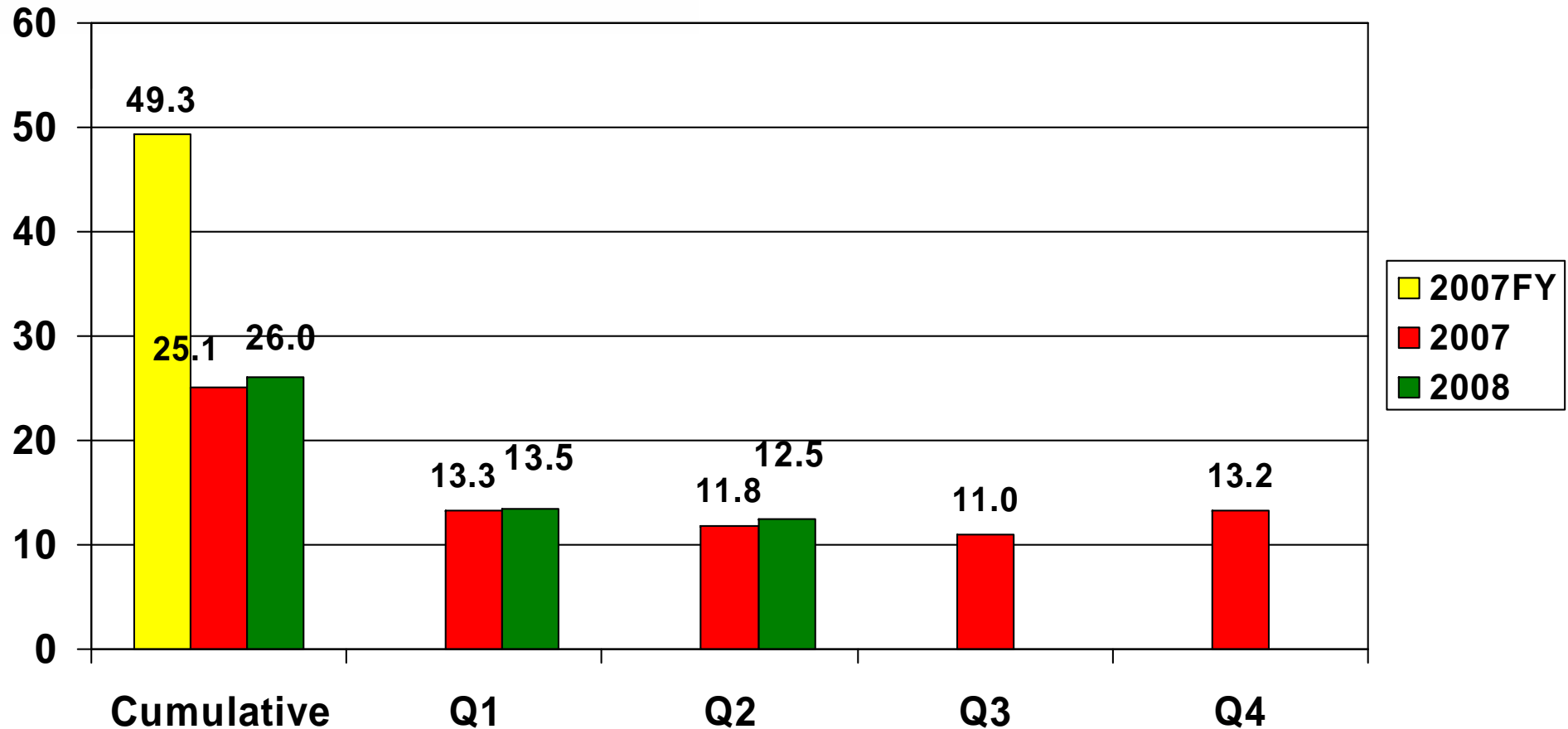


Luonnollisesti hyvää
– suomalaiseseen makuun –

Frozen Foods



Net sales, Frozen Foods, EUR million

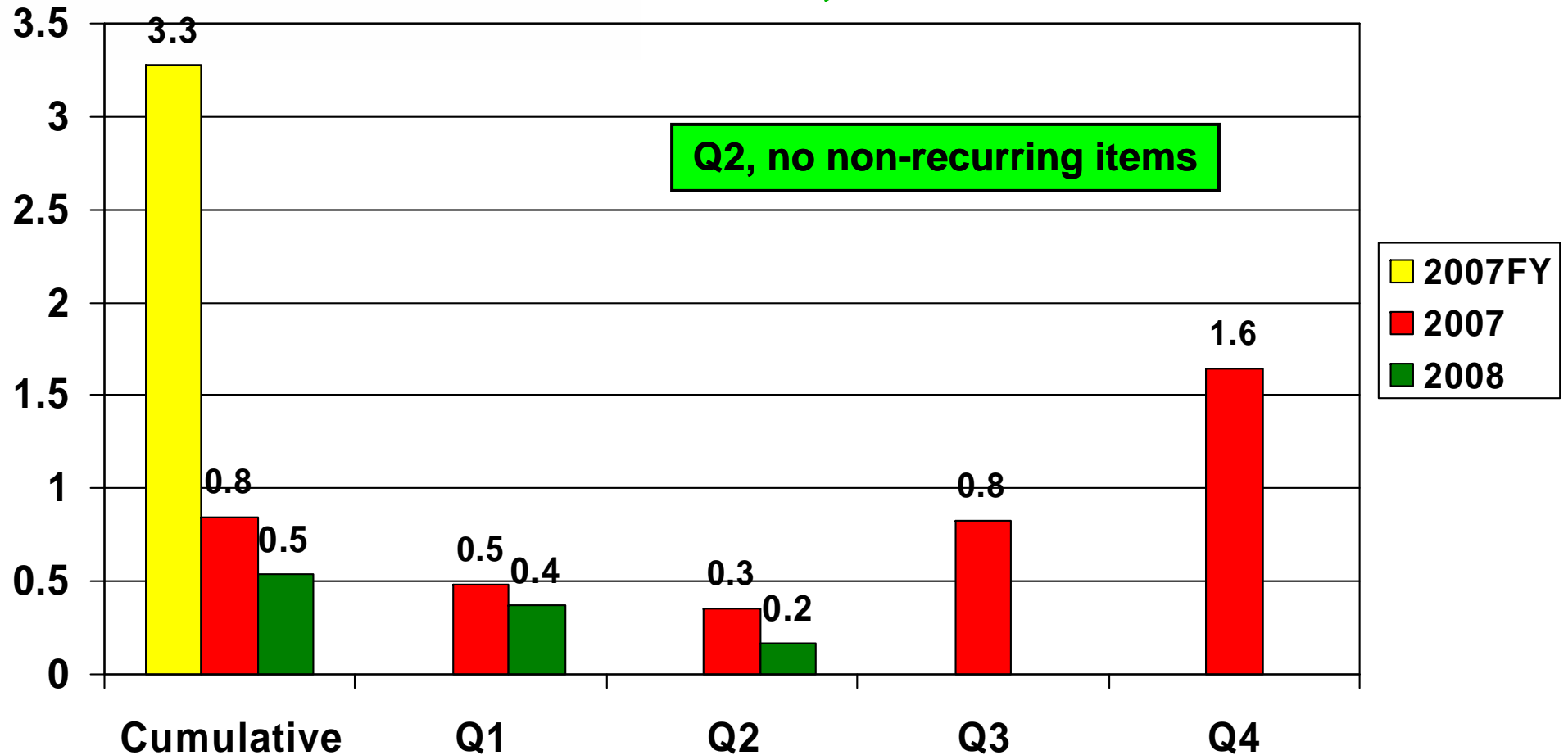


Q2 Net sales increased 6%:

- Sales increased in all distribution channels.
- Retail +7%, HoReCa +5%. Bakery sales and exports more than +10%.
- The percentage of the Apetit brand in sales continued to grow.



Profit/loss, Frozen Foods, EUR million



Q2 Frozen Foods profit/loss decreased by EUR –0.1 million.

- Financial performance as anticipated
- Considerable increase in raw material and energy costs
- Sales prices raised as planned
- Good cost control



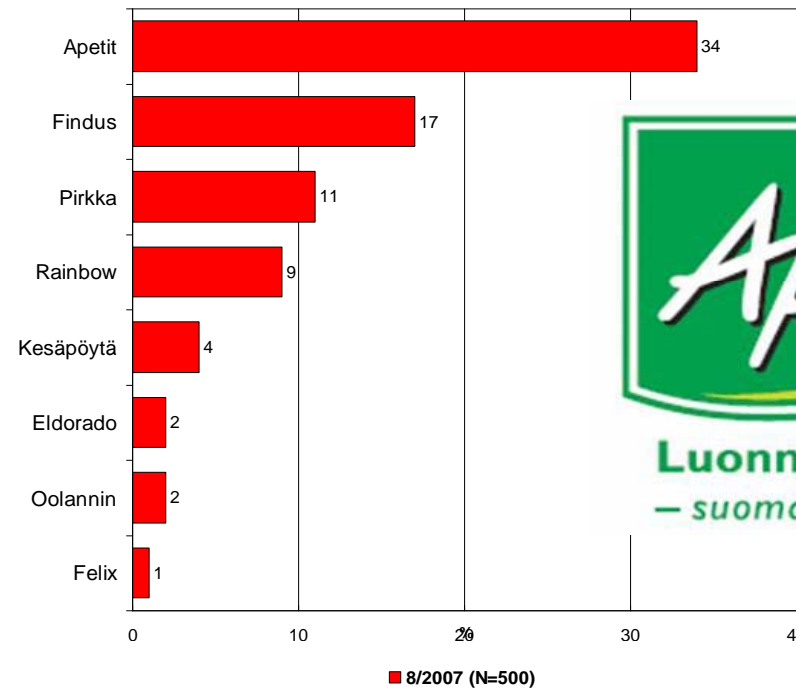
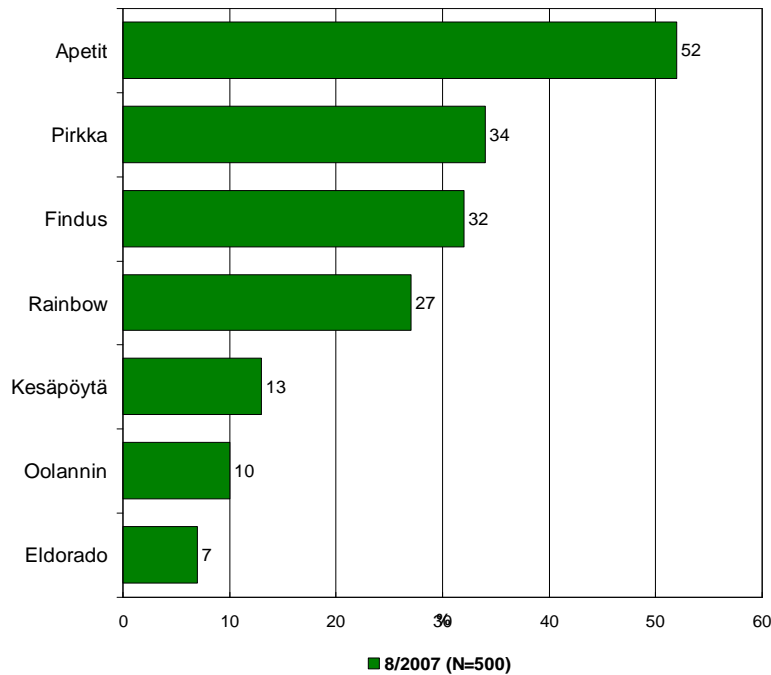
Lännen Tehtaat

Frozen Foods



Spontaneous overall awareness of frozen food brands

Spontaneous overall awareness of frozen food brands, Top of mind percentages



Apetit is the best known and by far the preferred brand in frozen foods.

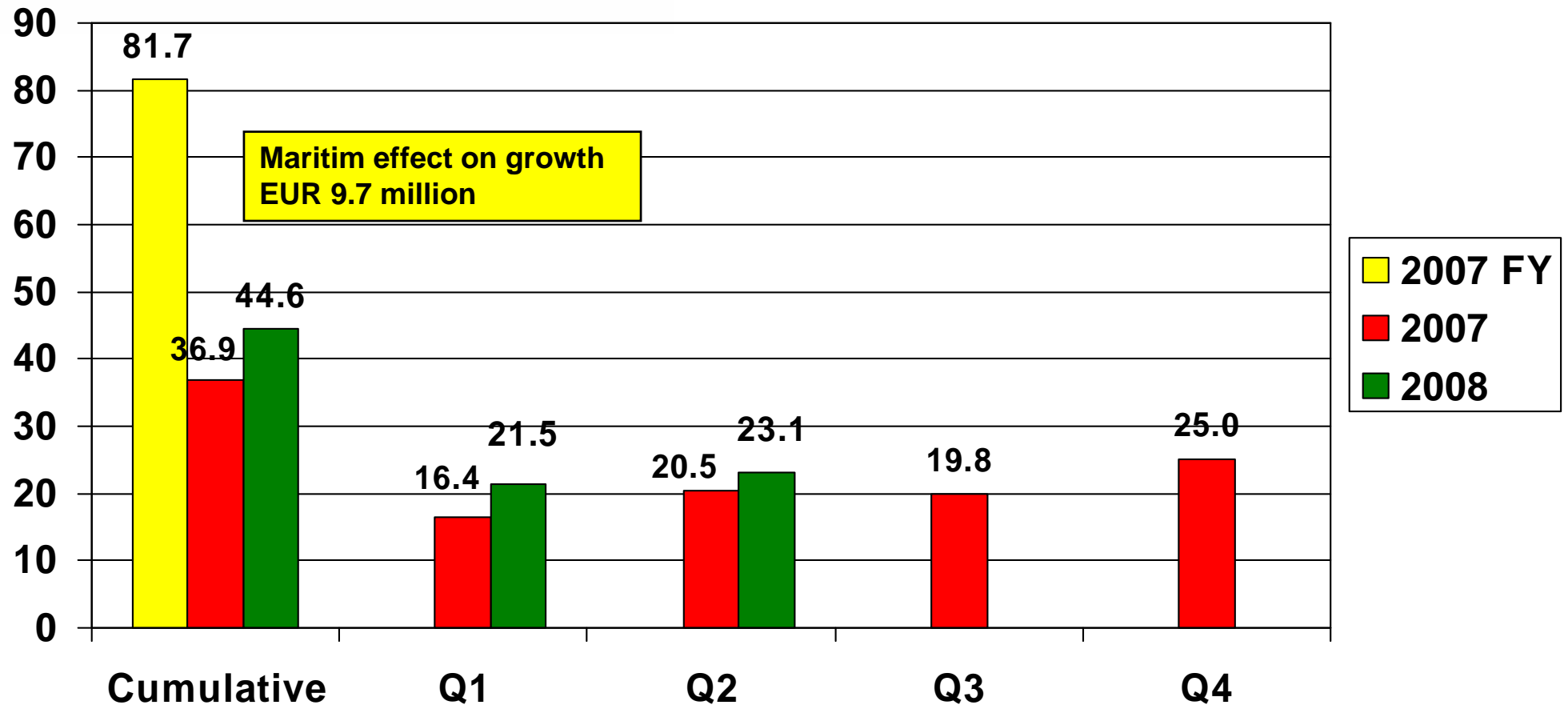
Apetit Pakaste is the market leader in frozen vegetables and frozen ready foods in Finland.



Fish



Net sales, Fish, EUR million

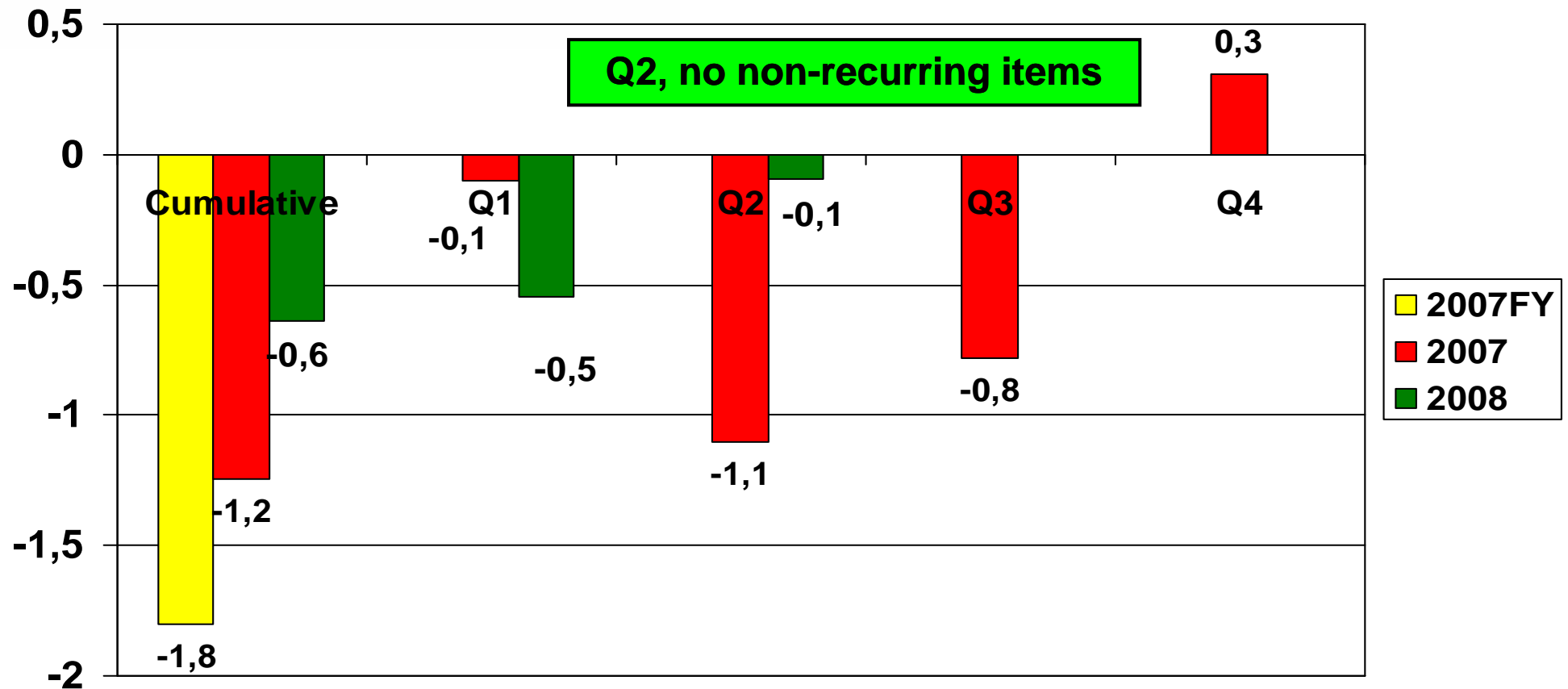


Q2, net sales increased by 13%.

- Effect of the Maritim Food group on net sales growth was EUR +3 million.



Profit/loss, Fish, EUR million



Q2, Fish profit/loss improved by EUR +1.1 million.

- Improvement both at Apetit Kala and in the Maritim group
- Improvement due to:
 - improved productivity of labour and raw material at Apetit Kala
 - good delivery reliability at Apetit Kala
 - improved sales margin in Norwegian functions of the Maritim group

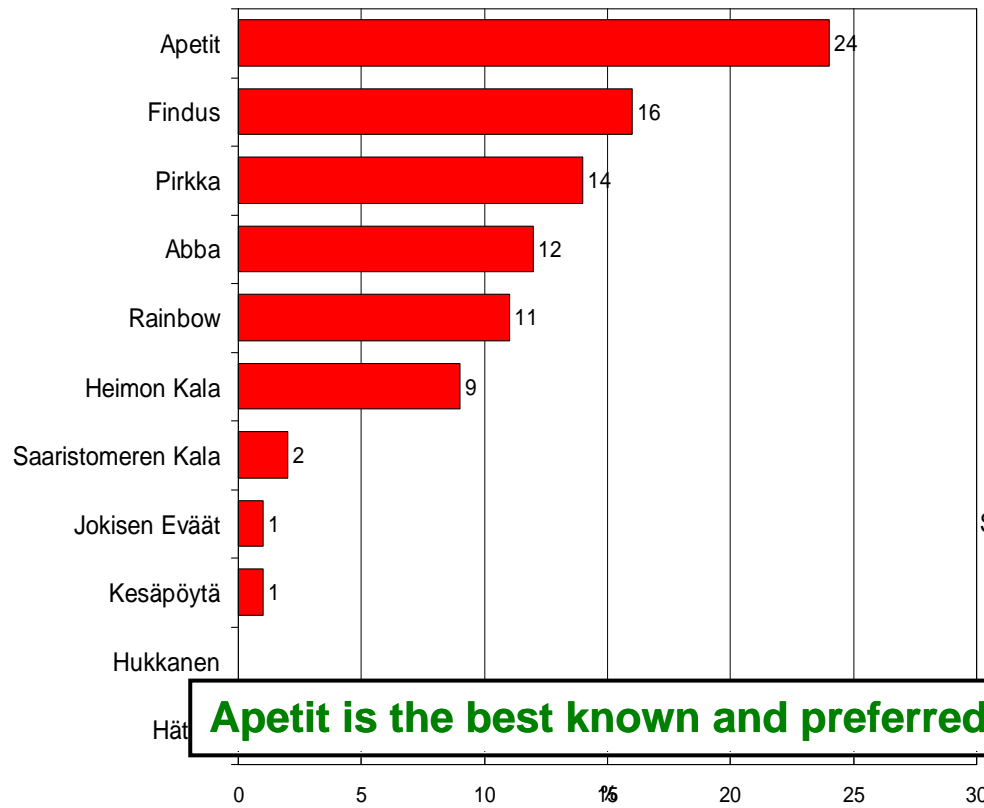


Lännen Tehtaat

Fish

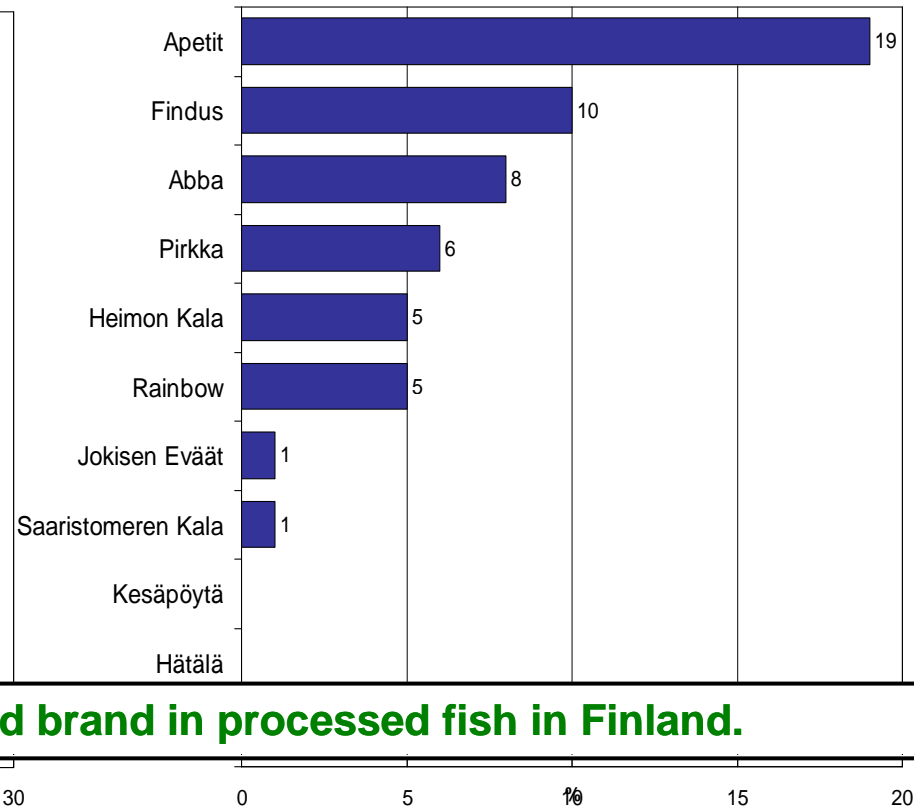


Spontaneous overall awareness of processed fish brands (%)



Spontaneous awareness of processed fish brands (%)

Top of mind percentages



Apetit is the best known and preferred brand in processed fish in Finland.

■ 8/2007 (n=501)

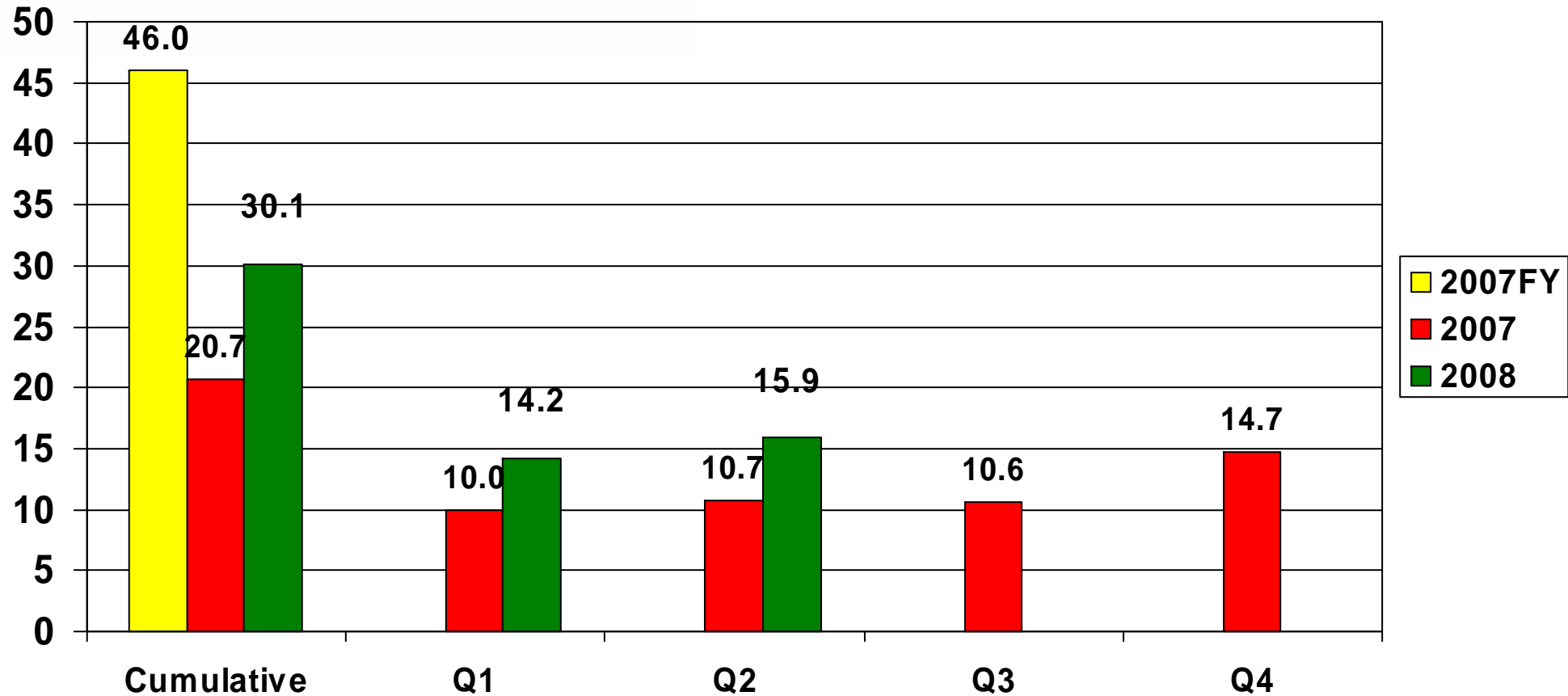
■ 8/2007 (N=501)



Vegetable Oils



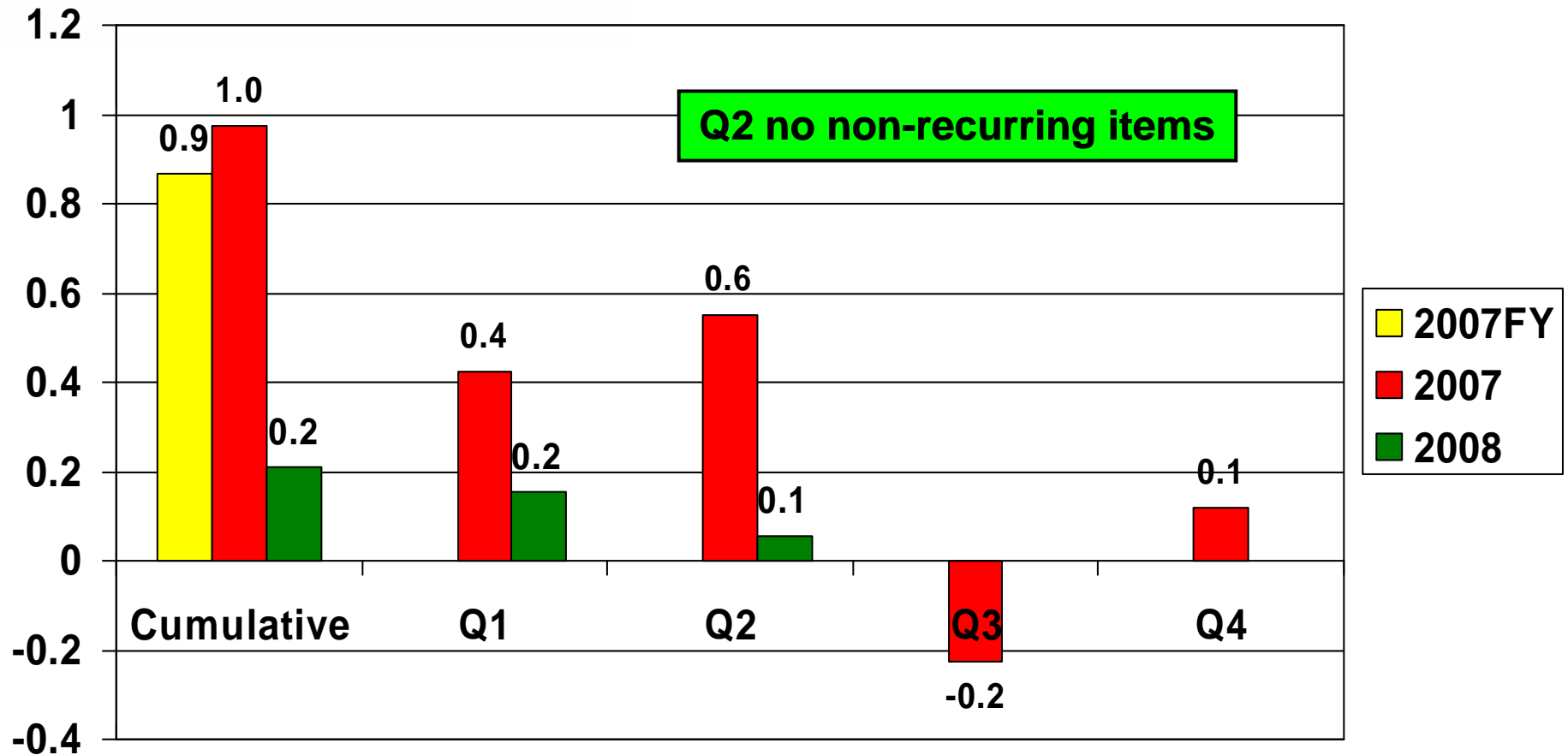
Net sales, Vegetable Oils, EUR million



Net sales in Vegetable Oils began to increase in Q4 2007 and continued through the first half of 2008. Net sales grew due to volume growth, price increases and increased level of processing.



Profit/loss, Vegetable Oils, EUR million



Q2, Vegetable Oils financial performance without non-recurring items decreased by EUR 0.5 million.

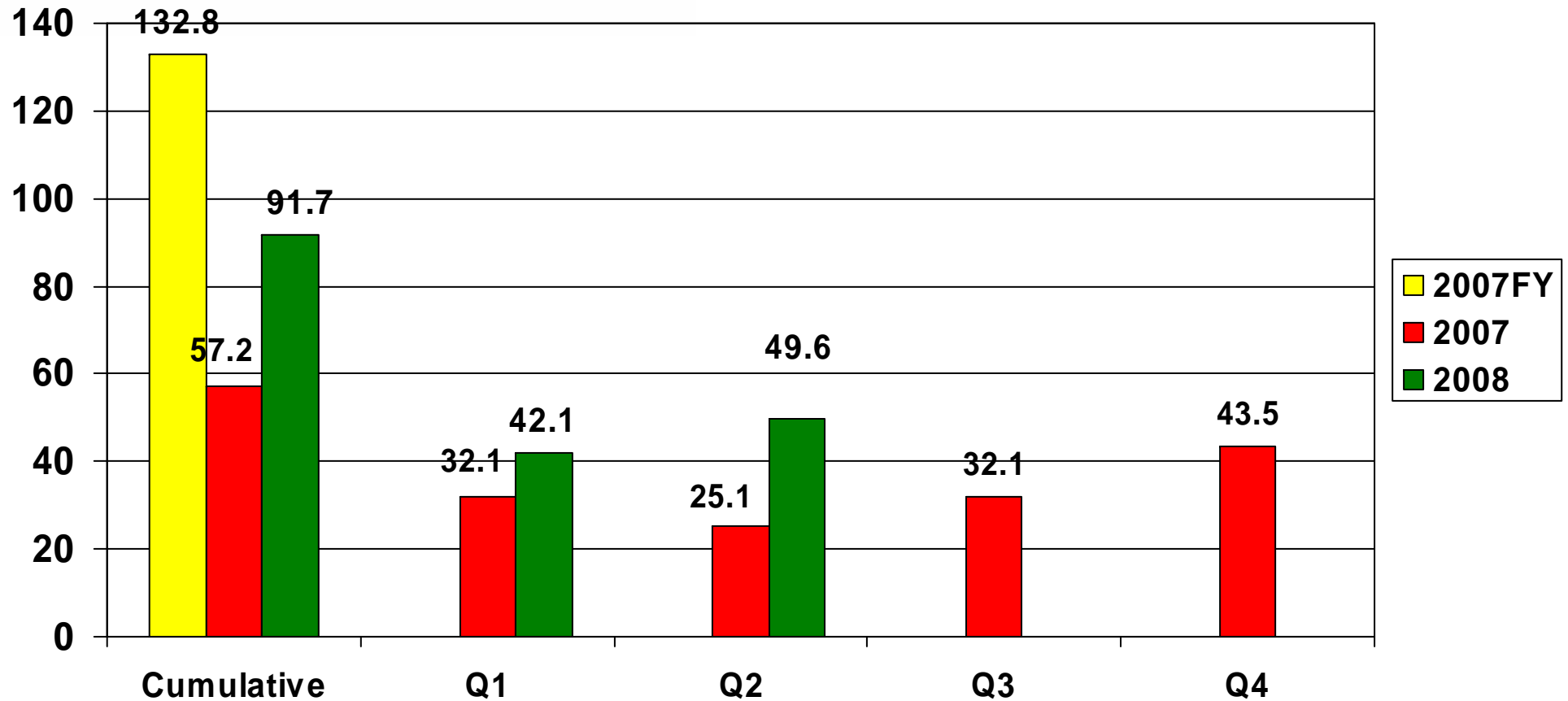
- World market prices of raw materials fluctuated quickly and severely and were constantly high during the period under review. Energy costs also went up.
- Sales prices of vegetable oils and protein feeds continued to rise with a lag.
- Profitability will be improved through new operating models in the end product and raw material markets.



Grain Trading



Net sales, Grain Trading, EUR million

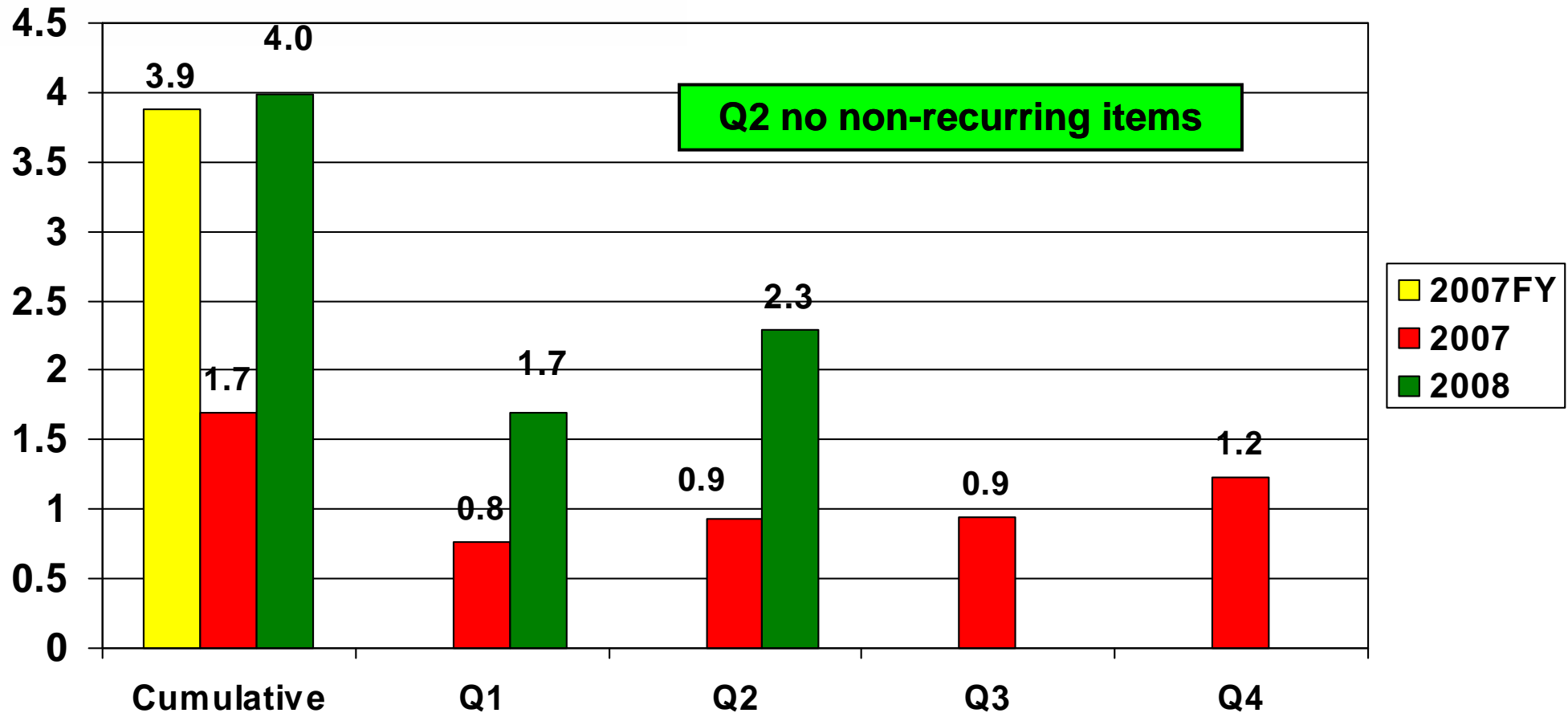


Q2, Grain Trading net sales growth continued to accelerate and was +98%.

- The market remained nervous, and prices were clearly higher than in the comparable period.
- Increase came from high grain prices and volume growth in the international market.



Profit/loss, Grain Trading, EUR million



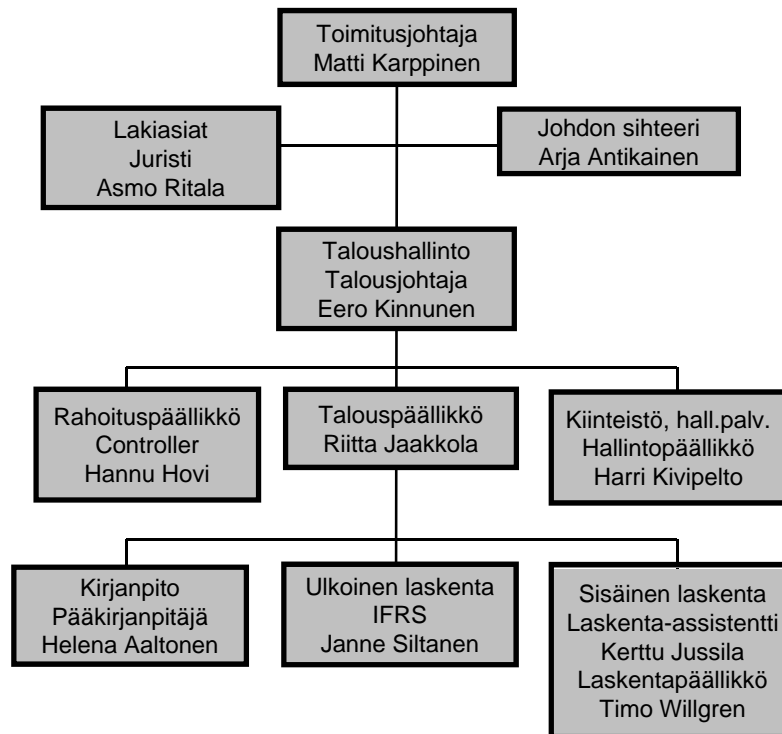
Q2, Grain Trading financial performance more than doubled.

- **ANG has managed to provide competitive services.**
- **ANG has managed to exploit the market situation excellently.**



Lännen Tehtaat plc

Parent company organization



Apetit Suomi Oy

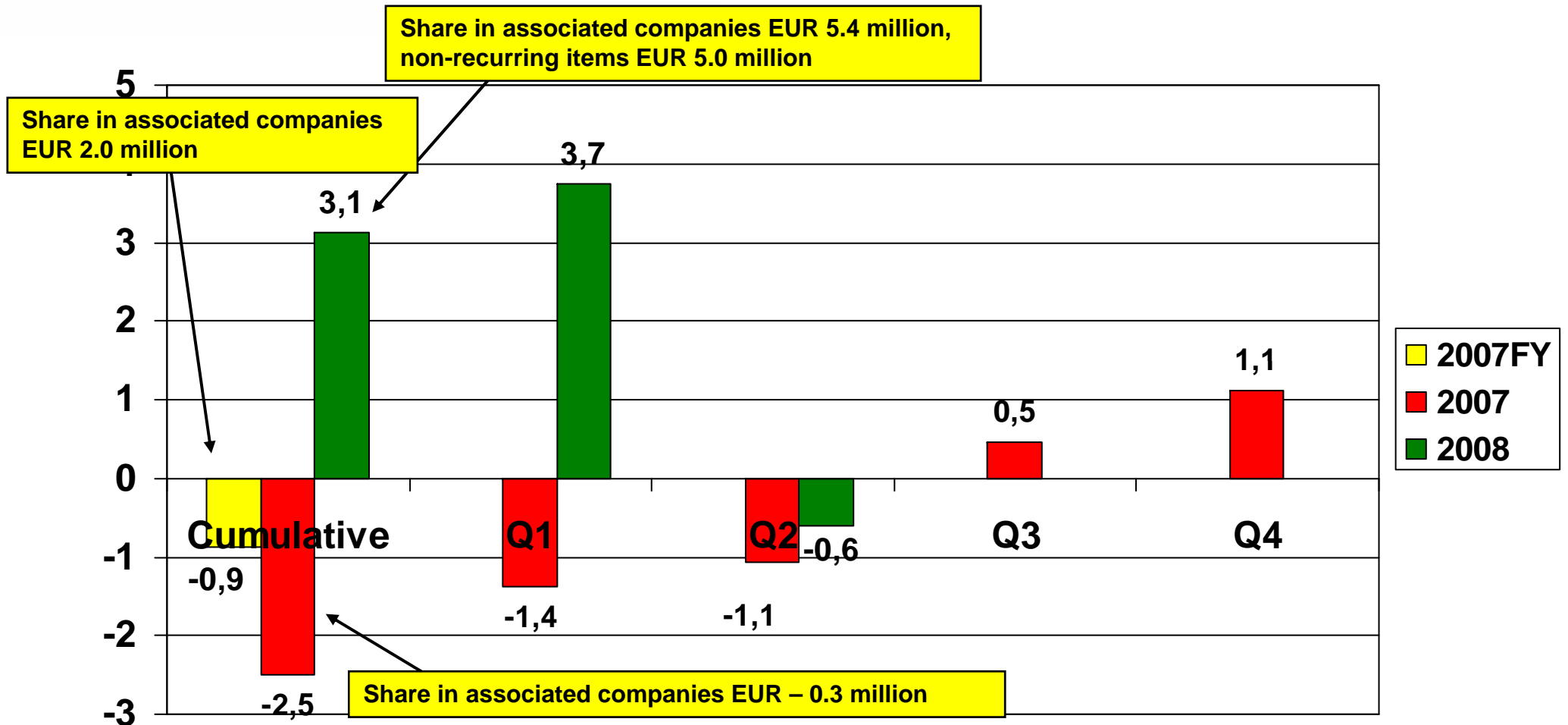
Associated companies:
Sucros Ltd (20%)
Ateriamestarit Oy (50%)
Suomen Rehu Oy (49%)

Others

- The Others segment consists of the service company Apetit Suomi Oy, the group administration, items not allocated to other segments, and the associated companies Sucros Ltd, Ateriamestarit Oy and Suomen Rehu Oy.



Profit/loss, Others, Eur million

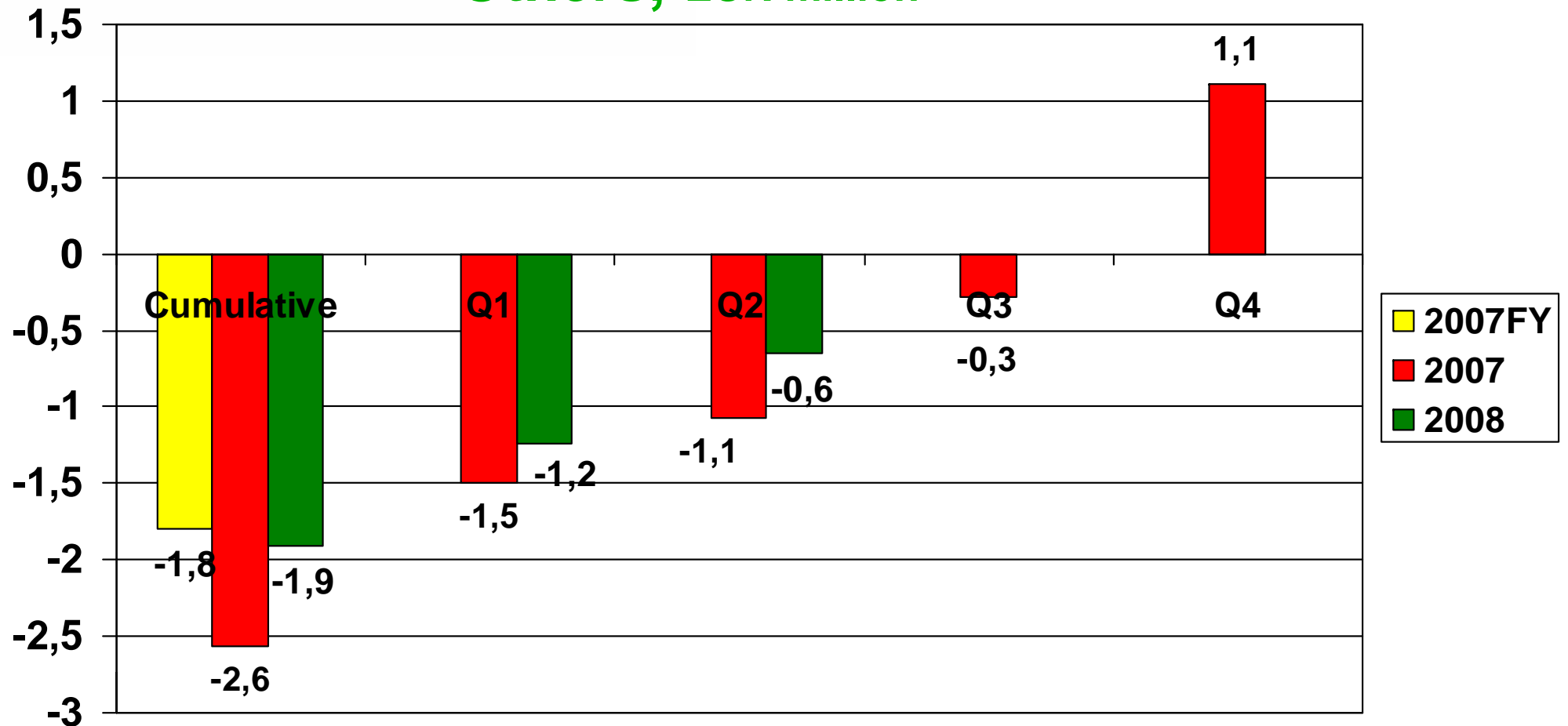


Q2, Financial performance for the period includes EUR 0.5 million (0.1 million) from associated companies.

NOTE: The performance of Suomen Rehu Oy (EUR +0.1 million) is not included in the financial performance of the Others segment.



Profit/loss without non-recurring items, Others, EUR million

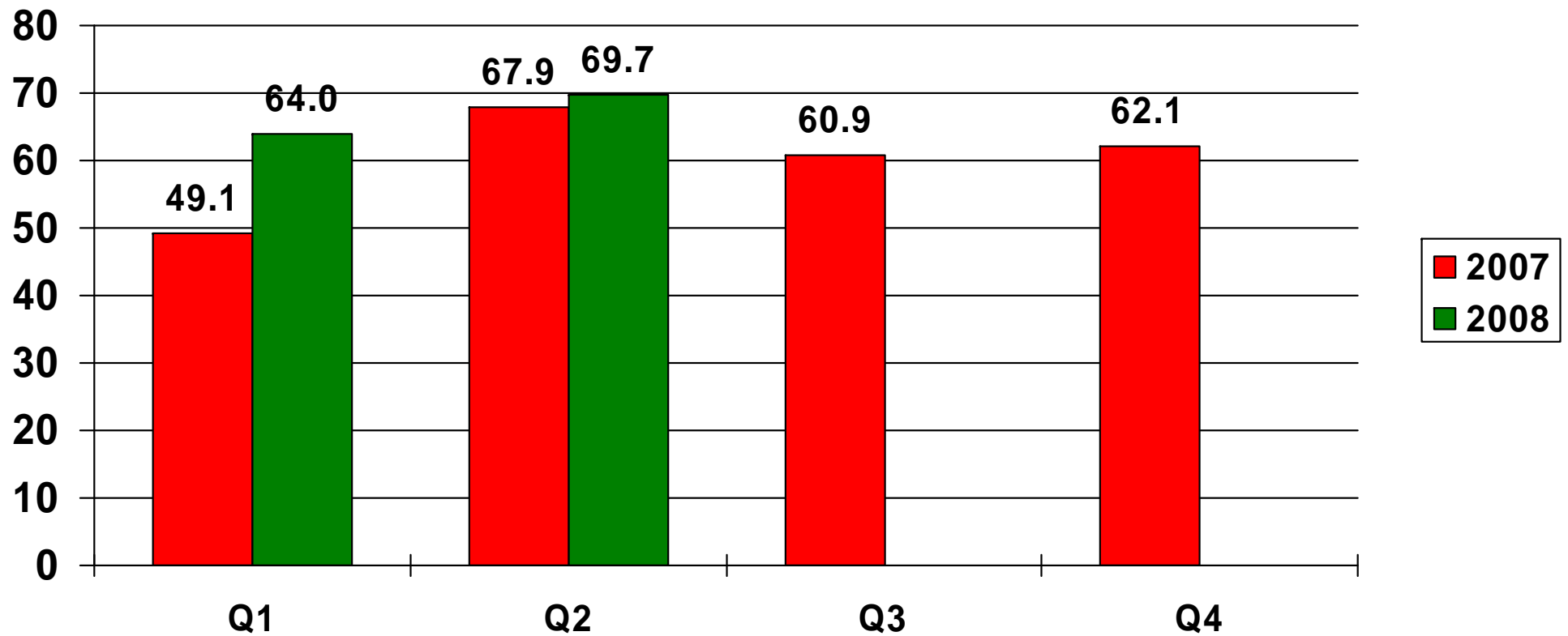




Other indicators

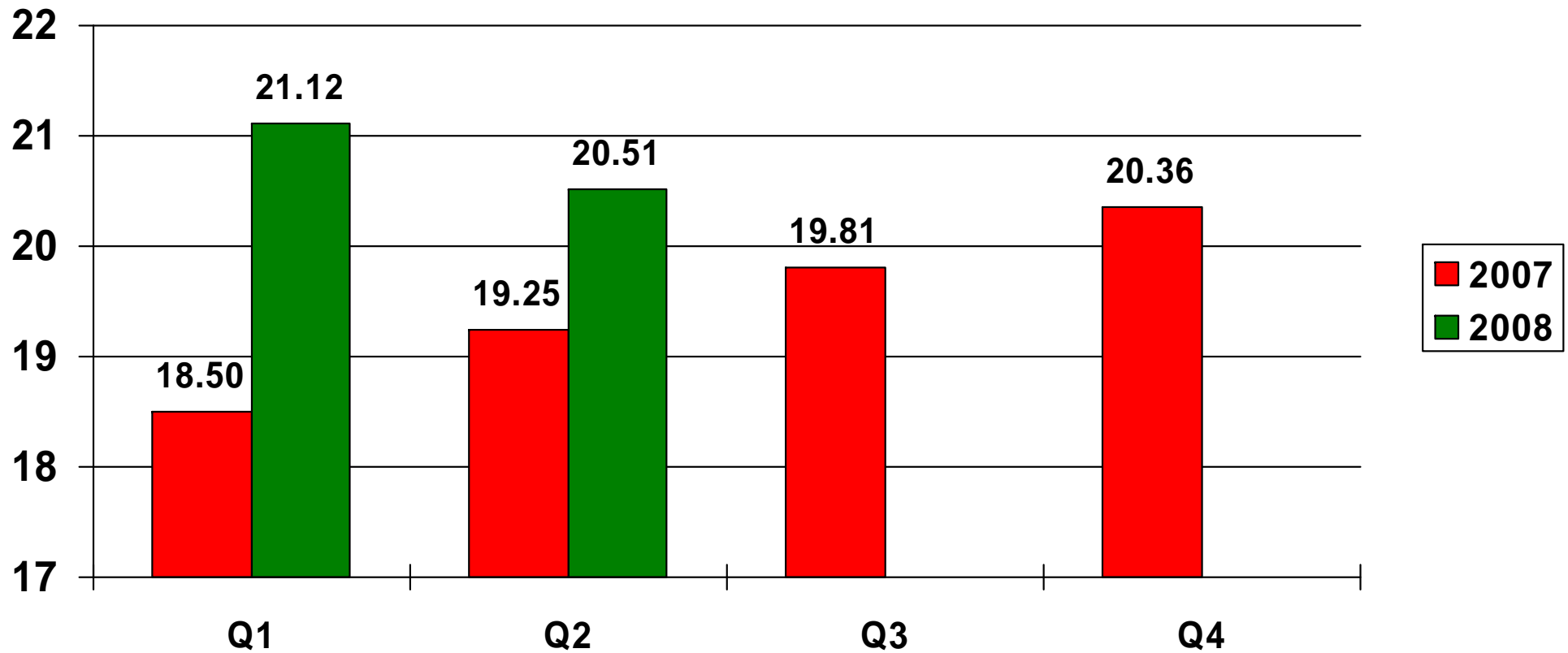


Equity ratio, %



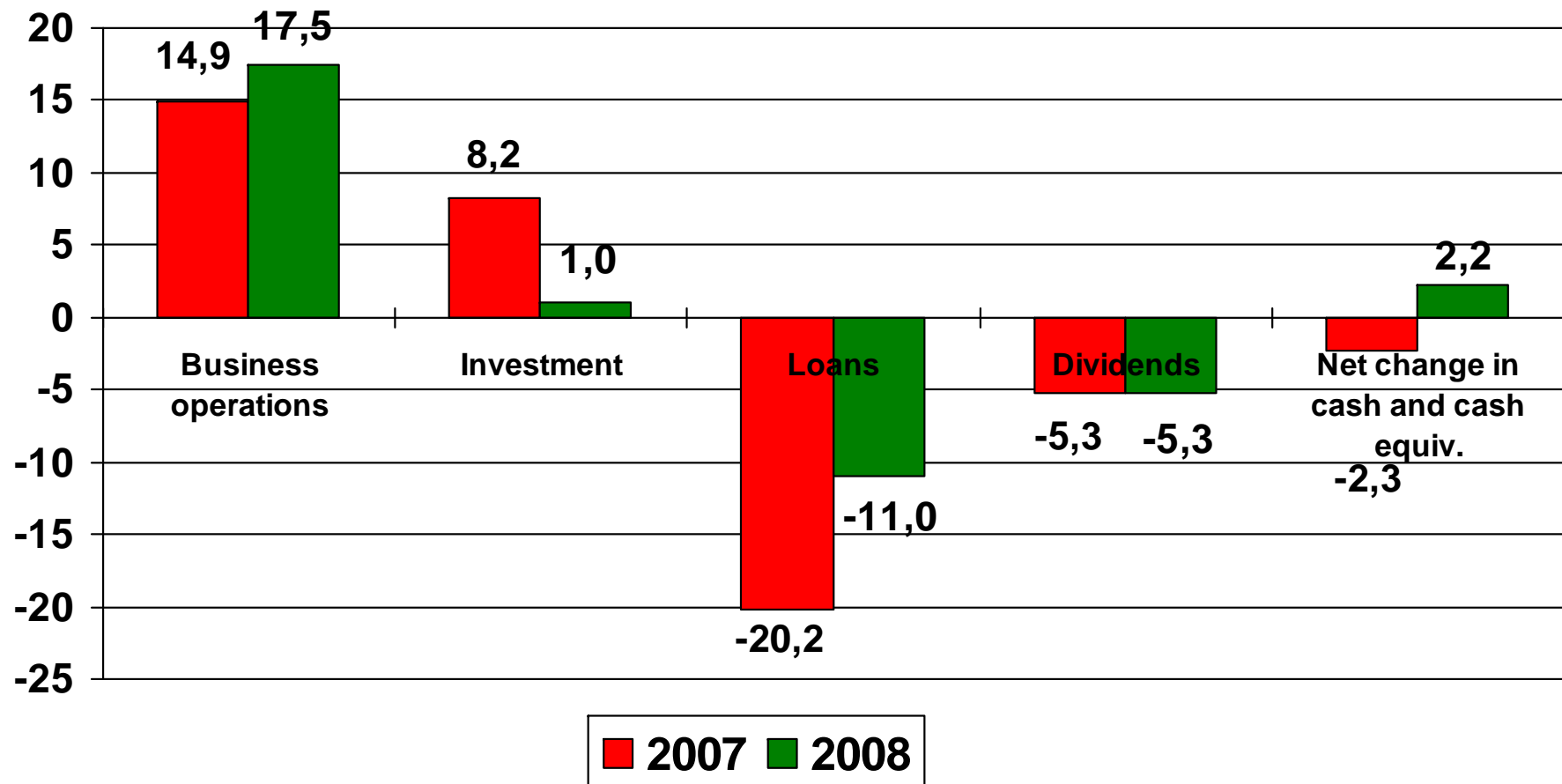


Shareholders' equity per share, EUR





Cash flow from operations H1, all operations, EUR million





Lännen Tehtaat

Long-term growth objective

The group growth objective is to double turnover over a period of three years.



Lännen Tehtaat plc

Long-term growth objective

→ In the current financial situation, there is increased pressure towards consolidation in the food industry.

→ There is increased supply in the corporate acquisition market, making it a buyer's market.

The important points for successful external growth are:

- 1) Excellent knowledge of the business around the northern Baltic.** ←
- 2) Strong expertise in corporate acquisition and structure.** ←
- 3) Strong expertise in takeover and integration.** ←
- 4) Strong financial position.** ←
- 5) Unparalleled activeness and creativity in business reorganization.** ←



Lännen Tehtaat

Vision, Mission and Values

VISION

Lännen Tehtaat is one of the leading Finnish food companies, with operations across the northern Baltic region.

MISSION

Lännen Tehtaat's mission is to produce added value for its shareholders on a long-term basis. This mission is to be achieved with the aid of profitable organic and external growth.

VALUES

Customer focus

We recognize the needs of consumers and customers and we satisfy these needs with products and services that exceed expectations. We build success for our customers and ourselves through close cooperation.

Responsibility

We act responsibly throughout the entire chain of operations and take into account the needs and expectations of consumers, customers, personnel, shareholders, society and the environment. We are all aware of our personal responsibility within the work community. It is our responsibility to improve profitability and provide a good return on the capital invested in the company over the long term.

Renewal

We actively search for new solutions and we proceed decisively and quickly to take advantage of change. Through innovation and renewal we are able to develop our business and improve our performance. We ensure that our skills and competence are continuously updated by cultivating a working climate that encourages learning and by providing opportunities to learn. We encourage each other to improve as individuals and as employees. We constantly update and revise our range of products and services in anticipation of the changing needs of consumers and customers. We also actively contribute to improving our operating environment.



Lännen Tehtaat plc

Major shareholders 31 July 2008 *(28 April 2008 → 31 July 2008)*

	%
Esko Eela	6.1
Odin Finland	5.8
Valio Oy	5.2
OP Suomi Arvo	4.6
Nordea Nordic Small Cap investment fund	4.2
Skagen Global Verdipapirfond	3.3
Eläke-Fennia Mutual Pension Insurance Company	2.5
Ilmarinen Mutual Pension Insurance Company	2.4
Central Union of Agricultural Producers and Forest Owners (MTK)	2.0
Evli-Select	1.8
Nominee registered shares <i>(down 12.3 → 12.0)</i>	12.0
Own shares <i>(up 1.0 → 1.8)</i>	1.8
Other shareholders <i>(down 49.7 → 48.3)</i>	48.3
	<hr/>
	100.0



Lännen Tehtaat plc

Programme of acquiring own shares

Acquisition of Lännen Tehtaat shares

On 8 May 2008, the Board of Directors of Lännen Tehtaat plc decided, on the basis of the authorization granted on 2 April 2008, to acquire between 19 May 2008 and 29 August 2008 a maximum of 65,000 of the company's own shares using non-restricted equity.

During the period under review, a total of 29,224 Lännen Tehtaat shares were acquired in trading organized by OMX Nordic Exchange Helsinki Oy. The acquisition cost was EUR 0.45 million. The average price of the acquired shares was EUR 15.27 per share. The highest acquisition price was EUR 15.89 and the lowest EUR 14.35 per share.

At the end of the period under review, the company held 94,224 its own shares acquired in the period under review and earlier at a nominal value of EUR 0.188 million. Lännen Tehtaat's own shares represent 1.5% of the number of shares and votes.



Lännen Tehtaat

Outlook for 2008

The net sales are expected to increase on the previous year because of the growth in Grain Trading, Vegetable Oils and Fish businesses.

The operating profit excluding non-recurring items is expected to increase on the previous year because of the good performance in Grain Trading and improved profitability in Fish business. The financial performance for the period is also favourably affected by the non-recurring items of the associated company Sucros Ltd (EUR 5.0 million) recognized in the first quarter and the profit (about EUR 2.5 million before taxes) on the sale of the jams business that will be recognized in the third quarter.



Lännen Tehtaat Oyj

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Scandic Simonkenttä

Matti Karppinen
CEO