’09

2009 ANNUAL REPORT

Information for shareholders

Annual General Meeting

The Annual General Meeting of Lännen Tehtaat plc will be held on Tuesday, 30 March 2010 at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Säkylä.

Shareholders who are registered as shareholders no later than 18 March 2010 on the Lännen Tehtaat shareholders' register kept by the Euroclear Finland Ltd may attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting shall notify the company by 4.00 p.m. on Friday 26 March 2010, either in writing to Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säkylä, by fax +358 10 402 4022, by telephone +358 10 402 4002/Arja Antikainen or by e-mail arja.antikainen@lannen.fi. A holder of nominee registered shares, who wants to attend the Annual General Meeting, must be entered into the temporary shareholders' register of the company by 10 a.m. on Thursday 25 March 2010.

Dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.76 per share be paid for 2009. The dividend will be paid to shareholders who are registered as shareholders on the Lännen Tehtaat shareholders' register kept by the Euroclear Finland Ltd on 6 April 2010, the record date for dividend payment. The Board of Directors will propose to the Annual General Meeting that dividend be paid on 13 April 2010.

Financial information in 2010

Lännen Tehtaat plc will issue the following information on the 2010 financial period:

Financial statement bulletin 2009	17 February 2010
Annual Report 2009	9 March 2010
Interim report for January-March	6 May 2010
Interim report for January-June	12 August 2010
Interim report for January-September	3 November 2010

The Annual Report and Interim Reports are published in Finnish and English. The English versions are translations from the Finnish. A printed version of the Annual Report will be mailed to all shareholders owning 100 or more shares. The Annual Report is also availabe on the company web pages at *www.lannen.fi/en/investor_information*. Interim Reports are published as stock exchange releases and on the company web pages at *www.lannen.fi/en*. Financial reports can be ordered from Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säkylä, telephone +358 10 402 00, fax +358 10 402 4022, or by e-mail from lannen.tehtaat@lannen.fi. You can also sign up for the publication mailing list via the company web pages.

Changes of name or address of the shareholders

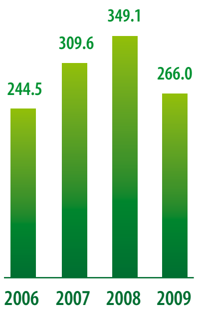
Shareholders are asked to notify the bank in which their book-entry accounts are handled of any changes in their name or address.

Key indicators

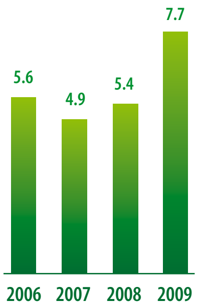
0,94

Earnings per share

Net sales, continuing operations, EUR million



Operating profit excluding non-recurring items, continuing operations, EUR million



Dividend per share, EUR

1) Board's proposal

Key indicators

Continuing operations		2009	2008	2007
Net sales	EUR million	**266.0**	349.1	309.6
Operating profit excluding non-recurring items	EUR million	**7.7**	5.4	4.9
Profit before taxes	EUR million	**7.3**	10.7	4.6
Profit for the period	EUR million	**5.8**	10.0	4.2
Investments	EUR million	**2.7**	8.1	6.9
Personnel average		**657**	755	705

Continuing and discontinued operations		2009	2008	2007
Profit for the financial year	EUR million	**5.8**	17.1	13.4
Return on investment	%	**5.5**	13.8	10.0
Return on equity	%	**4.3**	12.9	10.8
Equity ratio	%	**78.0**	70.5	62.1
Gearing ratio	%	**-15.8**	1.1	16.0
Equity per share	EUR	**22.19**	21.83	20.36
Earnings per share	EUR	**0.94**	2.73	2.13
Dividend per share	EUR	[1] **0.76**	0.85	0.85

1) Board's proposal

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Board of Directors´ report

Lännen Tehtaat

Lännen Tehtaat plc is a company operating in the food industry and quoted on NASDAQ OMX Helsinki Ltd. The business operations of the Lännen Tehtaat Group consist of the Frozen Foods business, the Seafood business, the Grains and Oilseeds business and Other Operations.

Apetit Pakaste Oy develops, produces and sells frozen foods in Finland. Apetit Kala Oy develops, produces and sells fish products in Finland and sells fish and other fresh products at its Kalatori service counters. Maritim Food AS and its subsidiaries develop, produce and sell shellfish and fish products in Norway and Sweden. Avena Nordic Grain is active in the trading of grains, oilseeds, pulses and animal feedstuffs in Finland and internationally, and it markets, sells and supplies Mildola vegetable oils and expeller meals. The parent company, Lännen Tehtaat plc is in charge of group administration, business structure development and holding of shares and properties. Apetit Suomi Oy is in charge of marketing Apetit products. In addition to marketing services, Apetit Suomi produces services in human resources management, IT, and environmental and financial administration for the companies in the Lännen Tehtaat Group.

Lännen Tehtaat operates in the northern Baltic Sea region.

Operational structure

Lännen Tehtaat plc
Corporate Management

Apetit Suomi Oy

Associated companies and joint ventures:
Sucros Ltd 20% (manufacture and sales of sugar)
Foison Oy 26.9% (holding in Avena Nordic Grain Oy)
Ateriamestarit Oy 50% (Horeca sales)

Frozen Foods business
- Apetit Pakaste Oy

Seafood business
- Apetit Kala Oy
- Maritim Food AS
- Maritim Food Sweden AB
- Sandanger AS

Grains and Oilseeds business
- Avena Nordic Grain Oy 85.4%
- ZAO Avena St. Petersburg
- UAB Avena Nordic Grain
- OÜ Avena Nordic Grain
- Mildola Oy

Mission, vision, targets and values

Mission

To offer consumers healthy and tasty food products which are based on locally produced raw materials. We provide added value for our shareholders on a long-term basis.

Vision

To be one of the leading Finnish food companies operating across the northern Baltic Sea region.

Targets

- determined and profitable growth
- an operating profit of at least 5% of net sales
- an equity ratio of at least 40%
- a return on equity (ROE) of at least 12%

Values

Customer focus

We recognise the needs of consumers and customers. We build success for our customers and ourselves through close cooperation.

Renewal

We actively search for new solutions and we proceed decisively and quickly to take advantage of change. Through 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.

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.

The profitability of the Lännen Tehtaat Group's business improved in 2009. Its operating profit, excluding non-recurring items, rose to 2.9% of net sales (2008: 1.6%). This was a positive development and was satisfactory in view of the circumstances, even though there is still some way to go to achieve our long-term profitability target.

It was especially gratifying to see a turnaround in the profitability of the Seafood business during the final quarter of the year, and a significantly stronger and robust level of profitability in the Grains and Oilseeds business. The development measures taken in the Frozen Foods business also improved the segment's profit-earning capacity. The year therefore saw an improvement in the ability of each of our businesses to perform well. The profit for the financial year was nevertheless short of the previous year's level as a consequence of the inclusion of a number of sizeable, positive non-recurring items in the 2008 result.

The business environment in 2009 proved to be challenging. The steep downward track in the economy in late 2008 continued in place, in practical terms affecting the whole of 2009. Consumer pessimism grew as unemployment and layoffs increased substantially. Consumer demand for food products focused increasingly on lower priced and lower value added products. This, in turn, weakened the food industry's income and earnings capacity.

On the positive side, profitability was aided by developments in raw material prices, which stabilised during the year and in some cases even fell from the peak level that had been reached. With the food sector also managing to increase sales prices to offset higher costs, the sector's margins held up in 2009. What's more, most food industry companies concentrated on improving cost-efficiency and cash flows, as a result of which the sector has probably avoided a sharp decline in profitability.

The year also saw a number of unwelcome news stories regarding the industry, such as the discovery of glass fragments and other impurities in food products, and concerns over product freshness and quality and the treatment of production animals. These inevitably brought adverse publicity for the entire food production chain. We can be fairly confident though, that the supervision of Finland's food production chain is operating well by international standards. This does not, of course, detract from the need for the Finnish food production chain to bear its full responsibility ever more attentively in matters of accountability regarding the chain's operations. The transparency of this accountability must also be improved in a coherent and determined fashion, thus ensuring that the high degree of confidence Finnish consumers place in Finnish-produced foods is based on accurate, publicly available information.

The VAT on food sold in the retail trade in Finland was cut in October from 17% to 12%. The Government also decided that in July 2010 the VAT on food sold in restaurants will be reduced to the same rate as that for retail food products, and, at the same time, all VAT rates will be raised by 1%. These decisions came at a time of considerable discussion about public finances in the light of the economic downturn, and the end result can perhaps be regarded as a comprise of sorts. Prompted by the VAT issue, there was considerable public debate during the year about the price of food in Finland. Comparison of food prices excluding VAT in different EU countries, or of the amount of money spent on food in proportion to the disposable income of consumers, does, however, reveal that the price of Finnish food is competitive in relation to its quality and to the geographical realities.

Lännen Tehtaat continued to pursue its chosen strategy and to further develop its businesses in a coherent manner. The structure of the Frozen Foods business was fully in line with the new operating model throughout the year, with the production of frozen products being centralised at the Säkylä plant following the transfer of production from Turku. The jams and marmalades business was discontinued and sold off in the second half of 2008. Frozen pizza production at the Pudasjärvi plant continued unchanged, with everything going well. In Frozen Foods, the new enterprise resource planning system was introduced in the spring without a hitch. The performance of the Frozen Foods business improved as planned, following the development measures taken earlier. The sales growth in frozen products also supported the segment's profit-earning potential.

> "We are also aiming at faster growth through acquisitions in the northern Baltic Sea region."

Implementation of the strategy for the Finnish-based part of the Seafood business, updated in the spring, continued as planned. The current operations were revitalised by working more closely with customers, strengthening customer service, investing in new packaging solutions and productivity improvements, remodelling the logistics solutions and streamlining the capital structure. Projects aimed at boosting our market share are under way with regard to the fresh fish selection offered in consumer packaged form and through the service counters and for the hotel, restaurant and catering sector. The revitalisation of our Seafood business in Norway and Sweden following the alarming developments in raw material prices and exchange rates at the end of 2008 and early in 2009 proceeded well during the year, and the Maritim Food Group turned in a positive result in the second half of 2009.

The former Grain Trading and Vegetable Oils segments were combined into a new Grains and Oilseeds segment at the start of September. The aim of this was to improve the utilisation of our commodity market expertise and our expertise in oil milling, and to improve cost-efficiency. This has proceeded as planned and the targets are about to be achieved. The Grains and Oilseeds segment was successful in providing an improved service to customers in challenging market conditions, thereby supporting the segment's profit-earning capacity.

The Other Operations segment achieved improvements in its cost-efficiency throughout the year. Given the challenging economic environment, it was necessary to adopt more cautious cost management practices, and this produced the desired result. The financial performance of our associated companies in the latter part of the year was also better than anticipated.

In conjunction with the 2008 financial statements at the start of the year, I took the view that the worsening economic downturn would be unlikely to lead to any substantial weakening of Lännen Tehtaat plc's profit-earning potential during 2009, as our business portfolio can cope well with shifts in the economy. I also stated that the measures taken and being taken to develop our businesses will improve our performance. It is now apparent that these views were not, in fact, far off the mark.

Lännen Tehtaat is seeking to further expand its business in a determined and ambitious manner. Profitable growth in our current segments will be achieved by ensuring consistently competitive operations and building on the competitive advantages we have chosen to focus on. We are also aiming at faster growth through acquisitions in the northern Baltic Sea region. The prospects for further developing and expanding the company are excellent on account of our extremely strong balance sheet and financial position.

The business environment has become more difficult to predict, and consequently more challenging, in recent years. Our corporate values of customer focus, responsibility and renewal are thus ever more important in managing the business. By working closely with our customers, by keenly fulfilling our responsibilities towards stakeholders and by engaging in active renewal, we will ensure our success in the current year and the years ahead.

My sincere thanks go to all our consumers, customers, personnel, raw material suppliers, shareholders and other partners. Having worked well together in 2009, let's set our sights even higher for the future.

Matti Karppinen

Personnel

Lännen Tehtaat's personnel strategy focuses on improving professional competence, management skills and employee wellbeing.

848

Number of personnel at the end of the year

At the end of 2009, the Lännen Tehtaat Group employed 848 people (number in continuing operations in 2008: 913). The average number of employees in 2009 was 657 (755). The decrease in the number of personnel was mainly in the Frozen Foods business and the Finnish Seafood business. Factors behind the decrease in personnel in Frozen Foods include the sale of the jams and marmalades business in autumn 2008 and the discontinuation of production at the Turku plant at the end of 2008. In the Seafood business, the personnel reductions were to do with changes to the Kalatori service counter network and the outsourcing of the Kerava logistics business.

Salaries and other remuneration totalled EUR 25.2 (28.5) million.

Discussions regarding Lännen Tehtaat's revised corporate values continued in the business units. The aim of the value discussions is for all those employed by the Group to be aware of the meaning of the values in their own work.

Among the corporate values, particular attention was given to the importance of customer focus, and this was emphasised during all the activities aimed at developing employee skills in 2009. The theme of customer focus was thus highlighted in the apprenticeship training and formed the main subject of the Managers' Days training. It also played a key part in training events taking place within the business units.

The themes of the Managers' Days held jointly for supervisors and experts in the Frozen Foods and Seafood businesses and in the Group's joint functions were understanding customers, knowledge of consumers, and development and renewal. Practical content was sought for the themes through presentations held by customers and by the company's own personnel, and through group work. The aim of the Managers' Days training, which takes place twice a year, is to develop leadership skills and to provide support and guidance for supervisory personnel, enabling them to better understand the business as a whole and the need for everyone to work together.

> "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."

In 2009, the Group management had the opportunity to develop their leadership skills through a series of lectures given by outside experts.

A new human resources management data system was introduced in early 2009. The system is used for real-time management of personnel matters and issues concerning employment relationships. Employees can use the system to keep personal information up to date, while supervisors can use the system as a management tool. Training in the use of the system was arranged for the Group's supervisors on either an individual or group basis. The training aims to increase supervisors' competence and enable them to use the system more efficiently.

The implementation of action plans compiled for individual units based on the results of a personnel survey carried out at Lännen Tehtaat's Finnish business units in late 2007 was completed in 2009. The next personnel survey is scheduled for early 2010.

The 'Personnel Forum', a correspondence and information exchange forum for the shop stewards of the Group's various units and the Group management, convened twice during the year.

The equality plans of the Lännen Tehtaat Group's business units were updated during the year. Each business unit selected its own areas of development and monitoring methods in collaboration with employees.

The 'Shall We Go?' project, which was launched in 2008, was established in the Group units of Avena, Apetit Pakaste, Apetit Kala,

Apetit Suomi and Lännen Tehtaat. Lännen Tehtaat has been active in supporting new leisure activity opportunities intended for the entire personnel. Events arranged during the year included theatre trips, concerts, ice hockey and football matches, and participation in mass fitness events. The leisure activities also include various subsidised sporting activities.

Frozen Foods business

An average of 205 (237) people were employed in the Frozen Foods business.

In October, a year-long apprenticeship programme tailored for production supervisors and experts was launched at Apetit Pakaste in Säkylä. The training aims to strengthen supervisor leadership and expertise in the changing working environment. Topics covered include supervisory work procedures, employment law, self-leadership, occupational safety, employee wellbeing and the ability of employees to cope with their work. During the training, a 360-degree evaluation is carried out for each participant, and this is used to draw up a personal development plan for the participant.

A two-year apprenticeship for production machinery operators aimed at obtaining a vocational qualification (the Further Qualification in the Food Industry) was launched. The aim of the apprenticeship is to add to and broaden expertise in core areas of the participants' work. The training also aims to transfer the company's tacit knowledge to those concerned. There are 16 participants in the training, three of whom have recently been recruited.

Two new information systems were introduced in Frozen Foods during the year: the new enterprise resource planning system and the contract grower data system. Both systems enhance the usability of up-to-date information and allow a quick response to changing situations. Training in the use and functions of these systems was arranged for the personnel and for growers.

In order to improve employee wellbeing, closer co-operation with the occupational health care service was achieved at Apetit Pakaste Oy concerning early intervention. The aim is to prevent the occurrence of occupational illnesses at the earliest possible stage, and to promote employees' working ability and wellbeing at work. When the amount of sickness absence of a Frozen Foods employee exceeds the agreed limit, the occupational health care nurse, in collaboration with the supervisor, invites the employee to discuss the matter with the nurse alone or also with the supervisor. The discussion is primarily aimed at identifying any threat of a deterioration in the person's working ability or correcting any impairment already present.

The Pudasjärvi pizza factory was awarded the top prize in the national occupational safety competition held in the Finnish food industry in 2005-2007. In May 2009, the factory received the award for best company in the bakery industry for the competition's follow-up year. During the course of the three-year competition, the factory improved its standard of occupational safety significantly, and this has inspired other units to follow its example.

Seafood business

An average of 379 (441) people were employed in the Seafood business.

Apetit Kala

Customer focus was a central theme in personnel development. In practice, customer focus has been visible in the form of e.g. closer co-operation with the retail trade and retailers.

Co-determination negotiations were held at the Kuopio production plant in January with the aim of bringing production and costs into line, and some employees were consequently laid off for one to two weeks during the first half of the year. In order to streamline operations, Apetit Kala Oy and the logistics company SwanLine Oy agreed upon a transfer of business, by which the picking and dispatch functions of the Kerava logistics centre were transferred to SwanLine. As a result of the business transfer, the 21 people who worked at the Kerava unit were transferred to the service of the new employer in mid-July. In the autumn, the production of processed fish products was reorganised and the areas of responsibility revised.

Management of the Kalatori service counters was remodelled and best practices were identified and adopted with the aid of in-service training. Regional 'personnel pools' were introduced for the Kalatori operation to help manage during busy periods and ensure that substitute employees are promptly available. These Kalatori 'personnel pools' operate in the Helsinki metropolitan area and in the Tampere, Jyväskylä, Turku and Oulu regions.

Maritim Food Group

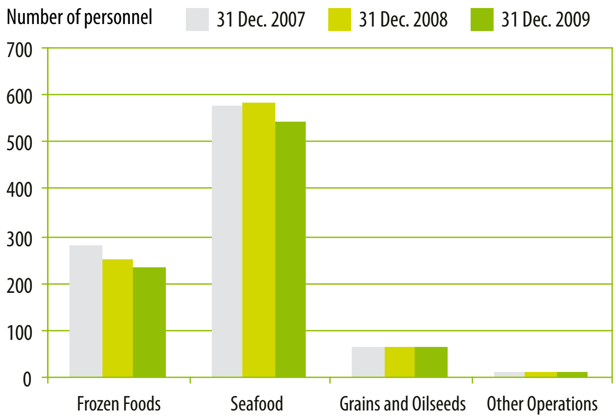
In June, Maritim Food AS acquired the remaining 49% of Sandanger AS shares. The new ownership arrangements allow Maritim Food to benefit more effectively from the synergies and to further develop the business as part of the Maritim Food Group. In early July, Jan Brevik was appointed the new Managing Director of Sandanger AS. He is also the Managing Director of Maritim Food AS and Maritim Food Sweden AB. Some of the financial administration and production responsibilities were also transferred from Sandanger to Maritim Food AS in the latter half of the year.

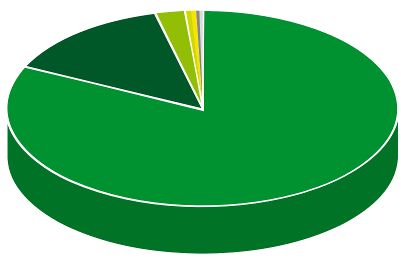
The number of people employed by the Group's companies has decreased due to retirement. The number of substitutes has also been reduced. In the spring, employees of Maritim Food voluntarily took one day off per week to allow the company to adjust the balance between production and demand.

In developing the personnel's competence, the focus in the companies of the Maritim Food Group was on increasing their multiskilling capacity and professional competence through training and job rotation. Employees who are trained to carry out several tasks are paid a multiskilling bonus.

All the companies of the Maritim Food Group have worked actively and successfully towards reducing the amount of short- and

Number of personnel in the Lännen Tehtaat Group by segment

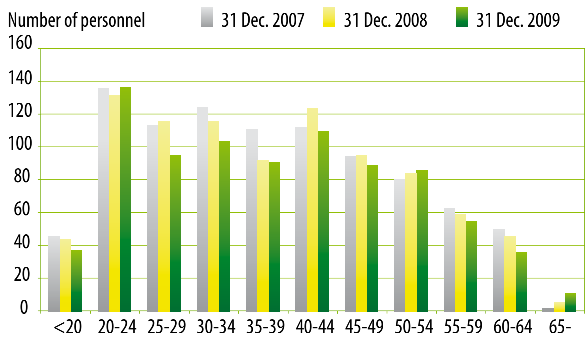




Number of personnel in the Lännen Tehtaat Group by country on 31 Dec. 2009

Finland	696
Norway	120
Sweden	21
Russia	3
Lithuania	4
Kazakhstan	2
Estonia	2
Total	848

Age distribution in the Lännen Tehtaat Group personnel



long-term sickness absence. At Maritim Food AS, the measures are led by a working group in which all personnel groups are represented. The occupational safety working group issues statements on e.g. machinery and equipment acquisitions.

Grains and Oilseeds business

An average of 62 (65) people were employed in the Grains and Oilseeds business.

In August, Avena Nordic Grain acquired the entire share capital of the vegetable oils company Mildola Oy in an intra-Group ownership arrangement. The aim of this was to combine the commodity market expertise of Avena Nordic Grain with Mildola's expertise in oil milling, and to achieve synergy benefits by combining functions.

At the first stage Mildola's administration, purchasing, sales and logistics functions were transferred to Avena Nordic Grain in early September. At the same time these functions were reorganised. As a result of the changes and reorganisation affecting various tasks, five employees in the Grains and Oilseeds business were made redundant. During the autumn, the personnel received training and guidance in carrying out their new tasks. The second stage of the arrangement, which was implemented at the end of the year, did not have consequences for the personnel.

A new enterprise resource planning system was introduced at Avena in spring 2009. Training in the use of the system was arranged for personnel. During the autumn, the necessary changes were made to the system to combine the grains and oilseeds businesses at the data system level. The personnel took part in all phases of this project and familiarised themselves with the functions of the joint system. The process of familiarising employees with the various aspects of the new, combined operation took place during the autumn.

In the grains business, the annual wellbeing at work survey was carried out in the spring, and the results were analysed in meetings held together with the personnel. The module-based personnel training programme focusing on customer service was continued. During the year, the personnel were given extensive training to ensure they are up to date in various matters and were also supplied with information on a range of current issues. A seminar on customer focus was arranged for Mildola's staff in the spring.

Outlook for 2010

The main theme for human resources management in 2010 will be development and renewal. A further key theme will be customer focus, another of the Group's corporate values and the main theme in 2009. Both will be key themes in the personnel training and development measures undertaken.

The supervisor training begun at Apetit Pakaste in 2009 will be extended to Apetit Kala's Kuopio production plant and the Kalatori service counters. The Managers' Days, held twice a year, will also address the theme of development and renewal.

A personnel survey covering the entire Group will be carried out in January. The Group's foreign units will be included for the first time, and the results of the survey will be ready in early March. The results for individual business units will be examined with the personnel in order to identify areas for improvement, complete with timetables and the designation of persons in charge.

The next in the round of information and discussion events regarding the Group's values will be held for the personnel of the Kalatori service counters.

The personnel will be supported and encouraged to be active in looking after their wellbeing and in working together. The 'Shall We Go?' project will continue in 2010 in the business units that have been involved. The leisure activities of individual units will continue. Culture vouchers, aimed at promoting general wellbeing, will be introduced in some of the units in 2010.

The human resources management data system will be further developed in the areas of reporting and recruitment management. Supervisors will be trained in the use of the system's new features.

How we achieve quality

Lännen Tehtaat's key operating principles are to ensure product safety and achieve customer satisfaction.

The Group is able to meet the quality goals in its business units through the application of certified operational management systems, HACCP (Hazard Analysis and Critical Control Points) system principles, and constant self-supervision and customer satisfaction assessment. Development of the Group's operations is based on a process of continuous improvement.

Apetit brand

Apetit products promise consumers enjoyment and well-being – every time. This core promise of the Apetit brand is the guiding principle throughout the Frozen Foods and Seafood businesses, from raw material procurement to the finished products. The aim is to ensure that finished products meet consumer expectations.

Within the product development process, new concepts and products are subject to consumer testing before they are brought to market. In order to develop products and operations on a continuous basis, the company's consumer service monitors the quantity and content of customer feedback by product group and for each product. Apetit assesses customer satisfaction by taking part in joint surveys carried out by the retail trade. People's awareness and impressions of the Apetit brand are also assessed regularly through Brand flow surveys.

Frozen Foods business

Investment to improve labour and raw material productivity at **Apetit Pakaste Oy's** Säkylä production plant continued during the year. The expansion of the frozen products packaging facilities and the redesign of the production facilities at the frozen ready meals factory were completed towards the end of the previous year, 2008. 2009 then saw the modernisation of the ready meals and soups departments, and the introduction of the new enterprise resource planning system and the contract grower data system. Besides productivity, the investment will improve the hygiene standard of the production processes and ensure product safety and product quality.

Apetit Pakaste has an ISO 9001 and ISO 14001 certified operational management system, and the company is preparing to obtain certification under the ISO 22 000 product safety standard by 2011. Apetit Pakaste's laboratory is a self-supervised laboratory approved by the Finnish Food Safety Authority (Evira) and is in compliance with the requirements of ISO 17025.

Seafood business

At **Apetit Kala Oy**, product safety is ensured by conducting HACCP-based inspections of product groups, and providing the personnel with food and hygiene training.

Achievement of quality goals is secured via continuous self-supervision of production and sensory examination for consistency. The success of this quality control is judged on the basis of the non-conformities found in self-supervision and the customer feedback received.

The enterprise resource planning system introduced in 2008 has made operations more systematic and easier to monitor, and has resulted in improvements in working methods and the qual-

> "We recognize the needs of consumers and customers. We build success for our customers and ourselves through close cooperation."

ity of operations. The quality of production is being further enhanced through the layout changes planned for the packaging and filleting and trimming departments and the investments in packaging machinery that will enable redesign of consumer packages.

The quality of Kalatori service counter products is ensured by the fast turnover of products and by having appropriate storage systems. The quality of customer service is enhanced through continuous training and by ensuring that the best practices are adopted in all stores with the aid of in-service training.

All the companies in the **Maritim Food Group** observe the principles of the HACCP system in their operations.

The Norwegian companies Maritim Food AS and Sandanger AS both have BRC (British Retailer Consortium) Global Standard Food certification. This food safety certification requires the application of an HACCP system, a documented quality management system, and product, process and personnel controls within the factory environment. These certifications were renewed in autumn 2009. Maritim Food AS also has ISO 9001:2000 quality certification.

The achievement of quality targets is assessed not only on the basis of customer satisfaction measures but also with reference to customer feedback and complaints. Delivery performance has remained good and the number of complaints has declined from an already low level.

Maritim Food Sweden AB observes the principles of ISO 9001:2000 in its operations. The production plant at Dingle has been approved by Sweden's National Food Administration.

Grains and Oilseeds business

Avena Nordic Grain Oy operates in accordance with a certified operating system that meets the requirements of ISO 9001:2000 and COCERAL's European Code of Good Trading Practice (GTP). Product safety is managed in accordance with the HACCP system, which forms part of the operating system, and a self-supervision programme. The most important quality indicators are the achievement of a good level of customer satisfaction and deliveries that are in accordance with agreements.

Since 1996, **Mildola Oy** has been operating in accordance with a certified quality management system that meets the requirements of ISO 9001:2000. At the start of 2009, Mildola also obtained ISO 22000:2005 certification for its food safety management system. Mildola's quality management system was updated in 2009 to correspond with the new division of responsibilities following the asset deal with Avena Nordic Grain Oy.

98%

Waste for recycling

The operating policy that guides Lännen Tehtaat's work includes the objective of reducing adverse environmental effects.

In autumn 2008 Lännen Tehtaat joined the Energy Efficiency Agreement Scheme for Finnish businesses and committed itself to implementing the food industry action programme, which is part of the scheme. The concrete target for improving energy use in the agreement period 2008–2016 is 9%.

Energy efficiency is being monitored by the Lännen Tehtaat Group at four of its sites in Finland: the Apetit Pakaste Oy plants at Säkylä and Pudasjärvi, the Apetit Kala Oy plant in Kuopio and the Mildola Oy mill in Kirkkonummi. In 2009, persons were appointed responsible for energy efficiency measures at the sites being monitored, and the energy consumption at these locations was documented and energy efficiency goals set. During 2010 the objective is to identify areas for improvement that would allow the savings target in the agreement to be reached.

Frozen Foods business

In Frozen Foods, the most significant environmental impact is from energy and water consumption and waste generated in production. Energy is used in raw material production, product manufacturing, storage and transport. Water consumption and wastewater production are at their greatest in the production processes. Most of the waste consists of vegetable and other food waste.

Apetit Pakaste Oy produces frozen vegetables and frozen ready meals. The company has plants in Säkylä and Pudasjärvi.

Apetit Pakaste's Finnish raw materials are procured through contract growing. The operating method used in this and in subsequent processing is environmentally friendly and minimizes adverse environmental effects. The contract growing is based on integrated production (IP), in which carefully chosen and well-planned farming methods are used to improve the quality of products and reduce the detrimental environmental effects of cultivation.

A new contract grower data system was introduced in 2009 for use both by contract growers and in the company's procurement, production, quality control and environmental management. The system also manages data on the use of fertilisers and pesticides, which affect the environmental impact of farming.

To reduce the environmental impact of production, a development programme based on environmental targets for Lännen Tehtaat's Säkylä industrial estate is being implemented, with the aim of reducing the amount of waste and process water, and reducing energy consumption. The targets for reducing the amount of waste have already been achieved. More than 98% of the waste goes for recycling.

> "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."

The closure of the Turku factory and the centralisation of production at Säkylä brought considerable energy savings in production, transport and storage as from the start of 2009. In the extension of the frozen products packaging facilities and the modernisation of the production facilities and processes in the soups and ready meals departments undertaken in 2008-2009, special attention was given to the routes taken by goods flows and personnel and to improved temperature control on the packaging lines. The rearrangement of the production facilities also improved the efficiency of waste sorting.

Apetit Pakaste's operating system is certified under ISO 9001 and ISO 14001.

Seafood business

In the Seafood business, the most significant environmental impact is from energy and water consumption and waste generated in production. Energy is used in raw material production, product manufacturing, storage and transport. Water consumption is at its greatest in the production processes. Most of the waste consists of food waste, which is used for animal feedstuffs.

Apetit Kala Oy develops and produces processed fish products in Kuopio using mainly rainbow trout, whitefish and salmon.

Apetit Kala's raw material procurement is mainly based on the use of farmed fish in order to ensure a steady supply. To reduce adverse environmental effects, fish farming is regulated in Finland by means of environmental protection guidelines. By developing feeding and feeds and using suitable fish-farming techniques, Finnish fish farming has succeeded in achieving the targets for reducing adverse environmental effects set in the water protection programme. Apetit Kala observes the EU's common fisheries policy rules regarding illegal, unreported and unregulated fishing.

A large proportion of the rainbow trout raw material used in Apetit Kala's production is today transported in recyclable plastic transport containers. For distribution, the finished products are placed in recyclable boxes. Following the introduction of the new enterprise resource planning system, it has been possible to improve the utilisation rate of the boxes as well as reduce the environmental impact of transportation.

Organic fish waste and other food waste generated in the process is mainly used as animal feedstuffs. At all stages of the operations, improvements in design are sought to make the use of raw materials and packaging more efficient and to reduce wastage. During 2009, Apetit Kala outsourced the storage, picking and transport of its products to the logistics company SwanLine Oy. This also reduced the environmental impact arising from storage and transport of Apetit Kala's products, because of the improved utilisation rates in storage and vehicles.

In Kalatori service counter sales, the timing of procurements and accurate assessment of the quantities involved is essential for reducing wastage. Managing goods flows has been improved with more detailed advance planning and with the spread of best practices among the units.

The companies belonging to the **Maritim Food Group** process, market and sell fish and shellfish products in Norway and Sweden. The main product groups are shellfish in brine, minced fish products, smoked and marinated fish, canned fish products and dressings. The Group has three production facilities in Norway and one in Sweden.

At the Stabburveien plant in Fredrikstad, Norway, which produces smoked and marinated processed fish products and dressings, organic fish waste is processed into animal feedstuffs in a process approved by the Norwegian Food Safety Authority. The facility's process waters are treated in four stages before being discharged into the wastewater network. These process waters are filtered and disinfected, and organic materials, fats and oils are separated from the water in a two-stage process. The discharges have fallen to levels below those set in the environmental permit. The plant has a programme constantly in place to reduce energy and water consumption.

At the Råbekksvingen fish-processing plant, also in Fredrikstad, the waste generated is mainly paper, board and plastic. Water is mainly used for cooling and does not contain organic matter.

The total amount of waste at the Fredrikstad plants has continuously fallen, thanks to waste sorting and improved recycling.

Sandanger AS produces canned fish products, frozen fish products and convenience foods at its Gjerdsvika plant in Norway. The company complies with Norwegian legislation in its operations and endeavours as best it can to prevent global and local detrimental effects to the environment from processed fish production. The treatment of waste generated in production meets the requirements set by the authorities and meets customer expectations.

The outsourcing of mackerel filleting in 2009 led to a significant reduction in the amount of gutting waste and in the environmental impact of the Gjerdsvika plant.

Maritim Food Sweden AB's Dingle plant in Sweden produces mainly shellfish in brine. The pH value of the plant's wastewater, which tends to reduce the normal pH value of the utility water as a result of shellfish processing, is monitored in real-time. The pH value has stayed within the range set by the authorities.

The Maritim Food Group companies are committed to taking the environment into account in all their operations. All production facilities have a valid environmental permit. Compliance with the terms of the permits is ensured through internal monitoring. In the inspections carried out in 2009 nothing was found to remark upon.

Grains and Oilseeds business

Avena Nordic Grain Oy specializes in the trading of grains, oilseeds, pulses and feedstuffs in Finland and abroad.

The main environmental effects of Avena Nordic Grain's operations concern energy consumption in transportation undertaken for grain trading purposes.

Avena Nordic Grain is a responsible trader and follows the principle of continuous improvement in developing its operations. Avena arranges the majority of its goods deliveries itself. Through good planning the aim is to minimize trips and goods handling and thus reduce energy consumption.

The company's operating system is certified, fulfilling the requirements of both ISO 9001:2000 and COCERAL's European Code of Good Trading Practice (GTP). The operating system ensures that trading is conducted according to the highest professional standards and in compliance with legislation.

Mildola Oy is the leading rapeseed crushing company in Finland. In 2009, the company was transferred to the ownership of Avena in an intra-Group ownership arrangement organised by Lännen Tehtaat. At the same time, Mildola's raw material procurement and the sale and marketing of vegetable oils and protein feeds were centralised with Avena.

The main elements of Mildola's operations that have an impact on the environment are energy and water consumption and the waste generated in production. Energy is used in manufacturing and transporting products. Water consumption is at its greatest in the production process.

Mildola's operations are based on production chain management that is of a high ethical standard and that minimizes the environmental impact. With its natural and environmentally friendly production process, the company is a pioneer in the modern vegetable oils industry. Environmental matters are covered by the company's certified quality management system. The production facility in Kirkkonummi has a valid environmental permit.

Mildola Oy's improved waste sorting continued to produce good results in 2009. The amount of landfill waste decreased further. Consumption of cooling water was reduced again, in line with plans. With support from the Uusimaa Employment and Economic Development Centre, an energy analysis project was launched to find ways of improving the efficiency of energy use during 2010, thereby enabling achievement of the savings targets under the Energy Efficiency Agreement Scheme in the period up to the end of 2016.

Lännen Tehtaat's Säkylä industrial estate

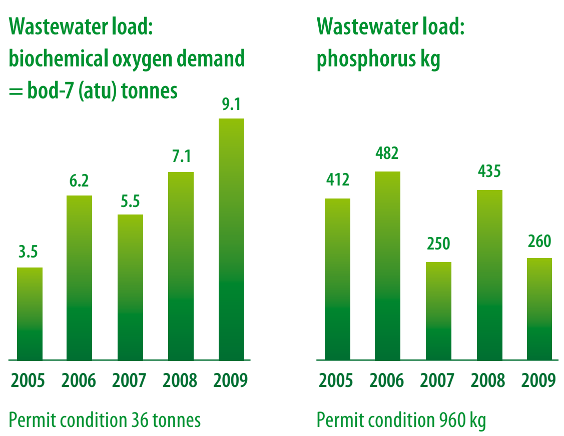
Environmental targets for the period 2009–2010 have been set for the Säkylä industrial estate. A further reduction in the overall environmental impact is being sought. The aim is to reduce the amount of process water and energy consumption and to monitor the amount of waste. The reference year is 2007.

There was no significant change in the amount of waste overall from the industrial estate in 2009. The arrival of a new operator at the estate, Westpak Oy, increased the overall waste quantities a little. Favourable weather conditions reduced the amount of soil on the raw vegetables arriving at the frozen foods factory and the sugar mill during their periods of operation in comparison with the previous year.

The rainwater collection and drainage system at the industrial estate was improved during the summer. It is now possible for rainwater either to drain into Lake Pyhäjärvi, to be collected and stored or to enter the wastewater network of Säkylä municipality. The dumping area for soil waste was enlarged for the necessary operating period.

Westpak Oy began operating at the industrial estate during 2009. The company uses the latest technology to manufacture flexible packaging materials mainly for use by the food industry. In its operations Westpak makes use of the shared infrastructure at the industrial estate and is committed to operating in accordance with the environmental targets for the estate. The company was granted an environmental permit on 30 December 2009. The permit remains in force until further notice.

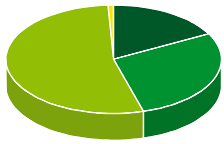
The environmental permits concerning landfill post-inspection, wastewater and waste management at Lännen Tehtaat's Säkylä industrial estate are the responsibility of Apetit Suomi Oy's environmental management. All the permit conditions and target values set in the environmental permits have been achieved.



Lännen Tehtaat's Säkylä industrial estate

Key indicators by operating segment

Net sales, EUR million	2009	2008	2007
Continuing operations			
Frozen Foods	**46.0**	49.3	49.3
Seafood 1)	**75.9**	89.7	81.7
Grains and Oilseeds	**143.4**	209.3	177.6
Other Operations	**2.4**	3.0	4.4
Intra-group sales	**-1.7**	-2.2	-3.4
Continuing operations total	**266.0**	349.1	309.6



Distribution of net sales 2009

Frozen Foods	17%
Seafood	28%
Grains and Oilseeds	54%
Other Operations	1%
Continuing operations total	100%

Operating profit excluding non-recurring items, EUR million	2009	2008	2007
Continuing operations			
Frozen Foods	**3.4**	3.1	3.5
Seafood 1)	**-1.8**	-1.6	-1.5
Grains and Oilseeds	**7.4**	5.4	4.7
Other Operations	**-1.3**	-1.6	-1.8
Continuing operations total	**7.7**	5.4	4.9

Operating profit, EUR million	2009	2008	2007
Continuing operations			
Frozen Foods	**3.4**	5.1	3.3
Seafood 1)	**-2.5**	-2.4	-1.7
Grains and Oilseeds	**7.3**	5.3	4.7
Other Operations	**-1.3**	5.8	-0.9
Continuing operations total	**6.8**	13.9	5.3

Investments, EUR million	2009	2008	2007
Continuing operations			
Frozen Foods	**1.9**	6.0	2.0
Seafood 1)	**0.6**	1.5	4.3
Grains and Oilseeds	**0.3**	0.5	0.4
Other Operations	**0.0**	0.2	0.2
Continuing operations total	**2.7**	8.1	6.9

Avarage number of personnel	2009	2008	2007
Continuing operations			
Frozen Foods	**205**	237	248
Seafood 1)	**379**	441	379
Grains and Oilseeds	**62**	65	65
Other Operations	**11**	12	11
Continuing operations total	**657**	755	705

1) includes Maritim Food Group since 1 March 2007

Affordable, quick and easy, and appealing to Finnish tastes

Luonnollisesti hyvää
– suomalaiseen makuun –

Finnish households eat home-cooked or home-prepared food 3-7 times a week, and traditional dishes remain popular. In a Suomen Gallup survey of the most popular dishes in 2009, fried fish came in third and oven-baked fish was seventh. The survey also indicated that eating fish has grown in popularity.

Due to the economic downturn, the demand for consumer products focused on lower priced basic products with a lower value added. Even though consumers are looking for lower prices, they still want to have meals that can be prepared quickly and easily. Preparing meals entirely from scratch is becoming less common, however, as there is now a wide range of quick and easy food products available that can form part of a meal. For the consumer, frozen foods are a great help in everyday meal preparation. They can be kept for long periods, they add diversity to the daily diet and they are easy and quick to prepare. Consumers also want cooking to be fun and they want to try new recipes.

The healthiness of food is an increasingly important consideration. People expect ready-made meals and meal components to be tasty, light and additive-free, and to contribute to general wellbeing. Many consumers want their food to be spicy, but consumers also want to avoid dishes that have a high fat content and are unhealthy.

The frozen foods and fish products available under the Apetit brand meet consumer needs by providing healthy and convenient choices. Consumers see Apetit as a strong and attractive brand that lives up to its core promise, 'Naturally good – the way Finns like it'.

Mission

Apetit is a Finnish brand that promises consumers enjoyment and wellbeing.

Vision

Apetit is an innovator that creates new, enjoyable and healthy meal options which are appreciated by consumers and customers.

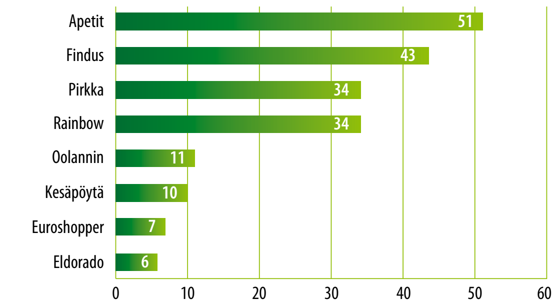
Best known and first choice

Surveys show that Apetit is by far the best known and the most preferred brand in its product categories.

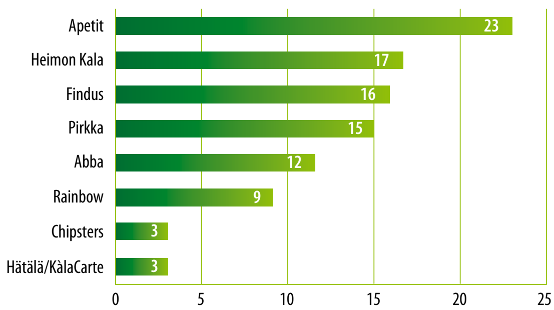
The market position of the Apetit brand in its product categories and the consumer awareness and impressions of the brand are assessed in annual surveys. The brand's market position is assessed by the ACNielsen Consumer Panel, while consumer awareness and impressions of frozen foods and fish products are assessed in Brand flow surveys.

Apetit was the best known brand in both product categories. In spontaneous responses, Apetit was by far the best known brand in the frozen foods category. A total of 33%

Overall spontaneous awareness of frozen food brands, %



Overall spontaneous awareness of fish products brands, %



of respondents mentioned Apetit first when asked to name a frozen foods brand. The brand coming second was mentioned first by 17% of respondents. Among women, Apetit was the best known frozen foods brand by a wide margin.

Apetit was the number one brand in all positive characteristics measured. The characteristics in which Apetit differed most from its competitors can be summed up as follows: Apetit is light and of high quality, creates a fresh impression and promotes wellbeing. Consumers prefer Apetit over other frozen food brands.

Apetit is also the leading brand in fish products. Regarding spontaneous awareness among consumers, the brand was well ahead of its competitors in the August survey, both in the category of products mentioned first and in overall awareness. Apetit is also the best known fish product brand among women by a wide margin. Apetit was the number one brand in the following characteristics: light, delicious, promotes wellbeing.

Emphasising the Finnish content

A great deal of emphasis was put on the Finnishness of the brand in the marketing of Apetit products during the year, and the domestic content was visible in both product packages and advertising. Moreover, the packaging of the cold-smoked and raw pickled Apetit products made from domestic raw materials now displays the 'Hyvää Suomesta' swan logo, making it easier for consumers to pick Finnish products.

In addition to traditional nationwide advertising and product visibility to support consumers' purchasing decisions in stores, a great deal was also invested in targeted internet marketing. The website www.apetit.fi was redesigned and now provides an improved service for consumers. As a result of these changes, the number of visitors to the website increased by about 20%. Apetit also started cooperation with Finnish culinary websites.

An extensive survey covering the use of frozen vegetables and frozen ready meals in Finnish households was carried out during the year. The survey also helped to gather information on product choice criteria and on what kind of products people would like Apetit to develop in the future. The general view of those questioned was that the broad range and high quality of frozen foods available makes daily life easier. The respondents also expressed the wish that the product range be further expanded.

Of the new products launched during the year, Apetit family soups and Apetit mini rostis are particularly well suited in the current economic climate. In the summer, consumers were also encouraged to try fish products and frozen vegetables for summer barbecues. Boneless rainbow trout tail pieces, which are both easy and quick to prepare, were introduced as new products for fish barbecues. In the autumn, the same theme was continued with the launch of salmon tail pieces for pan frying in the kitchen.

Finnish consumers are already familiar with Apetit Maritim shellfish products, which appeared in stores about two years ago, and events such as in-store tastings have been organised to boost their popularity.

Vision

Apetit Pakaste Oy is Finland's leader in frozen foods.

Apetit Pakaste Oy develops, produces, sells and markets frozen foods made from pure and carefully selected raw materials. The company's brand name is Apetit.

At its Säkylä plant, Apetit Pakaste produces frozen vegetables and potato products and frozen ready meals, and processes fresh Finnish vegetable raw materials into frozen products. Apetit Pakaste also has a plant at Pudasjärvi producing frozen pizzas.

Frozen vegetables and potato products, frozen ready meals and frozen pizzas are the main product groups of Apetit Pakaste Oy. Its customers and distribution channels are the retail trade; hotel, restaurant and catering sector; and food industry customers. A small proportion of frozen ready meals and frozen vegetables is exported.

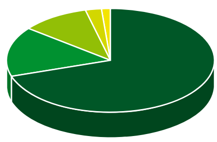
Retail products account for about two thirds of the company's net sales, and approximately 80% of this is sold under the company's own Apetit brand. The hotel, restaurant and catering sector and food industry customers account for about one third of net sales.

Finnish products for Finnish consumers

The domestic raw materials used by Apetit Pakaste are purchased from contract growers in accordance with the quality criteria laid down by Apetit Pakaste. Most of the growers are located in the regions of Satakunta and Southwest Finland, close to the company's Säkylä plant. The most important domestic raw materials used by Apetit Pakaste are carrots, potatoes, peas, spinach and swede. Imported raw materials are purchased from carefully scrutinized suppliers most of whom are located in the European Union. The most important of the raw materials acquired from foreign suppliers are maize, red peppers and onions.

Most European countries produced a good vegetable and root vegetable crop in 2009, following two poor years.

Distribution of net sales



Retailers	70%
HoReCa	16%
Food industry	11%
Exports	3%
Other	1%
Total	100%

The supply of foreign raw materials increased and prices declined, and this generated additional pressure for increasing the volume of imports. Higher contract prices resulted in considerable increases in the prices of domestic raw materials.

In spring 2009, Apetit Pakaste signed growing contracts covering a total of about 1,550 hectares (2008: 1,550 hectares). The company has more than one hundred contract growers cultivating altogether eight vegetable varieties. The start of the growing season was cool but conditions were favourable during the summer months. Because of good harvesting conditions in the autumn, contract farms produced an abundant and high-quality crop in both root vegetables and potatoes. As outdoor temperatures remained suitably cool, raw materials could be kept in stacks and in storage facilities until the end of the season. The company received about 31 (28) million kilos of domestic raw materials, and the amounts were in accordance with the targets in all vegetable varieties.

> "A large number of new products were added to Apetit's product groups during the year. Guiding the product development work was the aim of providing consumers with tasty and healthy products and of ensuring that products are easy to use."

Delicious food the easy way

A large number of new products were added to Apetit's product groups during the year. Guiding the product development work was the aim of providing consumers with tasty and healthy products and of ensuring that products are easy to use. The main focus was on basic products with a high vegetable and potato content.

A number of new products were introduced in the traditional soup range. The additions include Apetit chicken & coconut soup, Apetit colourful chicken soup and Apetit two-fish soup. Apetit spring vegetables and Apetit summer carrots were introduced to brighten up the new barbecue season. Barbecue cooks were also reminded of how easy it is to use tasty vegetables in barbecue meals. A series of Apetit mini rostis was launched to liven up the autumn culinary season. These vegetable products bring variety and diversity to daily cooking. Rostis can be easily used as a main meal or as an alternative to such food as rice, pasta or potatoes.

Customers in the hotel, restaurant and catering sector were provided with such new products as oven root vegetables and summer carrot slices, which are in keeping with tighter budgets. More highly processed new items that have already proved popular include fish cakes and mini fish fingers.

Demand shifted to products in lowest price category

Consumer retail purchases of frozen foods belonging to Apetit Pakaste product groups increased by about 8% during the 12-month period ending in August 2009 (source: ACNielsen Consumer Panel). Purchases of frozen vegetables, the biggest product group, increased by about 5%. The market was boosted by retailers' private label products. Purchases of frozen ready meals were up by about 9%. The largest increases were in soups and single-portion meals. Purchases of frozen potato products increased by about 6%, while in pizzas and pizza bases the growth was about 12%.

Sales of Apetit Pakaste's frozen products to retail trade increased by about 7%. The product groups with the highest growth rates were frozen vegetables and potato products and frozen pizzas. Sales of frozen ready meals increased by about 3%, while sales of frozen berries decreased. Sales of frozen vegetables and potato products were boosted by the introduction of new products and the fact that general consumer demand is now more strongly focused on these product groups. Sales campaigns in the retail trade helped to boost pizza sales.

An important factor affecting retail sales of frozen foods was the fact that demand shifted towards products and product groups in the lowest price category. A low-price image helped to boost the supply and sales of retailers' private label products, and sales of these products were also vigorously promoted by retailers.

In the hotel, restaurant and catering sector, eating establishments in the lowest price category increased their sales, whereas sales in other categories declined. In public-sector meal provision the trend was towards cheaper portions and cheaper alternatives. Food industry customers were also searching for cheaper raw materials.

Information and customership management

Two important information systems were introduced in Frozen Foods during the year: a new enterprise resource planning system and the contract grower data system.

The enterprise resource planning system covers Apetit Pakaste Oy's procurement, production, sales, logistics and financial matters. The objectives set out for the system have been achieved. The system has provided a much clearer view of the planning, management and monitoring of operations, and it allows the company to react more quickly to changes.

The contract grower data system developed for Apetit Pakaste Oy is used for managing all aspects of contract growing data and ensures that contract growing is of a high quality, well planned and achieves its targets. It also provides the more than one hundred Apetit Pakaste contract growers with a real-time information channel.

The company's customer-oriented operating approach was further developed at all levels. This was a central theme in the apprenticeship training of production supervisors and experts launched in cooperation with the Turku University of Applied Sciences and in the vocational qualification training for machinery operators.

Further development of frozen ready meal production, which was moved from Turku in autumn 2008, continued with the modernisation of the soups and ready meals departments. These investments help to improve labour productivity and ensure product quality and the quality of operations. In order to improve the efficiency of logistics functions, all operations covering the storage and dispatch of finished products were outsourced and moved to a single location at Säkylä in early 2009.

The profit of Apetit Pakaste for 2009 was up on the previous year's figure. The improvement was a result of more efficient operations and higher productivity at all levels.

Finnish market

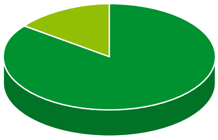
Mission

To offer delicious, healthy and convenient seafood products.

Vision

Apetit Kala is the leading seafood company in Finland in terms of its market position and brand recognition.

Distribution of net sales



Fish products	83%
Other products	17%
Total	100%

The Lännen Tehtaat Group's Seafood business in Finland is the responsibility of Apetit Kala Oy.

Apetit Kala develops, produces, markets and sells fresh fish products under the Apetit brand and retailers' private labels, and sells fish, fish products and other fresh products at its Kalatori service counters.

The company's business covers the entire chain of operations from procurement and processing to the wholesale and retail trade. Most of the fish used as raw materials is farmed fish, namely Finnish rainbow trout, whitefish and Norwegian salmon. Other fish raw materials are procured from approved suppliers in different parts of the world.

Apetit Kala's product range consists of versatile and convenient fish products for households and the hotel, restaurant and catering sector. In addition to fresh fish and fillets, the main product groups comprise a diverse range of fish products (hot- and cold-smoked products, raw pickled products, fish strips and portions, ready-to-eat fish products) and Apetit Maritim's shellfish in brine.

Apetit Kala has a production facility in Kuopio. The company also has sales operations at about 40 Kalatori service counters operating under the shop-in-shop principle. In addition to a wide selection of fish, the Kalatori service counters sell convenience foods, meat products and salads.

The core objective of Apetit Kala is to succeed in an extremely competitive market by maintaining the high quality of its business and products throughout the entire chain of operations, from raw material procurement to the point of sale in the stores.

> "Fish is great for grilling and ready in an instant."

Convenience for daily life and special occasions

During the year, the marketing of Apetit products focused extensively on the ease of using fish and the many options it offers for both daily meals and special occasions. The redesigned Apetit website presents products in a versatile way and offers consumers cooking tips in the form of easy recipes.

For the summer barbecue season, Apetit Kala introduced boneless rainbow trout tail pieces, which proved that fish is great for grilling and can be served up in an instant. The autumn then saw the introduction of salmon tail pieces for pan frying in the kitchen. These can be cooked in a pan quickly and effortlessly any time of the year.

Other new products included Apetit's rainbow trout strips marinated in crème fraiche, paprika-spiced fish cakes and seasoned oven-ready rainbow trout fillets.

The 'Hyvää Suomesta' swan logo was added to the packaging of Apetit's cold-smoked and raw pickled products to indicate that they are of Finnish origin, made from Finnish rainbow trout.

The Apetit Maritim shellfish products have become familiar among Finnish consumers. Two new products, mixed shellfish and king prawns, were introduced towards the end of the summer and their sales were boosted with in-store tastings. The level of shellfish sales was high.

Sales weighted towards lower priced basic products

The total market for fresh fish products in Finland is about EUR 300 million. Over half of this is from service counter sales in retail stores. The hotel, restaurant and catering sector accounts for almost a quarter of the market, and consumer-packaged fish for the remaining quarter. The fastest growing area is the retail market for industrially packaged fish.

Consumer retail purchases of industrially packaged fish belonging to Apetit Kala product groups increased by about 21% during the 12-month period ending in August 2009 (source: ACNielsen Consumer Panel). Purchases of the largest product group, fresh fish and fresh fish products, similarly increased by 21%. The growth was boosted by active price campaigning on fresh fish products, mainly packaged rainbow trout fillets. Purchases of hot-smoked fish products grew at a higher rate than the market average, whereas growth in cold-smoked and raw pickled products was more moderate.

In Finland, price competition in consumer-packaged retail products was unhealthily intense, with the focus being on low value added salmon and rainbow trout fillets. This steered consumer demand towards lower priced fillet products with less processing. The market price distortion caused by active price campaigning has had an adverse impact on the entire fish-processing industry.

Raw material prices higher than previous year

Salmon farming in Chile was badly affected by fish diseases and, as a result, production was cut back substantially. As supply from Chile dwindled, the prices of salmon products rose compared with the previous year, particularly in the summer season. The reduction in the salmon supply also led to an increase in the price of Finnish rainbow trout. In 2009, the prices of salmon and rainbow trout raw materials were on average 10% higher than the previous year.

Improved efficiency and closer cooperation with customers

Measures were successfully taken to develop the Finnish-based Seafood business during the year, in accordance with the strategy updated in spring 2009. The picking and dispatch functions of the Kerava logistics centre were outsourced in the summer to the logistics company SwanLine Oy. As part of the business transfer, the personnel employed in these functions were transferred to their new employer. The company also decided to sell the Kerava property, and the property deal was completed in November.

Work was started on redesigning the layout of the production facilities at the Kuopio plant, with the aim of improving the efficiency of operations. The layout changes will be made in early 2010. A new packaging machine will further improve the quality of sliced products and increase the packaging capacity for consumer-packaged products.

Customer focus has been a central theme in all functions. Closer cooperation with retailers was achieved during the year, and the focus in personnel training was on enhancing cooperation with customers.

With the aim of bringing production and costs into line, codetermination talks with personnel were held at the Kuopio production plant in January, as a result of which some of the personnel were laid off for one to two weeks. In the autumn, the production of fish products was reorganised and the areas of responsibility for production were clarified.

The new enterprise resource planning system introduced in 2008 has substantially improved the ability to monitor operations and enabled the company to react rapidly to changes in the business environment.

Apetit Kala's operating result is determined to a great extent by its performance in the following key areas: raw material procurement, labour and raw material productivity, and management of wastage. The fact that sales peak at the weekends and on public holidays poses the biggest challenge to operations. Key factors for the success of service sales are the well-functioning Kalatori network, good quality of service and cost control.

Apetit Kala's operating result for 2009 was adversely affected by the reduced size of the Kalatori network and by the fact that the economic downturn has brought about a consumer trend towards lower priced, lower value added products that have been the subject of unhealthy price competition. Thanks to the efficiency measures taken by Apetit, the fourth-quarter operating result showed an improvement on the previous year's figure.

Kalatori for the best in customer service

The Kalatori service counters offer retailers an all-in-one solution for their service counter sales and consumer-packaged fish products. This service concept is supported by Kalatori's wide product range, professional customer service and focus on constantly developing its service. In the stores in which they operate, the Kalatori personnel manage shelf stocks of consumer-packaged fish products and engage in over-the-counter sales of fresh and processed fish and meat products, salad and tapas products, ready meals food and barbecued products. The Kalatori network is part of Apetit Kala Oy and, as the only nationwide operator, offer the advantages, quality and support associated with a service chain.

With the aim of improving profitability and productivity, the development of the Kalatori operation in 2009 focused on revising management practices, sharing best practices throughout the Kalatori network via in-service training, and target-driven planning and monitoring of procurement and sales.

A system of regional 'personnel pools' has been established to ensure the availability of committed, skilled and flexible personnel for the Kalatori service counters. In addition to the Helsinki metropolitan area, these Kalatori 'personnel pools' operate in the Tampere, Jyväskylä, Turku and Oulu regions.

Norwegian market

Mission

To offer delicious, convenient and healthy seafood products.

Vision

To be the primary supplier to our main partners and a preferred supplier to others in the sector.

The Lännen Tehtaat Group's Seafood business in Norway is handled by Maritim Food AS and its subsidiary Sandanger AS, which are both companies of the Maritim Food Group.

At the end of June 2009, Sandanger AS became a company wholly owned by Maritim Food AS, following the latter's purchase of the remaining Sandanger AS shares from the minority shareholder. The new ownership arrangements allow Maritim Food to benefit more effectively from the synergies and to further develop the business as part of the Maritim Food Group.

The companies of the Maritim Food Group develop, produce and market fish and shellfish products. Maritim Food's own brands are Maritim and Fader Martin, and Sandanger has the Sunnmöre brand.

Maritim Food's operations cover the entire production chain from procurement and processing of fish and shellfish to their delivery to the main retail chains and the hotel, restaurant and catering sector. The main product groups are shellfish in brine, minced fish products, smoked and marinated salmon and mackerel, canned fish products and dressings. These products are available through retail stores nationwide.

Maritim Food has two processing plants at Fredrikstad near Oslo. Sandanger AS, which specialises in processed fish products and canned fish, has a production plant at Gjerdsvika in western Norway.

The main raw materials are procured from producers or established suppliers, depending on the material in question, and mainly from Norway, Canada and Asia. The prices of these raw materials vary year to year and are determined on the world market.

Maritim Food is the main supplier of Fiskemannen fish products, a brand owned by NorgesGruppen, Norway's largest retail chain, and is a major supplier of NorgesGruppen's First Price fish products. NorgesGruppen's share of the Norwegian retail market is almost 40%, and it also controls about two thirds of the country's officially measured hotel, restaurant and catering market. NorgesGruppen is Maritim Food's biggest customer.

Tougher competition in the retail trade

Norway's seafood sector has gone through challenging times in the past couple of years, and fish-processing companies in the sector have not performed well. Sales margins have shrunk due to the high prices of raw materials and the price pressures from the auctioning process often used in the retail trade. The global economic crisis has brought

further challenges in the form of unexpected shifts in exchange rates. The situation began to ease in spring 2009 after the worst of the pressure on raw material prices had subsided. In Norway, the impact of the economic downturn was short-lived and demand has remained good.

There has been a rapid growth in the number of stores with a narrow product range and low prices in Norway, and sales have fallen in the traditional stores and supermarkets that feature an extensive product range. Competition has also increased among manufacturers regarding the visibility of their products on store shelves. Products are increasingly being purchased in ready packaged form, and this has added to the pressure to redesign packaging in order to improve product visibility.

Consumers are increasingly looking for ready-to-eat and ready-prepared products that make meal preparation more convenient and save time in everyday cooking. Consumers are also ready to pay a small premium for products that make meal preparation easier. The desire of consumers to try out new products and tastes has also increased.

By value, sales of fish and shellfish products in Norway grew in 2009 by about 4%, despite the slight drop in delivery volumes. In the hotel, restaurant and catering sector, however, delivery volumes were up slightly. Sales of processed fish products by value were up by about 1%, and sales of consumer-packaged fish also rose slightly. With the exception of shrimps, the retail market for shellfish contracted a little.

In local currency, Maritim Food's sales in Norway improved towards the end of the year, boosting the full-year net sales to almost the previous year's level. Sales of fresh fish products were down on the previous year's figure due to the discontinuation of unprofitable products and the tougher price competition. Sales of ready-to-eat fish products were down slightly from the previous year. The sales growth in shellfish and in the redesigned dressings continued to be strong.

Developing and remodelling the business

Maritim Food's product launches during 2009 consisted of several premium dressings under the Fader Martin brand, and king prawns in modified atmosphere packaging under the Fiskemannen brand. Product development cooperation was also intensified with Maritim's principal customer during the year. The consumer-driven development work has focused especially on minced fish products. The aim is to develop products that are even more appealing to consumers for everyday use. At the same time the fresh new image incorporated in the product packaging will improve the visibility in stores.

The transfer of Sandanger AS to became a company wholly owned by Maritim Food led to closer and more effective cooperation between the Norwegian companies in the second half of the year. This focused especially on administration and production, and special attention was given to marketing, sales and product development.

To improve the ability to plan, control and monitor operations, preliminary measures were taken for the introduction of a new enterprise resource planning system during 2010.

In order to increase the flexibility of production in all companies of the Maritim Food Group, the personnel were encouraged to improve their multiskilling capacity. This was achieved through practical training and job rotation. Employees who learn to perform different jobs are rewarded with a multiskilling pay supplement.

Swedish market

Mission

To offer delicious and healthy seafood products.

Vision

To be the preferred supplier of shellfish in brine products on the Swedish market.

Maritim is a brand associated with high quality

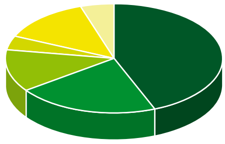
The Lännen Tehtaat Group's Seafood business in Sweden is handled by Maritim Food Sweden AB, which is part of the Maritim Food Group. The company has a production plant at Dingle in southwest Sweden.

Maritim Food Sweden AB develops, produces and sells shellfish in brine products for Sweden's hotel, restaurant and catering sector and retail trade. The hotel, restaurant and catering sector accounts for approximately 60% of total sales. In addition to the Swedish market, the company's shellfish products are sold in Norway and Finland. In Norway the products are sold by Maritim Food AS, and in Finland by Apetit Kala Oy.

The economic downturn has affected the development of the market in Sweden. Demand was down in the hotel, restaurant and catering sector, and price became a more significant competitive factor.

In local currencies, sales of Maritim Food's products continued to grow in the Swedish retail sector. In line with the general trend in the market, sales of shellfish were down slightly in the hotel, restaurant and catering sector. Shellfish sales to Norway remained at the previous year's level, while sales to Finland were up significantly.

Distribution of net sales, foreign Seafood business



Shellfish	44%
Fish food	21%
Fresh fish products	13%
Canned fish products	13%
Dressings	4%
Other	5%
Total	100%

The prices of shellfish raw materials, which are purchased mainly in US and Canadian dollars, were particularly high at the beginning of 2009. Raw material purchase prices were kept high by the strong demand, and costs were further raised by the weakening of the Swedish krona. The pressure on raw material prices began to ease at the end of the first quarter, due to a drop in demand for shellfish raw materials and a strengthening of the Swedish krona.

Investment in improving raw material and labour productivity continued at the Dingle production plant. The plant's production lines for hotel, restaurant and catering products were renewed in order to improve production efficiency and ensure product quality. The production lines will be introduced early in 2010.

The focus in personnel development was on improving the level of multiskilling. This was achieved through practical training and by increasing job rotation.

Grains and Oilseeds business

Mission

To create added value for our industrial customers, producers, consumers and the entire operating environment.

Vision

We are Finland's leading trader in grains, oilseeds and animal feedstuffs, and a manufacturer and supplier of high-quality vegetable oils and expeller meals. We have a significant position in the Baltic region and in other selected markets.

Avena Nordic Grain is active in the trading of grains, oilseeds, pulses and animal feedstuffs in Finland and internationally, and it markets, sells and supplies Mildola vegetable oils and expeller meals.

In an intra-Group ownership arrangement in August 2009, Lännen Tehtaat plc sold the entire share capital of its vegetable oils company, Mildola Oy, to Avena Nordic Grain Oy. The aim of this arrangement was to combine the commodity market expertise of Avena Nordic Grain with Mildola's expertise in oil milling and to achieve synergy benefits from combining these operations.

The new ownership arrangement was introduced in two stages. At the first stage, in early September, the administration, purchasing, sales and logistics functions of Mildola Oy were transferred to Avena Nordic Grain Oy. This outsourcing of Mildola's functions entailed the transfer of nine of its employees to Avena. The second stage of the arrangement was the asset deal that took place at the end of the year, when Mildola Oy's vegetable oils business, excluding its oil milling operation, was transferred to Avena Nordic Grain Oy. Mildola Oy will continue its oil milling operation as a production unit of Avena.

> "Our main aim is to integrate our grains and oilseeds business in a way that achieves all the potential synergy benefits. We will achieve growth in our grain trading business by expanding our procurement operation and our sales in different market areas. In the oilseeds business, the principal aims are to boost the efficiency of operations and to achieve a sustainable improvement in profitability with the help of higher value added products, among other things."

Avena Nordic Grain Oy is based in Espoo and has branch offices at other locations in Finland: Vaasa, Pori, Salo, Kouvola and Porvoo. The Porvoo branch office was opened in December 2009. Avena has three foreign subsidiaries: ZAO Avena St. Petersburg, in St. Petersburg, Russia; UAB Avena Nordic Grain, in Vilnius, Lithuania; and OÜ Avena Nordic Grain in Türi, Estonia, which was established in 2009. In addition, Avena has a representative office in Astana, Kazakhstan. The purpose of the foreign units is to procure grains and oilseeds from these markets and to sell them for export or in the domestic market.

Based in Kirkkonummi, Finland, Mildola develops and produces vegetable oils and expeller meals from rapeseed and soybeans.

Understanding customer needs

Avena Nordic Grain has been able to adapt well to changing market conditions and to operate successfully as a result of its continuous and thorough market analysis work and its understanding of customer needs.

Mildola manufactures its oil milling products using a natural and environmentally friendly process in which the oil is separated from the seeds simply by heating and mechanically expelling. The proportion of customer-specific product applications has been increased and products are delivered flexibly, in accordance with the customer's needs.

Knowledge of the health-promoting benefits of rapeseed oil has significantly increased its popularity amongst consumers and industrial users of vegetable oils. Rapeseed oil contains large quantities of healthy unsaturated fats and ideal proportions of omega-3 and omega-6 fatty acids, which are essential for the body.

Plentiful grain crop on the market

The 2008/2009 crop year produced a very large grain crop globally, amounting to 1,785 million tonnes. For this

60%

Bigger rapeseed crop than previous year

reason, grain stocks, which were at a depleted level at the start of the season, had increased considerably by the end of it, totalling 353 million tonnes. These stocks were carried over to the new crop year of 2009/2010. Despite unfavourable planting, growing and harvesting conditions in some producing regions, another large global grain crop of 1,763 million tonnes was harvested in the 2009/2010 crop year, exceeding all expectations. A total of 674 million tonnes of wheat was harvested, which was almost as much as the previous season's record-breaking crop. World coarse grain production reached 1,089 million tonnes in 2009, almost attaining the record level of 2008.

Despite the difficult conditions in the world economy, global grain consumption continues to grow. Wheat consumption is expected to rise to 647 million tonnes in the 2009/2010 crop year, and consumption of coarse grains to 1,102 million tonnes. Almost half of the rise in consumption of coarse grains can be attributed to the ever rising demand for maize in the United States for the production of bioethanol. The bioethanol industry consumes about a third of all maize grown in the United States. World grain stocks at the end of the 2009/2010 crop season are projected to amount to 367.5 million tonnes. Wheat stocks are at a comfortable level, corresponding to three and a half months of global consumption. Coarse grain stocks are adequate, covering the needs for two months.

The wheat and coarse grain output of the 12 countries of the former Soviet Union totalled 177 million tonnes in 2009. Although smaller than in 2008, the crop was above average, leaving a large exportable surpluses.

The 27 EU countries also produced a very good grain crop in 2009, amounting to 292 million tonnes, or just slightly less than the record crop of 2008. In addition, about 60 million tonnes of surplus grain from the previous crop was carried over to the 2009 crop year. Grain consumption in 2009 is estimated to be at the previous year's level, 274 million tonnes. The EU is facing stiff competition in export markets from the countries of the former Soviet Union. This will have a negative impact on the EU's grain exports, which are expected to decrease significantly during the current crop season. Due to the decrease in exports, the EU's grain stocks are estimated to grow by 6 million tonnes, to a total of 66 million tonnes, by the end of the current crop season. Of this total, 6.5 million tonnes will be held in intervention stores.

Finland's grain crop in the autumn was significantly above average for the third year in a row. The crop was 4.3 million tonnes, compared with 4.2 million tonnes in 2008. The area planted was 5% smaller than the previous year, but this was compensated for by the very good yield of 3.76 tonnes per hectare. The quality of barley, malting barley and oats was very good, but a large part of the wheat crop was low in quality due to its low protein level. Some of the surplus barley in Finland was placed on the export market and a significant proportion was offered for intervention. Wheat was exported to EU countries and North America. Rye was imported from the Baltic countries. The majority of Finnish oat exports went to northern EU countries.

The world market prices of grains declined in 2009 due to the ample supply of wheat and coarse grains. For example, the average price of European wheat on the MATIF futures market was EUR 135 per tonne, compared with about EUR 200 per tonne in 2008.

The United States Department of Agriculture estimated that global demand for grains grew by 1.7% in 2009 despite the difficult economic conditions. Demand is expected to remain relatively stable in the future, and therefore the prices of grains in 2010 will to a large extent depend on the area planted and weather conditions during the growing and harvesting period.

Rapeseed production increased

The amount of rapeseed harvested across the EU in 2009 was 21.2 million tonnes, an increase of about 10% on the previous year. This was due to a more than 5% increase in the area under cultivation and above-average yields per hectare.

The area under rapeseed cultivation in Finland increased by 27%. Thanks to this, and coupled with high yields, the rapeseed crop totalled 140,000 tonnes, or almost 60% more than in the previous year. In 2010, the area under cultivation is expected to grow further both in Finland and other EU countries. During 2009, the price level for rapeseed was primarily influenced by soybean and mineral oil prices. In 2009, the average price of European rapeseed on the MATIF futures market was EUR 282 per tonne, down from about EUR 400 per tonne in 2008.

During the 2008/2009 crop season, world soybean production fell to 211 million tonnes. This was mainly due to the unfavourable weather conditions in South America. The previous season's ending stocks, and consequently the starting stocks in the 2009/2010 crop season, were at a low level. By the time the United States' soybean crop entered the market in November 2009, its stocks were at exceptionally low levels, reduced to the equivalent of only 16 days' consumption, which raised prices globally. The South American soybean crop will become available in March-April 2010, and if this crop is successful, it will improve the supply of soybean and increase stocks to a comfortable level.

Avena handles half of Finland's grain exports and imports

Avena's operations in Finland continued to show a favourable trend. The company accounted for one quarter of all grain sold in the Finnish market. It was also responsible for about half of the country's exports and imports. The company's clientele extends across the entire grain-using industry in Finland. The company was an important supplier of animal feedstuffs and oilseeds to the Finnish market throughout the year.

Its vegetable oil customers comprise companies in the food industry, the food service sector and the retail sector. In retailing, vegetable oils are sold under the company's own Neito brand and retailers' private labels. Mildola produces vegetable oils for customers in the hotel, restaurant and catering sector using the customer chains' own labels and the Mildola brand. Rapeseed and soybean expeller meals are sold as raw materials to animal feed manufacturers or in unprocessed form to livestock farms under the Öpex brand, the plant protein feed of which is renowned for its safety and optimal nutritional value.

As in previous years, Avena had operations in numerous international markets. Delivery volumes outside Finland were at the previous year's level, but exports from Finland fell below the figure for the previous year. Business expanded in the Estonian market in particular, where the company set up a subsidiary, OÜ Avena Nordic Grain. Its operations started briskly and the company gained a foothold for itself, especially in rapeseed procurement. The other foreign units continued their operations as in previous years.

Deliveries of vegetable oils to the Scandinavian markets continued as planned.

The net sales of the Grains and Oilseeds business in 2009 totalled EUR 143 (209) million. The decline in net sales came primarily as a result of significantly lower market prices compared with the previous year, but also partly due to a decrease in delivery volumes in domestic trading and exports.

Internet marketplace to be redesigned

The main events of 2009 were the combining of the operations of Avena Nordic Grain Oy and Mildola Oy and the related integration and efficiency boosting measures, and the start-up of operations at OÜ Avena Nordic Grain in Estonia.

The administration, purchasing, sales and logistics functions of Mildola Oy were transferred to Avena Nordic Grain Oy at the beginning of September 2009 and at the same time these functions were reorganised. As a result of the operations being combined, five jobs were lost in the Grains and Oilseeds business. Mildola Oy's vegetable oils business, excluding its oil milling operation, was transferred to Avena Nordic Grain Oy in an asset deal that took place at the end of the year, leaving Mildola Oy to continue its oil milling operation as a production unit of Avena.

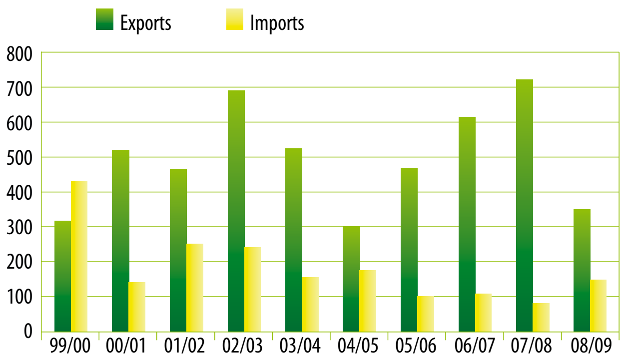
Avena's new enterprise resource planning system was introduced in spring 2009, and the data system changes required for integrating the grains and oilseeds businesses were carried out in the autumn. It will be possible to further boost the efficiency of operations with the aid of the joint information systems.

The company was able to adjust the production volumes of its oilseeds business in line with the level of demand, which, coupled with the right market view and effective overall control of operations, helped keep the refining margin at a good level despite tough price competition. The oilseeds business focused on developing its customer relationships in the food and animal feed industries and improving the quality of its customer services process. The Neito retail brand was given a new look that reflects the freshness and modern qualities of Neito vegetable oils.

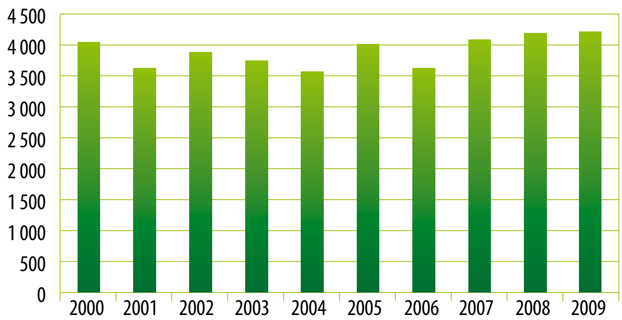
To further improve its procurement operation in Finland, Avena decided to redesign its internet marketplace, Avenakauppa. The design and specification of the new site was completed in 2009 and the new-look Avenakauppa will be introduced in spring 2010.

In vegetable oil production, the company will focus in the current year on higher added value products.

Grain exports and imports during crop seasons 1999/2000-2008/2009, thousands of tonnes



Crops in Finland 2000-2009, thousands of tonnes



Board of Directors' report and financial statements 2009

Board of Directors' report 2009

Group management and reporting structure

The company's businesses are Frozen Foods, Seafood, Grains and Oilseeds, and Other Operations, which are also the operating segments in the Group's reporting.

Frozen Foods comprises Apetit Pakaste Oy; Seafood comprises Apetit Kala Oy and the Maritim Food Group; Grains and Oilseeds comprises Avena Nordic Grain Oy and its subsidiaries; and Other Operations comprises Apetit Suomi Oy, Group Administration, the associated companies Sucros Ltd and Ateriamestarit Oy and items not allocated under any of the business segments. 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.

Corporate arrangements

A number of corporate transactions in line with the approved strategy were completed in the Group's businesses during the financial year.

To achieve greater efficiency in the logistics functions, Apetit Kala Oy and the logistics company SwanLine Oy agreed an asset deal in June, by which the picking and storage functions of Apetit Kala Oy's Kerava site were transferred to SwanLine Oy. At the same time, Apetit Kala Oy also decided to sell the logistics centre property in Kerava. The sale of the property was completed in late November.

At the end of June, Maritim Food AS purchased the remaining 49% holding in the seafood company Sandanger AS from the minority shareholder. This will allow the foreign Seafood business to benefit more effectively from the synergies.

In an intra-Group arrangement in August, Lännen Tehtaat plc sold the entire share capital of its vegetable oils company, Mildola Oy, to the grain trading company Avena Nordic Grain Oy. The aim of this is to combine Avena's commodity market expertise with Mildola's expertise in oil milling and to achieve synergy benefits in administration, purchasing, sales and logistics.

Net sales and profit

Continuing operations

Consolidated net sales in January-December amounted to EUR 266.0 (349.1) million, a decrease of EUR 83.1 million, or 24%, on the previous year. Most of this decrease was from the Grains and Oilseeds business, where market prices were at a significantly lower level than a year earlier.

The operating profit, excluding non-recurring items, was EUR 7.7 (5.4) million. The non-recurring items totalled EUR -0.8 (+8.5) million, of which EUR -0.7 million was in the Seafood business and EUR -0.1 million in the Grains and Oilseeds business. The most significant non-recurring items in the previous year, 2008, concerned the business activities of the associated company Sucros Ltd and the sale of the jams and marmalades business. The operating profit includes the share of the profits of associated companies, which, excluding non-recurring items, totalled EUR 2.0 (1.6) million.

Financial income and expenses came to EUR +0.5 (-3.3) million. This figure includes valuation items of EUR +0.5 (-1.0) million with no cash flow implications. The financial expenses also include EUR -0.7 (-0.5) million as the share of the profit of Avena Nordic Grain Oy and Mildola Oy attributable to the employee shareholders of Avena Nordic Grain Oy.

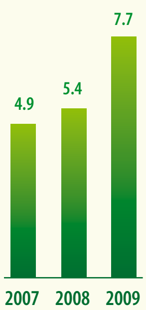
Profit before taxes from the continuing operations was EUR 7.3 (10.7) million. This includes EUR -0.8 (+8.5) million as the effect of non-recurring items. Taxes for the financial year came to EUR -1.5 (–0.7) million. The continuing operations' profit for the year amounted to EUR 5.8 (10.0) million, and the earnings per share totalled EUR 0.94 (1.60). The effect of non-recurring items on the earnings per share was EUR -0.10 (+1.32).

Discontinued operations

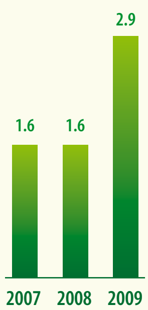
No business transfers reportable as discontinued operations took place during the financial year. In 2008, the share of the profit of the associated company Suomen Rehu and the profit from the sale of the minority holding in Suomen Rehu were both included under discontinued operations. The profit from discontinued operations came to EUR 0.0 (7.1) million, and the earnings per share amounted to EUR 0.00 (1.13).

Net sales, continuing operations, EUR million

Operating profit excl. non-recurring items, continuing operations, EUR million



Operating profit excl. non-recurring items, continuing operations, %



Profit for the year

The profit for the financial year from the continuing and discontinued operations together came to a total of EUR 5.8 (17.1) million, and the earnings per share amounted to EUR 0.94 (2.73). The effect of non-recurring items on the earnings per share was EUR -0.10 (+2.37).

Key indicators

	2009	2008	2007
Continuing operations			
Net sales, EUR million	**266.0**	349.1	309.6
Operating profit, excl. non-recurring items, EUR million	**7.7**	5.4	4.9
Operating profit, excl. non-recurring items, %	**2.9**	1.6	1.6
Operating profit, EUR million	**6.8**	13.9	5.3
Operating profit, %	**2.6**	4.0	1.7
Profit before taxes, EUR million	**7.3**	10.7	4.6
Profit for the year, EUR million	**5.8**	10.0	4.2
Earnings per share, EUR	**0.94**	1.60	0.66
Discontinued operations			
Net sales, EUR million	**-**	-	78.8
Profit for the year, EUR million	**-**	7.1	9.2
Earnings per share, EUR	**-**	1.13	1.48
Continuing and discontinued operations			
Profit for the year, EUR million	**5.8**	17.1	13.4
Profit for the year, %	**2.2**	4.9	3.6
Earnings per share, EUR	**0.94**	2.73	2.13
Equity per share, EUR	**22.19**	21.83	20.36
Equity ratio, %	**78.0**	70.5	62.1
Return on equity (ROE), %	**4.3**	12.9	10.8
Return on investment (ROI), %	**5.5**	13.8	10.0

Other key indicators are presented in Note 30 of the Notes to the consolidated financial statements. The calculation of key indicators is presented in Note 31 of the Notes to the consolidated financial statements.

Financing and balance sheet

The Group's financial position strengthened and its liquidity improved further.

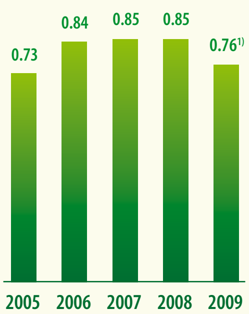
The net cash flow from operating activities in the financial year after interest and taxes amounted to EUR +25.8 (-0.4) million. The impact of the change in working capital was EUR +14.9 (-5.1) million. The net cash flow from investing activities came to EUR -10.4 (+30.3) million. The impact of liquid asset investments in short-term fixed income funds on the cash flow from investing activities was, in terms of net value, EUR -13.0 (+4.1) million. The cash flows from financing activities came to EUR -17.5 (-25.1) million, and included EUR -5.3 (-5.6) million in dividend payments. The net change in cash and cash equivalents was EUR -2.0 (+4.8) million.

At the end of the financial year, the Group had EUR 3.3 (15.2) million in interest-bearing liabilities and EUR 25.0 (13.7) million in liquid assets. Net interest-bearing liabilities totalled EUR -21.7 (+1.5) million. The consolidated balance sheet total stood at EUR 176.1 (192.3) million. Equity totalled EUR 137.3 (135.6) million at the end of the financial year, and the equity ratio was 78.0% (70.5%). Commercial papers issued for the Group's short-term financing stood at a total value of EUR 0.0 (9.0) million at the end of the year. The Group's short-term liquidity over the next few years is secured with committed credit facilities; a total of EUR 25.0 (25.0) million was available in credit at the end of the financial year. No credit facilities were used during the financial year.

Investment

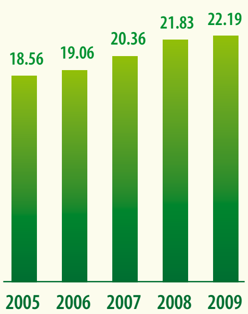
Gross investment in non-current assets, excluding corporate acquisitions, came to EUR 2.7 (8.1) million. Investment by Frozen Foods totalled

Dividend per share, EUR

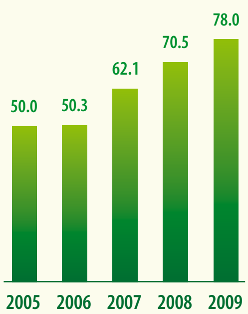


1) Board's proposal

Equity per share, EUR



Equity ratio, %



EUR 1.9 (6.0) million, by Seafood EUR 0.6 (1.5) million, by Grains and Oilseeds EUR 0.3 (0.5) million and by Other Operations EUR 0.0 (0.2) million.

Investments in shares during the financial year totalled EUR 1.2 (0.5) million and concerned the purchase of Sandanger AS shares.

Overview of operating segments

Frozen Foods

Net sales in Frozen Foods totalled EUR 46.0 (49.3) million. Like-for-like net sales were up by about 3%, adjusted for the effects of the sale of the jams and marmalades business. This growth came from retail frozen foods. Sales to the hotel, restaurant and catering sector were at the level of 2008, while sales to the food industry and export sales were down, year-on-year. In retailing, active marketing campaigns and new product launches boosted sales of Apetit products. The biggest sales growth was in frozen pizzas. There was also above-average growth in sales of frozen ready meals sold under the Apetit brand. Apetit Pakaste launched a number of new frozen products on the retail market during the year. In the spring, these included Apetit spring vegetables and Apetit summer carrots. Autumn launches included Apetit domestic onions. The domestic origin of raw materials was emphasised in the marketing, including the renaming of Apetit peas as Apetit domestic peas. New varieties were added to the Quick&Tasty range, and several new products were added to the frozen soups selection, including a completely new range of family soups. Two products launched in 2008, namely lactose-free spinach soup and Apetit potato & chopped vegetables for soups, proved very successful and generated sales growth for the company.

The operating profit of Frozen Foods, excluding non-recurring items, was EUR 3.4 (3.1) million. The non-recurring items totalled EUR 0.0 (2.0) million. Frozen Foods' operating profit excluding non-recurring items improved on the previous year's figure as a result of higher productivity, centralisation of production and more efficient operations. The improved profit was also in part attributable to the price increases introduced to compensate for higher costs, though there was a time lag before these were visible in the profit performance.

Refurbishment of the production facilities and investment in machinery and equipment continued at the Säkylä plant during the year. This included reorganisation of the soups and frozen ready meals departments. The aim of these investment projects was to improve productivity and ensure product quality. In the spring, Apetit Pakaste began using the new enterprise resource planning (ERP) system. The system covers the broad range of Apetit Pakaste's functions, including its financial management. During the summer, the contract grower data system developed for Apetit Pakaste was linked up to the ERP system, thereby adding contract growing functions to the system, from growing contracts to raw material accounting.

The number of personnel in Frozen Foods was an average of 205 (237). The reduction in personnel from the previous year's figure was a result of the sale of the jams and marmalades business in early autumn 2008 and the discontinuation of the Turku factory and centralisation of functions at Säkylä at the end of 2008.

Investment in the Frozen Foods business totalled EUR 1.9 (6.0) million. This investment was mainly in information systems, refurbishment of the ready meals and soups departments, and completion of the investment at Säkylä following the transfer of production from the Turku plant.

Seafood

The net sales of the Seafood business totalled EUR 75.9 (89.7) million, a decrease of 15% year-on-year. This drop in net sales occurred in both the Finnish and foreign operations.

In Finland, price competition in consumer-packaged retail products was unhealthily intense, with retailers focusing on lower value added fillets of salmon and rainbow trout, which kept prices low. A further factor adversely affecting net sales in the Finnish Seafood business was the fewer number of Kalatori service counters than in 2008. With salmon and rainbow trout fillets being used by retailers as special offer products, the overall market of these products grew.

Calculated in local currencies, the like-for-like net sales of Seafood's foreign operations were down by about 6%. This was due to the discontinuation of unprofitable products and the lower sales of fresh fish products and minced fish products compared with a year earlier. The strong sales growth for shellfish in brine on the Norwegian market continued during the year. There was also considerable growth in the redesigned range of dressings. The growth in retail sector sales compensated for the drop in sales to the hotel, restaurant and catering sector, and on the Swedish market shellfish sales as a whole were almost at the level of the previous year. Export sales to the Finnish market were up substantially.

Seafood's operating profit, excluding non-recurring items, was EUR -1.8 (-1.6) million. The non-recurring items totalled EUR -0.7 (-0.8) million. These items concerned the sale of Apetit Kala's Kerava property in June, and the organisational changes following the acquisition of the minority holding in Sandanger AS. The fourth-quarter operating profit was positive in both the Finnish and foreign Seafood business, and was up by EUR 0.9 million year-on-year.

In the Finnish Seafood business, the result was up on the previous year's figure, but it still recorded a loss. The retail trade continued its aggressive campaigning based on low priced, low value added salmon and rainbow trout fillets, which steered demand towards these products, weakening the profitability of Seafood's consumer-packaged fillet products and the Kalatori sales counters. The raw material prices of salmon and Finnish rainbow trout rose as a result of the reduction in the supply of Chilean salmon, and were on average 10% higher in 2009 than the previous year. The tough competition made it impossible to transfer these price rises in full to the sales prices.

Updating the strategy for the Finnish Seafood business in the spring 2009 highlighted the key importance of working more closely with customers and revitalising the present operations by increasing efficiency. As part of the efficiency improvements, the decision was taken in June to outsource the logistics functions to SwanLine Oy and to sell the Kerava-based logistics centre. The property deal took effect at the end of November, releasing a considerable amount of capital. The aim of the property sale and the outsourcing of the logistics functions was to achieve improved profits of around EUR 0.4 million annually. This figure will be achieved in full from 2010. Productivity investments in line with the Group's strategic plans were undertaken at the Kuopio production plant during the summer. The investment programme includes a new layout for the packaging, filleting and trimming departments and investment in the packaging line to allow redesign of consumer packages. These investments will also enable a further improvement in production quality. All the main supplier contracts were put out to tender in 2009, and the benefits achieved with the new contracts will materialise during 2010.

In the foreign operations, the result improved towards the end of the year, but the full-year result was a loss, due to the weak performance in the early months of 2009. The performance in the first months of the year was adversely affected by the rise in raw material prices for shellfish products caused by exchange-rate fluctuations, and the sales emphasis on lower margin products. The situation improved from the end of the first quarter, when the pressure on raw material prices began to ease, and it was possible to raise sales prices to compensate for the increase in the price of raw materials.

The number of personnel in the Seafood business was an average of 379 (441). The reduction in personnel was a result of the outsourcing of functions in the Finnish Seafood business and the contraction in the network of Kalatori service counters. Organisational and personnel development continued in both the Finnish and foreign operations of the Seafood business.

Investment in the Seafood business during the financial year totalled EUR 0.6 (1.5) million. In the Finnish Seafood business, the investment was mainly in the enterprise resource planning system and packaging machinery, while in Seafood's foreign operations it was in the redesign of the dressings department and cooling equipment to ensure product quality.

Grains and Oilseeds

Net sales in 2009 totalled EUR 143.4 (209.3) million, down 31% on the previous year's figure. This was a result of considerably lower market prices for grains and oilseeds than a year earlier and smaller volumes in both grain sales and vegetable oil exports.

In the 2008/2009 crop year, the total global crop, at 1,763 million tonnes, exceeded expectations. Combined with the 353 million tonnes in storage at the start of the season, this led to plentiful supplies on the market, pushing down world market prices significantly in comparison with the level of the previous crop year. For example, the average price of European wheat on the MATIF futures market was EUR 135 per tonne, compared with about EUR 200 per tonne in 2008. Finland's grain crop in the autumn was also significantly above average for the third year in a row.

The amount of rapeseed harvested across the EU in 2009 was 21.2 million tonnes, an increase of about 10% on the previous year. In Finland the area of rapeseed under cultivation was up by 27%. Thanks to this, and coupled with high per-hectare yields, the rapeseed crop totalled 140,000 (86,000) tonnes, which was 60% more than in the previous year. Rapeseed prices during the year were affected mainly by prices for soybeans. In 2009, the average price of European rapeseed on the MATIF futures market was EUR 282 per tonne, down from EUR 400 per tonne in 2008. The market prices of rapeseed oil and expeller meal followed the changes in raw material prices and were around the long-term average.

In the Grains and Oilseeds business the operating profit, excluding non-recurring items, amounted to EUR 7.4 (5.4) million. The non-recurring items for the year totalled EUR -0.1 (-0.1) million and arose from the reorganisation of Avena's and Mildola's procurement, administration and sales functions and the integration of operations. The improved result was a consequence of success in managing changes in market prices and in developing processes, operating methods and the organisation in general, and the good oil-refining yield.

In an intra-Group ownership arrangement by the Lännen Tehtaat Group on 13 August 2009, Lännen Tehtaat plc sold the entire share capital of its vegetable oils company, Mildola Oy, to Avena Nordic Grain Oy, which specializes in grains, oilseeds and protein feed trading. The aim of this arrangement was to combine the commodity market expertise of Avena with Mildola's expertise in oil milling and to achieve synergy benefits from combining these operations. The new ownership arrangement was introduced in two stages. At the first stage, in early September, the administration, purchasing, sales and logistics functions of Mildola Oy were transferred to Avena Nordic Grain Oy. This outsourcing of Mildola's functions entailed the transfer of nine of its employees to Avena. The second stage of the arrangement was the asset deal that took place at the end of the year, when Mildola Oy's vegetable oils business, excluding its oil milling operation, was transferred to Avena Nordic Grain Oy. Mildola Oy will continue its oil milling operations as a production unit of Avena. The Grains and Oilseeds business is the responsibility of Avena Nordic Grain Oy's Managing Director, Kaija Viljanen, who, since 14 August 2009, has also been Managing Director of Mildola Oy.

To improve the efficiency of grains and oilseeds procurement, Avena set up a subsidiary company, OÜ Avena Nordic Grain, at Türi in Estonia during the summer. In Finland, a new branch office was established at Porvoo to serve the region's growers.

The average number of personnel employed in the Grains and Oilseeds business was 62 (65). The figure was boosted by the establishment of the Estonian subsidiary. The integration of Avena's and Mildola's operations resulted in five fewer jobs.

Investment in the Grains and Oilseeds business totalled EUR 0.3 (0.5) million. This concerned the renewal of the enterprise resource planning system and of Avena's on-line marketplace (Avenakauppa) and minor investment in replacements at Mildola. The aim of this investment was to take advantage of the benefits of integration and to improve the operating processes and the management of these processes.

Other Operations

Net sales in Other Operations amounted to EUR 2.4 (3.0) million.

The Other Operations segment comprises 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 of the Group's businesses in proportion to their use of the services. The net sales in this segment were down year-on-year as a result of the decrease in Apetit Suomi Oy's service sales due to the transfer of sales and product development personnel to the Frozen Foods and Seafood businesses at the start of April 2008, and the decrease in environmental management invoicing.

The full-year operating profit, excluding non-recurring items, totalled EUR -1.3 (-1.6) million. This figure includes EUR 2.0 (1.6) million as the share of the profits of associated companies. The non-recurring items for the year totalled EUR 0.0 (7.4) million. EUR 0.0 (7.5) million in non-recurring items is reported under the profit of associated companies.

Investment in Other Operations totalled EUR 0.0 (0.2) million.

Decisions of the 2009 Annual General Meeting

Lännen Tehtaat plc's Annual General Meeting was held on 2 April 2009. The Annual General Meeting adopted the parent company's financial statements and the consolidated financial statements, and discharged the members of the Board of Directors and of the Supervisory Board and the Chief Executive Officer from liability for the financial year 2008.

Dividend distribution

The Annual General Meeting also decided to pay a dividend of EUR 0.85 per share on the profit for the financial year 2008. The dividend was paid on 17 April 2009.

Amendments to the Articles of Association

The Annual General Meeting approved the Board's proposals for amending article 2 of the Articles of Association, on the company's sphere of operations, and article 10, paragraph 1, on the invitation to the AGM. The references to engaging in the animal feed and plant seedling technology businesses were removed from article 2. The reference to the AGM invitation in article 10, paragraph 1, was amended such that the meeting invitation must now be published on the company's website and, if so decided by the Board of Directors, in at least one national newspaper determined by the Board of Directors, at the earliest two months and at the latest 21 days before the meeting.

Authorisations to issue shares

The Annual General Meeting authorised 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 761,757 shares. The share issue authorisation covers all Lännen Tehtaat plc shares in the company's possession, i.e. 130,000 shares. The maximum number of new shares that can be issued is 631,757.

The subscription price for each new share must be at least its nominal value, EUR 2. The transfer price for Lännen Tehtaat plc shares held by the company must be at least the current value of the share at the time of transfer, determined by the price quoted in public trading on the NASDAQ OMX Helsinki Ltd exchange, but when implementing share-based incentive plans, shares can also be issued without consideration.

The authorisation concerns the following: the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has an important financial reason to do so, such as developing the company's capital structure, financing and executing corporate acquisitions or other arrangements, or implementing a share-based incentive system; the right to offer shares instead of money, also against capital consideration in kind or otherwise under certain conditions or by using right of set-off; and the right to decide on the share subscription price and other terms and circumstances concerning the share issue.

The authorisation is valid until the next Annual General Meeting. The authorisation revokes the earlier authorisation to issue shares, given on 2 April 2008, and the authorisation to transfer Lännen Tehtaat plc shares, given on the same date.

Use of the authorisations granted to the Board of Directors

By 16 February 2010, the company's Board of Directors had not exercised the authorisations granted to it to issue new shares or to transfer Lännen Tehtaat plc shares held by the company.

Flagging announcements

On 28 May 2009, Nordea Investment Fund Company Finland Ltd announced that on 27 May 2009 the level of ownership in Lännen Tehtaat plc held by investment funds managed by Nordea Investment Fund Company Finland Ltd rose to over 5%; the proportion of the votes and share capital at the time of the flagging announcement had risen to 5.46%, or 345,325 shares.

The investment funds managed by ODIN Forvaltning AS announced on 27 November 2009 that they had sold 100,000 Lännen Tehtaat plc shares and that their level of ownership in Lännen Tehtaat plc had consequently dropped to below 5%, to a total of 264,909 Lännen Tehtaat plc shares; this corresponded to 4.19% of the share capital and votes.

On 1 December 2009, Scanfil plc announced that, following share trading on 1 December 2009, its level of ownership exceeded one twentieth of the total number of Lännen Tehtaat plc shares and of the total number of votes. At the time of flagging, Scanfil plc held 495,687 Lännen Tehtaat plc shares, corresponding to 7.85% of the total number of Lännen Tehtaat plc shares and votes.

Sale of shares in joint account

Lännen Tehtaat plc shares that were in the joint book-entry account and not transferred to the book-entry system were sold on behalf of the respective holders on 23 February 2009 in trading on the NASDAQ OMX Helsinki Ltd exchange. The assets from the sale, less the expenses of notification and selling, were deposited with the State Provincial Office of Western Finland. The assets are redeemable on or before 17 March 2019. At the end of the financial year, the unredeemed assets totalled EUR 0.8 million.

Shares, share capital and share trading

The shares of Lännen Tehtaat plc are all in one series, and all shares carry the same voting and dividend rights. The Articles of Association specify that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a shareholders' meeting. The nominal value of each of the company's shares is EUR 2. At both the beginning and 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 minimum amount of share capital is EUR 10 million, and the maximum amount EUR 40 million.

At the close of the financial year, the company had in its possession a total of 130,000 Lännen Tehtaat plc shares acquired in 2000, 2001 and 2008, with a combined nominal value of EUR 0.26 million. These shares represented 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.

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 1,997,857 (962,862), representing 31.6% (15.2%) of the total number of shares. The highest share price quoted was EUR 15.99 (17.00) and the lowest EUR 11.90 (13.00). The average price of shares traded was EUR 13.71 (14.49). The share turnover was EUR 27.4 (14.0) million. The year-end share price was EUR 15.65 (13.49), and the market capitalisation was EUR 98.9 (85.2) million.

Distribution of shareholdings

Note 32 of the Notes to the consolidated financial statements presents the distribution of shareholdings by sector, the major shareholders and the ownership by management.

IFRS reporting

Lännen Tehtaat's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

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 of the year, 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 significant proportion of the entire year's profit in the Seafood business depends on the success of Christmas season.

Net sales in the Grains and Oilseeds business 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.

Research and development

The Group's research and development costs came to EUR 0.9 (0.8) million, representing 0.3% (0.2%) of net sales. The R&D work undertaken mainly concerned the development of new products.

In Frozen Foods, product development focused on the development of higher value added ready meals, soups and new combinations of vegetables. New products brought to market included Apetit family soups and Apetit mini rostis. A number of new products were launched to add to the range of traditional soups and selection of Quick&Tasty products.

The R&D work in the Seafood business concerned the development of new food products and product ideas using new packaging technologies. As a fish alternative for the summer barbecue season, a series of Apetit barbecue fish tail pieces was launched. The new fish tail pieces and a range of Apetit spiced oven-ready fish fillets were launched in the autumn. In 2010, new products will include raw pickled and cold-smoked slices in new, more user-friendly packaging. Maritim Food launched a new, premium range of dressings and the first of its shellfish products in modified atmosphere packaging. Working together with its principal customer, Maritim Food's product development personnel are redesigning the customer's product selection in order to boost sales and improve store visibility.

In the Grains and Oilseeds business, Mildola continued to develop its Neito vegetable oils by revamping the visual image of the Neito brand and by bringing new Neito products to the market. For customers in the food industry, the company developed various customer-specific product solutions. The development work at Avena Nordic Grain concerned the integration of Avena's and Mildola's operating systems and development of its internet marketplace (Avenakauppa).

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 are categorised 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 customerships. 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 Grains and Oilseeds business and the Seafood business, 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 the Grains and Oilseeds business, 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 Note 24 of the Notes to the consolidated financial statements.

Fire, serious process disruptions, disease epidemics and defective raw materials or defective final products can all lead to major property damage, losses from breaks in production, liabilities 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-supervision, 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

The economic uncertainty and the prolonged downturn have increased the counterparty risks, and so Group companies are giving special attention to managing the risks concerning customers' solvency and the ability of suppliers to deliver.

In many sectors the collective agreements have either expired or will expire in the near future. Any industrial action taken in the transportation sector, the food industry or the retail sector will have an immediate effect on net sales and profits in Lännen Tehtaat's businesses.

The projects to renew Lännen Tehtaat's enterprise resource planning (ERP) systems were begun in 2007, and the new ERP systems were successfully introduced during 2008 and 2009 within the Group's Finnish companies. The aim is that Maritim Food's ERP system will be replaced during 2010 with the system already in use in the Seafood business. 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.

Corporate Governance Statement

Lännen Tehtaat plc publishes a separate Corporate Governance Statement.

Corporate adminstration and management

At its organisational meeting on 17 April 2009, Lännen Tehtaat plc's Supervisory Board elected Helena Walldén as its chairman and Juha Nevavuori as its deputy chairman.

The company's Board of Directors elected by the Supervisory Board on 17 April 2009 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 Matti Lappalainen was elected vice chairman.

Matti Karppinen has served as CEO of Lännen Tehtaat plc since 1 September 2005. Eero Kinnunen, Chief Financial Officer (CFO) of the Lännen Tehtaat Group, was appointed Deputy CEO as of 1 January 2008.

Auditors

The auditors elected by the Lännen Tehtaat's Annual General Meeting on 2 April 2009 are Hannu Pellinen, APA and PricewaterhouseCoopers Oy Authorised Public Accountants, with Tomi Moisio, APA, CPFA, as the auditor with principal responsibility.

Personnel

Lännen Tehtaat's personnel strategy focuses on improving professional competence, management skills and employee wellbeing. The main emphasis in personnel training in 2009 was on developing professional competence and management skills. Customer focus was a key theme in all events related to personnel training and development.

In 2009, the Group employed an average of 657 (continuing operations in 2008 and 2007: 755 and 705). The distribution of personnel across the different businesses was as follows:

	2009	2008	2007
Frozen Foods	**205**	237	248
Seafood	**379**	441	379
Grains and Oilseeds	**62**	65	65
Other Operations	**11**	12	11
Continuing operations	**657**	755	705
Salaries and other remuneration paid, continuing operations, EUR million	**25.2**	28.5	23.8

The drop in the number of Frozen Foods personnel was due to the sale of the jams and marmalades business and the discontinuation of the Turku factory and centralisation of its functions at Säkylä in 2008. The fewer number of personnel in the Seafood business was a result of the contraction in the network of Kalatori service counters and the outsourcing of the functions of the Kerava logistics centre.

Environment

Lännen Tehtaat observes the principles of continuous improvement and sustainable development throughout its operations. The company operates in a responsible manner and takes account of social and environmental requirements in all its activities. The aim is that production should be efficient and in harmony with the environment.

The most important environmental matters concern energy use and the following factors in different areas of the business: in Frozen Foods, process waters and vegetable waste from production; in Seafood, process waters and fish waste from the fish raw material in processing; in vegetable oil milling, odorous gases, sulphur separated at raw material reception and bleaching clay used in processing. A certain amount of packaging waste is also produced during manufacturing in all the businesses.

Lännen Tehtaat's management has defined the company's environmental goals as part of its overall operating policy. All production units that are required to have an environmental permit have a current permit.

Lännen Tehtaat is not aware of any significant individual environmental risks at the time of completion of the financial statements.

The Group's environmental costs in 2009 came to EUR 0.9 million, representing 0.3% of net sales.

Events since the end of the financial year

Lännen Tehtaat has revised its mission statement and specified its long-term growth target. The Group's mission is to offer consumers food products that are healthy, tasty and based on locally produced raw materials, and to produce added value for its shareholders on a long-term basis. The long-term target is determined and profitable growth in the Group's business. The other targets - an operating profit of at least 5% of net sales, an equity ratio of at least 40%, and a return on equity (ROE) of at least 12% - remain unchanged.

Outlook for 2010

A prolonged economic downturn and rise in unemployment could affect Lännen Tehtaat's businesses during the year. Consumer demand for food products is increasingly being channelled towards basic foodstuffs and low value added products.

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

The Group's profit outlook for the first few months is better than it was a year ago. The profit performance in the second half of the year will be affected particularly by the market activity on the grains and oilseeds markets, which is difficult to estimate at this early stage of the year. Thanks to the development measures undertaken in the Group's businesses, the full-year operating profit, excluding non-recurring items, is expected to be at least at the level of 2009.

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 82,664,541.83 on 31 December 2009, of which EUR 9,035,217.05 is profit for the financial year.

The Board of Directors will propose to the Annual General Meeting that EUR 0.38 per share be distributed for 2009 as a divided in accordance with the dividend policy, plus an additional dividend of EUR 0.38 per share, bringing the total dividend to EUR 0.76 per share. The Board of Directors will propose that a total of EUR 4,702,557.76 be distributed in dividends and that EUR 77,961,984.07 be left in equity. The proposed dividend is 80.9% 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	Note	2009	2008
Net sales	(2)	**266.0**	349.1
Other operating income	(4)	**1.5**	3.8
Materials and services	(7)	**-196.6**	-272.3
Employee benefits expense	(5,28)	**-30.6**	-34.6
Depreciation	(2,8)	**-5.3**	-5.1
Impairments	(2,8)	**-0.1**	-0.2
Other operating expenses	(4,6)	**-30.1**	-35.9
Share of profits of associated	(2)	**2.0**	9.1
Operating profit	(2)	**6.8**	13.9
Financial income	(9)	**2.2**	0.9
Financial expenses	(9)	**-1.7**	-4.1
Profit before taxes		**7.3**	10.7
Income taxes	(10)	**-1.5**	-0.7
Profit for the period, continuing operations		**5.8**	10.0
Discontinued operations			
Profit for the period, discontinued operations	(3)	**-**	7.1
Profit for the period		**5.8**	17.1
Attributable to			
Equity holders of the parent	(11)	**5.8**	17.0
Minority interests		**-**	0.1
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR			
Continuing operations		**0.94**	1.60
Discontinued operations		**-**	1.13
Total		**0.94**	2.73

Statement of comprehensive income

EUR million	2009	2008
Profit for the period	**5.8**	17.1
Other comprehensive income		
Cash flow hedges	**1.1**	-1.6
Taxes related to cash flow hedges	**-0.3**	0.4
Translation differences	**1.4**	-2.1
Total comprehensive income	**8.0**	13.8
Attributable to		
Equity holders of the parent	**8.0**	13.8
Minority interests	**-**	0.0

Consolidated balance sheet

EUR million	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Non-current assets			
Intangible assets	(12)	**5.6**	5.3
Goodwill	(12)	**6.9**	5.9
Tangible assets	(12)	**37.9**	43.5
Investment in associated companies	(13)	**24.0**	25.0
Available-for-sale investments	(14)	**0.1**	0.1
Receivables	(15)	**1.8**	3.1
Deferred tax assets	(10)	**1.1**	1.4
Total non-current assets		**77.4**	84.3
Current assets			
Inventories	(17)	**48.1**	55.1
Current income tax receivables		**0.1**	0.7
Trade receivables and other receivables	(16)	**25.5**	38.7
Financial assets at fair value through profit and loss	(18)	**17.2**	3.8
Cash and cash equivalents	(19)	**7.9**	9.9
Total current assets		**98.7**	108.0
Total assets	(2)	**176.1**	192.3
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital		**12.6**	12.6
Premium fund		**23.4**	23.4
Own shares		**-1.8**	-1.8
Revaluation reserve and other reserves		**7.3**	6.4
Retained earnings		**90.0**	77.5
Net profit for the period		**5.8**	17.0
Total equity attributable to shareholders of the parent company		**137.3**	135.1
Minority interests		**-**	0.5
Total equity	(20)	**137.3**	135.6
Non-current liabilities			
Deferred tax liabilities	(10)	**4.1**	4.5
Interest-bearing long-term borrowings	(22)	**2.4**	4.5
Long-term provisions	(21)	**0.2**	0.1
Other liabilities		**0.0**	0.2
Total non-current liabilities		**6.6**	9.3
Current liabilities			
Interest-bearing short-term borrowings	(22)	**0.9**	10.7
Current income tax liabilities		**1.5**	0.7
Trade payables and other liabilities	(23,25)	**29.7**	36.1
Total current liabilities		**32.1**	47.4
Total liabilities	(2)	**38.8**	56.8
Total equity and liabilities		**176.1**	192.3

Consolidated cash flow statement

EUR million	Note	2009	2008
Net profit for the period		**5.8**	17.1
Adjustments, total *)		**6.5**	-8.5
Change in net working capital		**14.9**	-5.1
Interests paid		**-1.8**	-2.4
Interests received		**1.0**	0.4
Taxes paid		**-0.6**	-1.8
Net cash flow from operating activities		**25.8**	-0.4
Investments in tangible and intangible assets		**-2.7**	-8.1
Proceeds from sales of tangible and intangible assets		**3.2**	3.0
Acquisition of subsidiaries deducted by cash		**-**	-0.4
Transactions with minority		**-1.2**	1.5
Acquisition of associated companies		**-**	-0.4
Proceeds from sales of associated companies	(3)	**-**	27.0
Purchases of other investments		**-22.0**	-14.0
Proceeds from sales of other investments		**9.0**	18.1
Dividends received from investing activities		**3.3**	3.6
Net cash flow from investing activities		**-10.4**	30.3
Repayments of short-term loans		**-9.5**	-18.4
Repayments of long-term loans		**-2.7**	-0.1
Payment of financial lease liabilities		**0.0**	-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		**-17.5**	-25.1
Net change in cash and cash equivalents		**-2.0**	4.8
Cash and cash equivalents at the beginning of the period		**9.9**	5.1
Cash and cash equivalents at the end of the period		**7.9**	9.9
***) Adjustments to cash flow from operating activities:**			
Depreciation and impairments		**5.4**	5.3
Gains and losses on sales of fixed assets and shares		**0.5**	-9.1
Share of profits of associated companies		**-2.0**	-9.6
Financial income and expenses		**-0.5**	3.3
Income taxes		**1.5**	0.7
Other adjustments		**1.5**	0.9
Total		**6.5**	-8.5

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 1 Jan. 2009	**12.6**	**23.4**	**-0.8**	**7.2**	**-1.8**	**-1.9**	**96.6**	**135.1**	**0.5**	**135.6**
Transactions with minority	-	-	-	-	-	-	**-0.7**	**-0.7**	**-0.5**	**-1.2**
Dividend distribution	-	-	-	-	-	-	**-5.3**	**-5.3**	-	**-5.3**
Other changes	-	-	-	-	-	-	**0.2**	**0.2**	-	**0.2**
Total comprehensive income	-	-	**0.8**	-	-	**1.4**	**5.8**	**8.0**	-	**8.0**
Shareholders' equity 31 Dec. 2009	**12.6**	**23.4**	**0.0**	**7.2**	**-1.8**	**-0.5**	**96.5**	**137.3**	-	**137.3**
Shareholders' equity 1 Jan. 2008	12.6	23.4	0.4	7.2	-0.8	0.1	84.5	127.3	0.7	128.0
Transactions with minority	-	-	-	-	-	-	0.4	0.4	-	0.4
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-0.3	-5.6
Other changes	-	-	-	-	-1.0	-	-0.1	-1.1	-	-1.1
Total comprehensive income	-	-	-1.2	-	-	-2.1	17.0	13.7	0.0	13.8
Shareholders' equity 31 Dec. 2008	12.6	23.4	-0.8	7.2	-1.8	-1.9	96.6	135.1	0.5	135.6

Notes to the consolidated financial statements

Note 1 Accounting principles

Company details

Lännen Tehtaat plc is a Finnish public limited company established under Finnish law. Its registered office is in Säkylä and the registered address is P.O. Box 100, FI-27801 Säkylä, Finland. Business ID is 0197395-5.

On 16 February 2010, the Lännen Tehtaat plc Board of Directors approved the financial statements for publication.

Main operations

Lännen Tehtaat plc is a food industry company quoted on NASDAQ OMX Helsinki Ltd. The trading code of the share is LTE1S.

Lännen Tehtaat's reportable segments are Frozen Foods, Seafood, Grains and Oilseeds and Other Operations. Lännen Tehtaat's primary market is Finland.

Business divisions	Products and services
Frozen Foods	
Apetit Pakaste Oy	Frozen foods
Seafood	
Apetit Kala Oy	Fish products and concept sales
Maritim Food AS, Norway	Shellfish and fish products
Maritim Food Sweden AB, Sweden	Shellfish
Sandanger AS, Norway	Fish products
Grains and Oilseeds	
Avena Nordic Grain Oy	Grains, oil seeds,
ZAO Avena St. Petersburg, Russia	pulses and animal feedstuffs,
UAB Avena Nordic Grain, Lithuania	vegetable oils and expeller meals
OÜ Avena Nordic Grain, Estonia	
Mildola Oy	Manufacture of vegetable oils and protein feed
Other Operations	
Lännen Tehtaat plc	Group administration, development of business structure and holding of shares and properties
Apetit Suomi Oy	Marketing, HR, IT, financial and environmental services
Associated companies	
Sucros Ltd	Manufacture, marketing and sales of sugar
Foison Oy	Holding in Avena Nordic Grain Oy
Joint venture	
Ateriamestarit Oy	HoReCa sales

Accounting principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The IAS and IFRS standards and the SIC and IFRIC interpretations complied with are those valid on December 31, 2009. The International Reporting Standards refer to standards and their interpretations approved for adoption within the EU in accordance with the procedure enacted in EC regulation 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish bookkeeping and company legislation. The consolidated financial statements have been drawn up on the basis of historic acquisition costs, except for those financial assets and liabilities which are recognized in income at fair value and all derivative financial instruments, as they are measured at fair value.

Preparation of the financial statements in accordance with the IFRS standards requires the Group's management to make certain assessments and exercise judgement in applying the accounting principles. Details of the judgements made by the management in applying the accounting principles observed by the Group, and of those aspects which have the greatest impact on the figures reported in the financial statements, are given below under the heading 'Accounting principles requiring executive judgement and the main uncertainties concerning the assessments made'.

Subsidiaries

Subsidiaries are companies over which the Group exercises control. This control derives from the Group holding more than half of the voting rights or otherwise being in a position to exercise control or having the right to stipulate the principles of the company's finances and business operations. Mutual shareholdings have been eliminated using the acquisition cost method. Subsidiaries acquired by the Group are consolidated into the financial statements from the time that the Group establishes its control, while subsidiaries disposed of are consolidated up to the time that the Group's control ceases. All intra-group transactions, receivables, liabilities and profits are eliminated on consolidation. Unrealized losses are not eliminated if the loss is due to impairment.

Associated companies

Associated companies in which the Group exercises significant influence. Significant influence is exercised when the Group holds more than 20% of the voting rights in the company or otherwise exercises significant influence but not control. The associate companies have been consolidated into the financial statements using the equity method. If the Group's share of the losses of an associate exceed the book value of the investment, the investment is recognised in the balance sheet at a valuation of zero, and losses that exceed the book value are not consolidated unless the Group has undertaken to meet the obligations of associates. Unrealized gains between the Group companies and associates have been eliminated according to the share of ownership. Any goodwill arising from the acquisition of an investment in an associate is included in the investment.

Joint ventures

Joint ventures are companies over which the Group exercises joint control with other parties. Joint venture companies have been consolidated into the financial statements using the equity method.

Foreign currency items

The figures for the financial performance and standing of each of the Group's units are measured in the currency of the unit's principal operating environment ('functional currency'). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the Group's parent company. Foreign currency transactions are recognized as amounts denominated in the functional currency using the rate prevailing on the transaction date. At the balance sheet date, monetary receivables and payables are translated using the closing rate. Exchange differences arising from translation are recognized in the income statement.

Exchange gains and losses from operating activities are included in the corresponding items above the operating profit. Hedge accounting has been applied to some of the forward exchange contracts used to hedge foreign currency denominated sales and purchases, and these contracts have been treated in accordance with the hedge accounting model. The financial impact of these forward exchange contracts is therefore recognized in the income statement simultaneously with that of the hedged sale or purchase. The financial impact of the effective portion of forward exchange contracts is recognized as an adjustment to sales or purchases. Any ineffective portion of hedges is recognized under financial items.

The income statements of foreign subsidiaries have been translated into euros using average rates for the reporting period, and their balance sheets translated using the closing rates. The exchange difference due to the use of average rates in the income statement translations and closing rates in the balance sheet translations is recognized as a separate item under shareholders' equity.

In preparing the consolidated financial statements, the translation difference due to exchange rate fluctuations, in regard to the shareholders' equity of the subsidiaries and associates, is recognized as a separate item in the translation differences for the consolidated shareholders' equity. If a foreign subsidiary or associate is disposed of, the accrued translation difference is recognized in the income statement under profit or loss.

Net sales and principles for recognition as income

Income is recognized on the basis of the fair value of the consideration received or receivable. An item is recognized as income when the risks and benefits of ownership pass to the purchaser. Generally, this occurs when a production item is delivered. When net sales is calculated, indirect taxes and trade discounts are deducted from proceeds.

Interest income is recorded under the effective interest method and dividend income when the right to the dividend has been created.

Pension liabilities

The pension contributions for defined contribution pension plans are paid to the pension insurance company. Payments for defined contribution plans are recorded as expenditure in the income statement for the financial year to which they are attributable. The Group does not have material defined benefit pension plans nor other benefits subsequent to the termination of employment.

Provisions

A provision is recognized when the Group has a legal or constructive obligation based on a past event and it is probable that the fulfilment of this obligation will require a contribution, and the amount of the obligation can be reliably estimated. Provisions are valued at the present value of the costs required to cover the obligation.

Provisions are made in connection with operational restructuring, onerous contracts, litigation and environmental and tax risks. A restructuring provision is recognized when a detailed and appropriate plan has been drawn up for it, sufficient grounds have been given to expect that the restructuring will occur and information has been issued on it.

Income taxes

Income taxes recognized in the consolidated income statement comprise taxes levied on an accrual basis on the reporting period results of Group companies, based on the taxable profits calculated for each Group company in accordance with the local tax regulations, as well as tax adjustments from previous periods and changes in deferred tax.

Deferred tax assets and liabilities are calculated on the temporary differences between the taxable values and the book values of assets and liabilities, in accordance with the liability method. Deferred taxes are recognized in the financial statements using the tax rates that apply up to the balance sheet date.

The most material temporary differences arise from fixed assets, consolidation, inventories, unused tax losses and revaluation of derivative financial instruments. Deferred tax assets are recognized up to an amount where it is probable that they can be utilized against future taxable profits. Deferred taxes are not recognized on goodwill which is not tax deductible.

In the case of derivative financial instruments covered by hedge accounting and available-for-sale investments, the deferred taxes related to value adjustments recognized directly under shareholders' equity are also recognized directly under shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash, bank deposits from which withdrawals can be made and other short-term highly liquid investments. Items classified under cash and cash equivalents have a maximum of three months maturity from the acquisition date.

Borrowing costs

Borrowing costs are recognized under the expenses for the period in which they arose. Directly attributable borrowing costs related to the acquisition, construction or production of a qualifying asset, for example, factory building, are capitalised. Where clearly linked to a specific loan, transaction costs arising directly from loans are included in the loan's original amortized cost and divided into a series of interest expenses using the effective interest method.

Key employees' share holdings in Foison Oy are treated as liability instruments in Lännen Tehtaat's consolidated balance sheet due to certain terms and conditions of repurchase. Foison Oy owns 20% of Avena

Nordic Grain Oy's share capital. Group recognizes financial expense related to the key employees' dividend right from Avena Group.

Research and development costs

Research and development costs are recognized in the income statement under expenses for the period in which they arose. Development expenses for new products and processes are not recognized as assets because such expenses did not occur to any significant extent during the period between the development stage at which products are already technically feasible and commercially exploitable and the stage at which they are placed on the market. On the balance sheet date the consolidated balance sheet contained no capitalized development costs.

Intangible assets

Goodwill

Goodwill corresponds to that part of the cost of acquiring the company which is in excess of the Group's share of the fair value of the acquired company's net assets on the acquisition date. Goodwill is tested annually for impairment and has been allocated to each of the cash-generating units for this purpose. Goodwill is valued at historic acquisition cost less any impairment. In the case of associated company, goodwill is included in their investment value. Goodwill generated through acquisitions of foreign business combinations is measured in the currency of the foreign operations and translated using the period end rates.

Other intangible assets

An intangible asset is recognized in the balance sheet at the original acquisition cost in a case where the cost can be determined reliably and it is likely that an expected financial benefit derived from the asset will turn out to be to the company's benefit.

Patents, trademarks and other intangible assets with a limited useful life are recognized as expenses in the balance sheet and amortized on a straight-line basis over the period of their useful lives. Intangible assets have not included assets with an unlimited useful life.

Depreciation period for intangible assets:

Customer relationships	15 years
Trademarks	15 years
Other intangible assets	5-10 years

Assets whose useful life has not yet expired and fully depreciated fixed assets that are still used in operating activities are included in the acquisition cost of assets. Similar principles apply to accumulated depreciation.

Subsequent expenditure relating to intangible assets is recognized as an asset only if its financial benefit to the company exceeds the originally estimated level of performance. Otherwise the expenditure is recognized as a cost at the time it is incurred.

Property, plant and equipment

Property, plant and equipment have been measured at historic acquisition cost less depreciation and impairment. These assets are subject to straight-line depreciation over the period of their useful lives. Land is not subject to depreciation. The residual value of the assets and their useful lives are reviewed each time the financial statements are prepared and, when necessary, are adjusted to reflect any change in the economic benefits expected.

The estimated useful lives are as follows:

Property and plant	10 - 40 years
Machinery and equipment	5 – 15 years

Property, plant and equipment are no longer depreciated if they are classified as assets held for sale in accordance with the IFRS 5 standard.

Assets whose useful life has not yet expired and fully depreciated fixed assets that are still used in operating activities are included in the acquisition cost of assets. Similar principles apply to accumulated depreciation. Repair and maintenance costs of tangible assets are recognised as expenses when incurred.

Government grants

Government grants received for the acquisition of fixed assets are recognized as deductions in the book values for property, plant and equipment. The grants are released to profit through smaller depreciations during the use of the asset in question.

Leases

In accordance with the principles set out in the IAS 17 ('Leases') standard, leases in which the risks and benefits inherent in an asset are transferred in all essential respects to the company are classified as finance leases. Finance leases under the IAS 17 standard are recognized in the balance sheet at the lesser of the fair value at the inception of the leasing period and the present value of the minimum lease payments. The lease obligations of finance lease assets are included in discounted form under interest-bearing liabilities.

Assets acquired with finance leases are depreciated according to plan, and any impairment losses recognized. Depreciation is charged over the shorter of the relevant fixed asset depreciation period and the lease period. Leases to be paid are divided into financial cost and a decrease in debt during the lease term so that the interest on the remaining debt is the same each financial year. Lease obligations are included in interest-bearing liabilities. During the reporting period there were no situations in which the Group would have been categorized under IAS 17 as the lessor of a finance lease asset.

Leases in which risks and rewards incident to ownership are not transferred to the lessee are classified as operating leases. Lease payments related to them are recognized in the income statement on a straight-line basis over the lease term.

Impairment

The book values for assets are assessed for any signs of impairment. If there are signs of impairment, an estimate is determined for the amount recoverable on the asset. An impairment loss is recognized if the balance sheet value of the asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement.

The impairment loss of a cash-generating unit is first allocated to reducing the goodwill attributed to the unit, and then to reducing other assets of the unit on a pro rata basis.

The recoverable amount of intangible and tangible assets is determined at the higher of the fair value less costs to sell and the value in use. In determining the value in use, the estimated future cash flows are discounted to their present value on the basis of discount rates applying to the average pre-tax capital costs of the cash-generating unit in question. The discount rates also take into account any special risk associated with the cash-generating units.

Impairment losses on property, plant and equipment and on intangible assets other than goodwill are reversed if a change has occurred in the estimates used in determining the recoverable amount of the asset. The amount by which an impairment loss is reversed is no more than the book value (less depreciation) that would have been determined for the asset if no impairment loss had been recognized on it in previous years. Impairment losses recognized on goodwill are not reversed.

Inventories

Inventories have been measured at the lower of acquisition cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, after deduction of the estimated costs of completion and the estimated costs necessary to make the sale.

The value of inventories has been determined using the weighted average price method and includes all direct costs of acquisition and other indirect costs to be allocated. The cost of each inventory item produced comprises not only the purchase costs of materials, direct labour costs and other direct costs, but also a proportion of production overheads, but not selling or financing costs. The value of inventories has been reduced for obsolescent assets.

Financial assets and liabilities

Financial assets are classified to four categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity investments. The classification is conducted based on the purpose of the financial asset and when the financial asset is originally acquired.

The group of financial assets to be recognized in income at fair value includes assets held for trading. Financial assets held for trading have been acquired primarily for the purpose of making a profit on short-term changes in market prices. Derivative financial instruments, to which hedging does not apply, have been classified as held for trading. Both unrealized and realized gains and losses from changes in fair value are recognized in the income statement for the period in which they occur.

Loans and other receivables are non-derivative assets with fixed or measurable payments, are not publicly quoted and the Group does not hold them for trading. These assets are recognized at amortised cost.

Available-for-sale financial assets are not part of the derivative assets but are non-current assets, because the intention is to keep them for longer than 12 months following the balance sheet date. Publicly quoted shares are classified as available-for-sale investments and are measured at fair value, which is the market price on the balance sheet date. Changes in fair value are recognized directly in shareholders' equity until the investment is sold or otherwise disposed of, when the changes in fair value are recognized in the income statement. Permanent impairment of assets is recognized in the income statement. Unquoted shares are presented at their acquisition price, because their fair values are not reliably available.

Financial liabilities are measured at amortised cost except derivative instruments. Financial liabilities are long or short term and can be interest-bearing or interest free. This item includes, for example, trade receivables and loans.

All financial assets and liabilities are recorded in the balance sheet at an acquisition cost corresponding to the original fair value. Transaction costs are deducted only when the item is not valued against the profit at fair value. Purchases and sales of financial assets are recognized using the trade date method.

Derivative financial instruments are initially recognized at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The method of recognizing any resulting gain or loss depends on the purpose of the derivative financial instrument. Those derivative financial instruments where hedge accounting applies and are effective hedge instruments, the fair value changes are recognized congruent with the hedged item in the income statement. For derivatives of which hedge accounting is applied the efficient part of the fair value change is recognised to equity until the hedged item is realized.

Fair values are measured using publicly quoted prices. These instruments are mainly investments to funds and mainly all commodity derivatives. If publicly quoted prices are not available, fair value is measured based on discounted cash flows and price quotation of the counterparty. These instruments are usually currency derivatives. Short-term receivables or payables are not discounted.

The carrying amounts of the financial assets are tested to determine whether there is objective evidence of impairment. An impairment is recognized when there is objective evidence that receivables are not fully collectible. The impairment loss is reversed if in a subsequent period the fair value of the financial asset increases and this increase can be related objectively to events occurring after the impairment was recognized.

The Group applies hedge accounting to certain interest-rate swaps, forward currency contracts and asset derivatives that meet the terms for hedge accounting defined in the IAS 39 standard. The hedged cash flow must be probable and the cash flow must ultimately have an impact on the income statement. The hedge must be effective when examined prospectively and retrospectively. For hedges that meet the terms for hedge accounting, the effective portion of the change in fair value of a hedge is recognized in shareholders' equity, and any residual ineffective portion is recognized in income. The cumulative change in fair value recognized under shareholders' equity is recognized in income on the same date that the projected cash flow is recognized in the income statement. If a derivative financial instrument does not meet the hedge accounting terms defined in IAS 39, the change in its fair value is recognized directly in income.

Despite certain hedging relationships fulfill the effective hedging requirements of the Group's risk management policy, the Group does not apply IAS 39 hedge accounting to all transactions done in hedging purpose. These instruments are among others derivatives to hedge operative commodity and currency risks and fair value changes are recognized to other operating income and expense in line with Group's accounting policy.

Equity

Purchases of own shares are deducted from equity attributable to shareholders of the parent company up till the shares are cancelled or transferred back to circulation.

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Share-based payment transactions

Incentive programmes where the payments are made in part as company shares and in part as money, the benefits granted are recognized at current value at time of payments and recognized into the income statement as a cost arising from employee benefits evenly throughout the accrual and commitment period.

Group has not share-based payment schemes that have affected the financial statements.

Non-current assets held for sale and discontinued operations

Non-current asset (or disposal group) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciations are ceased from the moment of classification. Non-current asset and the assets of a disposal group classified as held for sale are presented separately from the assets and liabilities of the continuing operations in the balance sheet. The income or expense and any gain or loss on sale of discontinued operations is presented separately in the Group's income statement.

Accounting principles requiring executive judgement and the main uncertainties concerning the assessments made

In preparing the consolidated financial statements in accordance with international accounting practices, the company's management has had to make assessments and assumptions that affect the amount of assets, liabilities, income and expenses recognized in the accounts and the contingencies presented. These assessments and assumptions are based on experience and on other reasonable suppositions that are believed to be realistic in the circumstances that constitute the basis for the estimates of items recognized in the financial statements. The outcome may deviate from these estimates.

The Group tests annually goodwill for possible impairment and assesses any indication of impairment. The recoverable amounts of units that generate cash flow are based on value in use calculations. These calculations require the use of estimates.

Determination of the fair value of tangible and intangible assets acquired in business combinations requires estimations by management and is often based on assessment of asset cash flows.

Other assessments including management judgement are mainly related to restructuring plans, the extent of obsolescent inventories, environmental, litigation and tax risks, asset measurement and the use of deferred tax assets against future taxable profits.

Application of new and updated IFRS

At the beginning of the year the new IFRS 8 did not change the information shown in these segments because the Group's earlier segment-based reporting was based on the Group's internal reporting structures. In August 2009 the Group decided on a new intra-group ownership arrangement, when the vegetable oils business including administration, purchasing, sales and logistics functions, excluding oil milling operations, are transferred to Avena Nordic Grain Oy. Since the vegetable oils business will no longer form a separate entity for monitoring purposes, the former Grain Trading and Vegetable Oils segments are reported under a new segment name, Grains and Oilseeds. The amendment of IAS 1 has an impact on the presentation method of the profit and loss account and the changes in equity.

Other new standards or interpretations adopted during the year did not have any material effect to the financial statement.

The Group has not in these financial statements applied the following standards, amendments to standards or interpretations, which were published by the balance sheet date and the application of which is not yet compulsory at this stage.

The following new standards and interpretations effective in 2010 are not relevant to the Group's operations:

- Amendment to IFRS 2, 'Share-based payment'
- Amendment to IFRS 3, 'Business combinations'
- Amendment to IAS 27, 'Consolidated and Separate Financial Statements'
- IFRIC 17, 'Distributions of Non-cash Assets to Owners'
- Annual improvements of different standards by IASB

The Group will adopt between 2011 and 2013 the following standards and interpretations:

- IFRS 9, 'Financial instruments'
- Amendment to IAS 24, 'Related party transactions'
- Amendment to IAS 32, 'Financial Instruments: presentation'
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'

Management is assessing the impact of the revisions and interpretations of 2011 to 2013 on the financial statements of the group.

Note 2. Operating segments

Continuing operations

The Group has four reportable segments. The operating segments offer different products or services and are managed separately.

The segment information is based on the Group's organisation and management reporting structure. Reportable segments are:

Frozen Foods
Seafood
Grains and Oilseeds
Other Operations

Intra-group sales take place at arm's length prices. The assets and liabilities of a segment are such items of the business operations that the segment uses in its business operations or that can be allocated to a segment on reasonable basis. Tax and financing items together with items common to the whole Group are unallocated assets and liabilities. Reported figures are based on IFRS standards.

Discontinued operations

Suomen Rehu Ltd is presented as discontinued operations apart from continuing operations of Lännen Tehtaat.

Operating segments 1-12/2009

EUR million	Frozen Foods	Seafood	Grains and Oilseeds	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	46.0	75.9	143.4	2.4	267.8	-	267.8
Intra-group sales	-0.1	0.0	0.0	-1.6	-1.7	-	-1.7
Net sales	46.0	75.9	143.4	0.8	266.0	-	266.0
Share of profits of associated companies included in operating profit	-	-	-	2.0	2.0	-	2.0
Operating profit	3.4	-2.5	7.3	-1.3	6.8	-	6.8
Assets	33.5	39.3	42.6	34.5	149.9	-	149.9
Unallocated					26.2	-	26.2
Total assets					176.1		176.1
Liabilities	6.6	9.0	10.6	3.7	29.9	-	29.9
Unallocated					8.9	-	8.9
Total liabilities					38.8		38.8
Gross investments in non-current assets	1.9	0.6	0.3	-	2.7	-	2.7
Corporate acquisitions and other share purchases	-	1.2	-	-	1.2	-	1.2
Depreciations	2.0	2.0	0.7	0.7	5.3	-	5.3
Impairments	-	-	0.1	-	0.1	-	0.1
Average number of personnel	205	379	62	11	657	-	657

Operating segments 1-12/2008

EUR million	Frozen Foods	Seafood	Grains and Oilseeds	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	49.3	89.7	209.3	3.0	351.3	-	351.3
Intra-group sales	-0.1	0.0	0.0	-2.1	-2.2	-	-2.2
Net sales	49.2	89.7	209.3	0.9	349.1	-	349.1
Share of profits of associated companies included in operating profit	-	-	-	9.1	9.1	-	9.1
Operating profit	5.1	-2.4	5.3	5.8	13.9	6.6	20.5
Share of profits of associated companies	-	-	-	-	-	0.5	0.5
Assets	32.4	45.0	61.7	37.5	176.6	-	176.6
Unallocated					15.7	-	15.7
Total assets					192.3		192.3
Liabilities	7.1	10.3	14.6	4.2	36.2	-	36.2
Unallocated					20.6	-	20.6
Total liabilities					56.8		56.8
Gross investments in non-current assets	6.0	1.5	0.5	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	0.8	5.1	-	5.1
Impairments	-	0.2	-	-	0.2	-	0.2
Average number of personnel	237	441	65	12	755	-	755

Geographical information

EUR million	**Revenue 2009**	Revenue 2008	**Non-current assets 2009**	Non-current assets 2008
Finland	**183.5**	204.3	**60.9**	69.2
Norway	**28.0**	35.3	**14.0**	12.5
Germany	**20.4**	48.0	**-**	-
Sweden	**14.5**	20.4	**1.3**	1.2
Other countries	**19.6**	41.0	**0.0**	0.0
Total	**266.0**	349.1	**76.3**	82.9

Revenues from one customer were EUR 54.7 (52.6) million or 21% (15%) of the net sales. Revenues from this customer were from all operating segments expect Other Operations.

Note 3. Discontinued operations

The sale of the majority holding of 51% in Suomen Rehu Ltd was completed at the start of June 2007, when Suomen Rehu and its subsidiaries were transferred to Hankkija-Maatalous Oy. Lännen Tehtaat plc and SOK subsidiary Hankkija-Maatalous Oy signed an agreement on 1 September 2008, transferring the remaining 49% of shares owned by Lännen Tehtaat in Suomen Rehu Ltd to Hankkija-Maatalous Oy. 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 2008 third quarter.

EUR million	2009	2008
Profits	-	6.6
Share of results of associated companies	-	0.5
Profit for the period	-	7.1

Note 4. Other operating income and expenses

EUR million	2009	2008
Other operating income		
Government grants received	0.2	0.1
Gains from sales of non-current assets	0.0	2.5
Rental income	0.6	0.4
Other	0.6	0.7
Total	1.5	3.8
Other operating expenses		
Rental expenses	3.2	2.4
Other	26.9	33.4
Total	30.1	35.9

Audit fees paid by the Group to its independent auditor PricewaterhouseCoopers

The audit fees relate to the auditing of the annual accounts and to the statutory and obligatory functions closely attached to them. The non-audit fees are caused by services linked to the audit and aimed to assure the correctness of the financial statements and other advice.

Audit fees and non-audit fees

EUR million	2009	2008
Audit fees	0.2	0.2
Non-audit fees	0.0	0.1
Total	0.3	0.2

Note 5. Employee benefits expense

EUR million	2009	2008
Wages and salaries	24.9	27.8
Termination benefits	0.3	0.7
Pensions, defined contribution plans	4.2	4.6
Other personnel costs	1.2	1.5
Total	30.6	34.6

Information on the remuneration and loans granted to the management is presented in Note 28 “Related party transactions”.

Post employment benefits

Pension coverage in the Group companies is provided in accordance with the rules and practices in the respective countries. Since the disability component of Finnish statutory pension system (“TyEL”) was changed into a defined contribution at the beginning of 2005 there have not been any significant defined contribution plans within the Group. Only Maritim companies have an insignificant defined benefit plan.

Note 6. R & D expenses

R & D expenses of the Group amounted to EUR 0.9 (0.8) million, representing 0.3% (0.2%) of the net sales.

Note 7. Materials and services

EUR million	2009	2008
Raw materials and consumables	193.7	271.3
Change in stocks	-7.0	-9.3
External services	9.9	10.3
Total	196.6	272.3

Note 8. Depreciations and impairments

EUR million	2009	2008
Depreciations		
Intangible assets	**0.8**	0.5
Buildings	**1.8**	1.7
Machinery and equipment	**2.6**	2.8
Other tangible assets	**0.1**	0.1
Total	**5.3**	5.1
Impairments		
Buildings	**0.1**	-
Machinery and equipment	**0.0**	0.2
Total	**0.1**	0.2

Note 9. Financial income and expenses

EUR million	2009	2008
Financial income		
Interest income	**0.2**	0.4
Foreign currency gains	**1.2**	0.3
Financial assets at fair value through profit and loss	**0.6**	-
Other financial income	**0.1**	0.2
Total	**2.2**	0.9
Financial expenses		
Interest expenses	**-0.4**	-1.5
Foreign currency losses	**-0.5**	-1.3
Avena minority dividend	**-0.7**	-0.5
Financial assets at fair value through profit and loss	**-**	-0.7
Other financial expenses	**-0.1**	-0.1
Total	**-1.7**	-4.1

Material and services include foreign currency gains and losses a total of EUR 0.4 (0.1) million. Net sales include foreign currency gains a total of EUR 0.1 (0.4) million.

The ineffective portion of the change in fair value of hedge instruments totalled EUR 0.0 (0.0) million.

Note 10. Income taxes

EUR million	2009	2008
Current period taxes	**2.0**	1.3
Previous periods' taxes	**0.0**	0.1
Deferred taxes	**-0.5**	-0.7
Total	**1.5**	0.7

Reconciliation of income taxes

Profit before taxes	**7.3**	10.7
Tax calculated at the tax rate of the parent company 26%	**1.9**	2.8
Effect of different tax rates in foreign subsidiaries	**0.0**	0.0
Effect of Avena minority dividend	**0.2**	0.1
Effect of associated companies	**-0.5**	-2.4
Expenses not deductible for tax purposes	**0.0**	0.1
Other items	**0.0**	0.1
Tax expenses in the income statement	**1.5**	0.7

Reconciliation of deferred tax assets and liabilities to balance sheet 2009

EUR million	1 Jan. 2009	Charge in income statement	Charged to equity	Exchange rate differences	31 Dec. 2009
Deferred tax assets					
Carry forward of unused tax losses	0.8	0.0	-	0.0	0.8
Derivative instruments	0.6	-0.1	-0.5	-	0.0
Other	0.1	0.2	-	-	0.2
Total	1.4	0.1	-0.5	-	1.1
Deferred tax liabilities					
Accumulated depreciation difference	-2.7	0.1	-	-	-2.6
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.1	-0.1	-	-	1.1
Valuation of assets in acquisition cost allocation calculations	-1.3	0.4	-0.1	-0.1	-1.1
Inventories	-0.7	0.0	-	-	-0.8
Goodwill	-0.1	-	-	-	-0.1
Tangible assets	-0.5	-	-	-	-0.5
Other	-0.3	0.0	0.2	-	-0.1
Total	-4.5	0.4	0.1	-0.1	-4.1

Total of EUR 0.1 million of carry forwards of unused tax losses will expire in 2018. Other carry forwards of unused tax losses do not expire.

Reconciliation of deferred tax assets and liabilities to balance sheet 2008

EUR million	1 Jan. 2008	Charge in income statement	Charged to equity	Exchange rate differences	31 Dec. 2008
Deferred tax assets					
Carry forward of unused tax losses	0.1	0.7	-	-	0.8
Derivative instruments	0.0	-	0.6	-	0.6
Intra-group margin in inventories	0.0	-	-	-	0.0
Timing difference of long term receivables	0.1	0.0	-	-	0.1
Other	0.1	-0.1	-	-	0.0
Total	0.3	0.6	0.6	-	1.4
Deferred tax liabilities					
Accumulated depreciation difference	-2.8	0.1	-	-	-2.7
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.3	-0.2	-	-	1.1
Valuation of assets in acquisition cost allocation calculations	-1.6	0.1	0.0	0.2	-1.3
Inventories	-0.7	0.0	-	-	-0.7
Goodwill	-0.1	-	0.0	-	-0.1
Tangible assets	-0.5	-	-	-	-0.5
Other	-0.4	0.1	0.0	0.0	-0.3
Total	-4.8	0.1	0.0	0.2	-4.5

Note 11. Earnings per share

Basic earnings per share are calculated by dividing the profit for the financial year attributable to the shareholders of the parent company by weighted average number of the shares outstanding. The outstanding shares do not include treasury shares in possession of the company. Diluted earnings per share are calculated by dividing the profit for the financial year attributable to the shareholders of the parent company by diluted weighted average number of the shares outstanding.
The company has no such instruments that would cause a dilution effect on the earnings per share.

EUR million	2009	2008
Profit attributable to the shareholders of the parent company, basic and diluted	5.8	17.0
Weighted average number of outstanding shares (1,000 pcs)	6 188	6 221
Diluted average number of shares outstanding (1,000 pcs)	6 188	6 221
Basic and diluted earnings per share (EUR per share)	0.94	2.73

Note 12. Intangible and tangible assets

The cost of assets include the assets, whose useful lives have not ended and fully depreciated assets still used in operating activities. Similar principles apply to accumulated depreciation.

Intangible assets 2009

EUR million	Goodwill	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	14.4	6.0	1.8	22.2
Additions	-	0.6	0.2	0.8
Disposals	-	-0.1	-	-0.1
Translation difference and other changes	1.0	0.5	0.0	1.5
Transfers	-	1.7	-1.7	-
Acquisition cost 31 Dec.	15.4	8.7	0.3	24.4
Accumulated depreciation 1 Jan.	-8.5	-2.5	-	-11.0
Disposals, accumulated depreciation	-	0.0	-	0.0
Depreciation for the period	-	-0.8	-	-0.8
Accumulated depreciation 31 Dec.	-8.5	-3.4	-	-11.9
Book value 31 Dec. 2009	6.9	5.3	0.3	12.5

Intangible assets 2008

EUR million	Goodwill	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	15.5	7.6	0.8	23.9
Additions	0.1	1.1	1.2	2.3
Disposals	-	-2.4	-	-2.4
Translation difference and other changes	-1.2	-0.5	0.0	-1.7
Transfers	-	0.2	-0.2	-
Acquisition cost 31 Dec.	14.4	6.0	1.8	22.2
Accumulated depreciation 1 Jan.	-8.5	-3.7	-	-12.2
Disposals, accumulated depreciation	-	1.7	-	1.7
Depreciation for the period	-	-0.5	-	-0.5
Accumulated depreciation 31 Dec.	-8.5	-2.5	-	-11.0
Book value 31 Dec. 2008	5.9	3.5	1.8	11.2

Goodwill impairment testing

Impairment test for cash-generating-units containing goodwill
Goodwill has been allocated to the following cash-generating units or groups of units:

EUR million	2009	2008
Apetit Pakaste - Frozen Foods	0.4	0.4
Apetit Kala - Seafood	0.2	0.2
Maritim companies - Seafood	6.3	5.3
Total	6.9	5.9

The recoverable amount is based on value in use calculations. The defined expected future cash flows are based on the financial plans and prognoses approved by the Management and subsequent years to the forecasted period have been extrapolated using a growth rate between 1 - 2%.

The key variables used in the calculations are the budgeted gross margin, net sales and discount rate. In Seafood business the estimated gross margin is somewhat higher than the actuals of the last two years. In Maritim companies the significant increase in main raw materials in fall 2008 in connection with the strong decrease in local currency rate affected negatively the gross profit. In Seafood business in Finland the estimated gross profit is higher than actuals due to unhealthily intense competition in the line of business. The pre-tax discount rates used in the calculations are: Apetit Kala 9.6 % (10.7%), Maritim companies 9.4% (10.3%) and Frozen Foods 8.4% (9.2%). The decrease in the discount rate is mostly due to update of capital structure to better represent the industry average.

In Apetit Kala the recoverable amount exceeds by 31% the carrying amount of the tested assets of EUR 12.3 million and in Maritim companies the recoverable amount exceeds by 11% the carrying amount of the tested assets of EUR 15.3 million. In Apetit Pakaste the recoverable amount still exceeds considerably the carrying amount of the tested assets.

Sensitivity analyses of key variables
If in Apetit Kala the gross profit in the cash flow calculations decreases by 0.7% (2.1%) in every forecasted period, other variables remaining constant, the estimated cash flow would match with the carrying amount of the tested assets. The corresponding change in Maritim companies is 0.4% (1.5%) and in Frozen Foods 4.1% (4.0%).

If in Apetit Kala the net sales decreases by 2.7% (8.0%) in every forecasted period, other variables remaining constant, the estimated cash flow would match with the carrying amount of the tested assets. The corresponding change in Maritim companies is 2.1% (8.5%) and in Frozen Foods 11.5% (11.8%).

If in Apetit Kala the discount rate increases by 2.1% (9.3%) in every forecasted period, other variables remaining constant, the estimated cash flow would match with the carrying amount of the tested assets. The corresponding change in Maritim companies is 0.6% (3.6%) and in Frozen Foods 7.3% (7.2%).

Tangible assets 2009

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.7	38.5	38.7	0.5	0.2	81.5
Additions	-	0.4	1.1	-	0.4	1.9
Disposals	-0.3	-4.2	-1.9	0.0	-	-6.4
Translation differences and other changes	0.0	0.4	0.5	0.0	0.0	0.9
Transfers	-	0.0	0.2	-	-0.2	-
Acquisition cost 31 Dec.	3.4	35.1	38.6	0.5	0.4	78.0
Accumulated depreciation 1 Jan.	-0.2	-10.6	-27.0	-0.1	-	-38.0
Accumulated depreciation on disposals and transfers	-	0.7	1.7	0.0	-	2.4
Depreciation for the period	-	-1.8	-2.6	-0.1	-	-4.5
Impairments	-	-	-	-	-	-
Accumulated depreciation 31 Dec.	-0.2	-11.8	-27.9	-0.2	-	-40.1
Book value 31 Dec. 2009	3.2	23.4	10.7	0.3	0.4	37.9

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.2 million.

Tangible assets 2008

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.7	35.4	41.0	0.3	0.2	80.6
Additions	-	0.1	0.4	0.2	5.2	5.9
Disposals	0.0	-0.4	-3.9	0.0	-	-4.3
Translation differences and other changes	0.0	-0.3	-0.4	0.0	0.0	-0.6
Transfers	-	3.7	1.6	-	-5.3	-
Acquisition cost 31 Dec.	3.7	38.5	38.7	0.5	0.2	81.5
Accumulated depreciation 1 Jan.	-0.2	-9.1	-27.8	-0.1	-	-37.2
Accumulated depreciation on disposals and transfers	-	0.2	3.8	0.0	-	4.0
Depreciation for the period	-	-1.7	-2.8	-0.1	-	-4.6
Impairments	-	-	-0.2	-	-	-0.2
Accumulated depreciation 31 Dec.	-0.2	-10.6	-27.0	-0.1	-	-38.0
Book value 31 Dec. 2008	3.5	27.9	11.7	0.3	0.2	43.5

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.2 million.

Note 13. Investment in associated companies and joint ventures

EUR million	2009	2008
Book value 1 Jan.	**25.0**	39.2
Acquisitions, other additions	**0.2**	0.4
Disposals, other decreases	**-**	-20.6
Share of profits for the period	**2.0**	9.6
Dividends	**-3.3**	-3.6
Book value 31 Dec.	**24.0**	25.0

Information on associated companies and their assets, liabilities, net sales and profit/loss

Associated companies

2009

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	**165.4**	**49.0**	**160.0**	**10.2**	**20.0%**
Foison Oy	Helsinki	**1.5**	**0.0**	**0.0**	**0.0**	**26.9%**

2008

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	140.6	50.4	183.7	45.6	20.0%
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	26.9%

Joint ventures

The Group has a holding of 50% in the following joint ventures

2009

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	**2.4**	**2.2**	**27.3**	**0.0**	**50.0%**

2008

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	3.5	3.3	32.1	0.0	50.0%

Note 14. Available-for-sale investments

The shares of unlisted companies are reported at acquisition cost as their values are not reliably available.

EUR million	2009	2008
Investments in shares of unlisted companies	0.1	0.1
Total	0.1	0.1

Note 15. Receivables (non-current)

EUR million	2009	2008
Receivables from associated companies	1.4	2.7
Receivables based on derivative instruments, hedge accounting	0.1	0.0
Connection fees	0.4	0.4
Other items	0.0	0.0
Total	1.8	3.1

The fair values of the receivables are estimated to correspond to their book values.

Note 16. Trade receivables and other receivables

EUR million	2009	2008
Trade receivables	19.0	21.6
Receivables based on derivative instruments, hedge accounting	0.3	1.5
Accrued income and deferred expenses	3.2	10.6
Other receivables	0.7	2.6
Receivables from associated companies and joint ventures		
Trade receivables	0.9	0.9
Loan receivables	1.4	1.5
Total	25.5	38.7

The substantial items in the accrued income and deferred expenses related to raw material purchases, accruals of employment benefits and income taxes. In comparison period the accrued income and deferred expenses included Avena's commercial receivables totalling EUR 9.7 million.

The fair values of the receivables are estimated to correspond to their book values.

During the financial year the group recorded credit losses of EUR 0.1 (0.0) million on trade receivables.

Note 17. Inventories

EUR million	2009	2008
Materials and consumables	11.5	13.6
Work in progress	0.2	0.2
Finished goods	36.4	41.3
Total	48.1	55.1

A write-down of EUR 1.8 (1.6) million in inventory value was booked to correspond the net realization value.

Note 18. Financial assets at fair value through profit and loss

EUR million	2009	2008
Receivables based on derivative instruments, no hedge accounting	0.0	0.0
Short-term fixed income funds	17.2	3.8
Total	17.2	3.8

Note 19. Cash and cash equivalents

EUR million	2009	2008
Cash and bank receivables	7.9	8.6
Short-term investments	-	1.3
Total	7.9	9.9

Note 20. Shareholders' equity

EUR million	Number of shares (1,000 pcs)	Share capital	Premium fund	Total
31 Dec. 2009	**6 318**	**12.6**	**23.4**	**36.0**
31 Dec. 2008	6 318	12.6	23.4	36.0

The fully paid and registered share capital of the company at the end of the financial year was EUR 12,635,152. The nominal value of a share is EUR 2.

Descriptions of the funds in the equity

Translation differences
Translation differences fund contains the translation differences arising from the translations of the financial statements prepared in foreign currency.

Revaluation reserve
Revaluation reserve consists of two sub-reserves: fair value reserve for available-for-sale financial assets and hedging reserve for the revaluations of the fair values of derivative instruments used for cash flow hedges.

Other reserves
Other reserves consist of contingency reserve and capital reserve accounts. Contingency reserve includes the proportion transferred from retained earnings according to the decision by the Annual General Meeting. Capital reserve accounts include items that are based on the local regulation of foreign subsidiaries.

Treasury shares
Treasury shares include the acquisition cost of the own shares that are in Group's possession. The company possessed 130,000 own shares that have been repurchased during 2000, 2001 and 2008. The shares represent 2.1% of the company's share capital and votes. The acquisition cost of the repurchased shares was EUR 1.8 million and it is presented as deduction of equity.

Dividends
Subsequent to the financial statement date the Board of Directors has proposed a dividend of EUR 0.76 per share to be paid.

Note 21. Provisions

EUR million	2009	2008
Pension provision 1 Jan.	**0.1**	0.1
Increases	**0.0**	-
Pension provision 31 Dec.	**0.2**	0.1

Note 22. Interest-bearing liabilities

EUR million	2009	2008
Non-current		
Loans from credit institutions	**1.3**	3.4
Other loans	**1.0**	1.0
Finance lease liabilities (note 25)	**0.1**	0.1
Total	**2.4**	4.5

The loans from credit institutions are floating rate. The loan in 'Other loans' carries a fixed rate of 5% p.a. Interest-bearing long-term loans are denominated in euros totalling EUR 1.0 (2.0) million and in Norwegian crowns totalling EUR 1.4 (2.5) million. It is assessed that the book values of the borrowings correspond to their fair values.

Current		
Commercial paper debts	-	9.0
Current portion of long-term loans	**0.1**	0.5
Other interest-bearing liabilities	**0.8**	1.1
Finance lease liabilities (note 25)	**0.0**	0.1
Total	**0.9**	10.7

Commercial papers are denominated in euros, floating rate and have maturity of 1-2 months. It is assessed that the book values of the borrowings correspond to their fair values.

Note 23. Trade payables and other liabilities

EUR million	2009	2008
Current		
Trade payables	**17.5**	19.7
Payables to associated companies and joint ventures	**0.3**	0.0
Payables based on derivative instruments, no hedge accounting	**0.0**	0.2
Payables based on derivative instruments, hedge accounting	**0.1**	0.8
Accrued expenses and deferred income	**9.0**	8.6
Other liabilities	**2.8**	6.8
Total	**29.7**	36.1

The material items in accrued expenses and deferred income consist of personnel expenses and accruals of material purchases.

Derivatives are measured at fair value through profit and loss. All other balances are measured at amortised cost.

Note 24. Financial risk management

The Lännen Tehtaat Group is exposed to various financial risks in its normal business operations. The aim of the Group's risk management is to minimize the adverse effects of changes in the financial markets on its financial performance. The main financial risks are the currency risk, the interest-rate risk and the funding risk. The Group uses derivative financial instruments, among other things, to hedge against currency and interest-rate risks.

The financial risk management principles observed by the Group are subject to approval by the Board of Directors of Lännen Tehtaat plc, and the practical implementation of these principles is the responsibility of the Financing Department, which operates under the CFO.

1. Market risks

Currency Risk

The Group operates in international markets and is thus exposed to currency risks arising from changes in exchange rates. The Group's currency risks concern sales, purchases and balance sheet items denominated in foreign currencies (transaction risk), and also investment in foreign subsidiaries (translation risk). The most significant currency risk is caused by the US dollar, Canadian dollar and Norwegian crowns. Other currencies causing some currency risk is mainly Swedish crowns. Group's largest currency risk is from currency derivatives, cash balances and trade payables denominated in other currency than the operating currency in Maritim companies and Group's internal financing to Maritim companies.

On 31 December 2009 the most significant net investments in foreign subsidiaries are in Norwegian crownes EUR 7.4 million and Swedish crowns EUR 3.2 million. Group's policy is not to hedge balances related to subsidiary ownership such as net investments in foreign operations or long-term intra-group loans.

The principle followed by the Group is to hedge the original transaction risk in the case of all financially significant currency positions. The Group's financial policy is to look on open currency positions with a value in excess of EUR 100,000 as significant. Hedging can also be made against a probable future open currency position. The instruments available in currency hedging are forward currency contracts, currency options and currency swaps. The Group's business units are responsible for currency risk hedging. Risk management policy specifically defined for the purpose, and this is monitored by the Group's Financing Department.

Sensitivity to currency risk arising from financial instruments as required by IFRS 7

Currency risk (or foreign exchange risk) arises from financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this IFRS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

If on 31 December 2009 (31 December 2008) Norwegian crowns would have been 10% stronger/weaker against euro, group's net profit would have increased / decreased by EUR 0.6/-0.5 (0.8/-0.6) million and equity increased/decreased by EUR 0.0/0.0 (0.0/0.0) million. All other variables such as interest rates remain the same on the analyses.

If on 31 December 2009 (31 December 2008) US dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR 0.0/-0.1 (0.1/0.0) million and equity decreased/increased by EUR 0.0/0.0 (-0.2/0.2) million. All other variables such as interest rates remain the same on the analyses.

If on 31 December 2009 (31 December 2008) Canadian dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR -0.1/0.1 (0.0/0.0) million and equity increased/decreased by EUR 0.0/0.0 (0.0/0.0) million. All other variables such as interest rates remain the same on the analyses.

Interest-rate risk

At the end of the financial year, the Group had a total of EUR 2.4 (4.5) million in long-term floating rate loans from financial institutions, EUR 0.9 (10.7) million in commercial papers and other short-term liabilities, and EUR 7.9 (9.9) million in liquid cash assets. Group's interest rate swaps expired in summer 2008.

Sensitivity to Interest-rate risk arising from financial instruments as required by IFRS 7

With the balance sheet structure on 31 December 2009 (31 December 2008), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR -0.2/0.2 (0.0/0.0) million and equity increased/decreased EUR 0.0/0.0 (0.0/0.0) million.

Commodity risk

The Group is exposed to commodity risks associated with the availability of raw materials, the time difference between procurement and sales, and price fluctuations. It seeks to reduce these risks by using certain quoted commodity futures, forward agreements and options. The most significant single commodity risks concern grains; wheat, barley, oats, soy and rapeseed. The business units are responsible for managing their commodity risks in accordance with the risk management principles laid down for them. Hedge accounting in line with IAS 39 is mostly applied when hedging the raw material risk.

The Lännen Tehtaat Group hedges against price variations in the electricity it purchases by agreeing power supply and electricity derivative financial instruments of different lengths. Management of the Group's electricity portfolio has been outsourced for Finnish companies. The portfolio management covers both the physical procurement of electricity and the financial hedges. Management of the electricity risk is governed by a separate risk policy for the procurement of the electricity. Hedge accounting in line with IAS 39 is applied for hedging the electricity risk.

Sensitivity to commodity risk arising from financial instruments as required by IFRS 7

If on 31 December 2009 (31 December 2008) derivative based commodity prices would have been increased/decreased by 10%, group's net profit would have increased/decreased by EUR 0.0/0.0 (0.0/0.0) million and equity increased/decreased by EUR 0.6/-0.4 (-0.6/0.4) million. When cash flow hedge accounting is applied, the change in the fair value of derivative financial instruments is assumed to be recorded fully in equity.

Other market risks information

The sensitivity analysis presented may not be representative, since the Group's exposure to market risks also arises from other balance sheet items than financial instruments and the position on the balance sheet date may not be representative for the financial period on average. For example, the currency risk analyses only reflect the change in fair value of derivative instruments. Cash flows from derivatives are materially offset by commodity purchase prices denominated in foreign currency even though the Group does not apply IAS 39 hedge accounting to all transactions made in hedging purpose. Interest rate risk varies depending on working capital requirements of business operations.

2. Credit risk

Derivative financial instruments are only entered into with domestic and foreign banks that have a good credit rating. Commodity derivative instruments can be entered into on the appropriate commodity exchanges if necessary. Liquid assets are invested within the approved limits in targets with a good credit rating.

To minimize the operational credit risk, the business units endeavour to obtain collateral security, as credit insurance, in the event that a customer's credit rating so requires.

The Group's management evaluates that there are no significant customer, geographical or counterparty concentrations in the Group's credit and counterparty risks.

Aging of Group's receivables

EUR million	2009	2008
Neither or less than a month past due	25.5	38.4
Past due 1 - 3 months	0.0	0.2
Past due 4 - 6 months	0.0	0.0
Past due over 6 months	0.0	0.1
Total	25.5	38.7

Other Group's receivables do not include credit risk.

3. Liquidity risk

The liquidity risk is the risk that the company may not have sufficient liquid assets or be unable to acquire enough funds to meet the needs of its business operations. The aim of liquidity risk management is to maintain sufficient liquid funds and credit facilities to ensure that there is always enough financing for the Group's business operations. The cash flows of the Group companies are netted with the aid of the Group's internal bank and Group accounts. To manage liquidity, the Group has a commercial paper programme worth EUR 50 (50) million and also long-term binding credit facilities agreed with financial institutions; a total of EUR 25 (25) million was available in credit on 31 December 2009. The total amount of commercial papers issued were EUR 0.0 (9.0) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2009

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	-0.9	-0.5	-1.5	-1.1
Commercial papers	-	-	-	-
Finance leases	0.0	0.0	-0.1	-
Derivative liabilities	-0.1	-	-	-
Total	-1.0	-0.5	-1.6	-1.1

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2008

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	-1.3	-0.8	-3.1	-2.1
Commercial papers	-9.0	-	-	-
Finance leasing	0.0	-0.1	-0.1	-
Derivative liabilities	-1.2	-	-	-
Total	-11.5	-0.9	-3.2	-2.1

Trade payables in non-interest bearing liabilities have maturity less than three months.

4. Capital risk management

The main objective for capital risk management is to secure the Group's operational preconditions in all circumstances. The capital structure of the Group is reviewed by the Board of Directors on a regular basis. Lännen Tehtaat plc does not have a public credit rating. The Group monitors its capital on the basis of equity ratio. The Group has set a long term target of equity ratio of at least 40%. The equity ratio can deviate from the target ratio in the short term. The equity ratio on 31 December 2009 was 78.0% (31 December 2008: 70.5%). The Group's strong financial position enables to execute the corporation's strategy to grow thorough mergers and acquisitions.

The amounts of the Group's interest bearing debts fluctuate significantly during the year due to a seasonality of the employed working capital. Normally the employed working capital is at highest level during the last quarter of the year and at lowest level during the spring and summer.

EUR million	2009	2008
Interest bearing liabilities	3.3	15.2
Liquid assets	25.0	13.6
Interest bearing net debt	21.7	-1.5
Equity	137.3	135.6
Interest bearing net debt and equity total	159.0	134.1
Gearing	-15.8%	1.1%
Equity ratio	78.0%	70.5%

Note 25. Finance lease liabilities

EUR million	2009	2008
Finance lease liabilities, total amount of minimum lease payments	**0.1**	0.2
Within one year	**0.0**	0.1
After one year but not more than five years	**0.1**	0.1
Finance lease liabilities, present value of minimum lease payments	**0.1**	0.2
Within one year	**0.0**	0.1
After one year but not more than five years	**0.1**	0.1
Finance charges accruing in the future	**0.0**	0.0

Note 26. Contingent liabilities

EUR million	2009	2008
Mortgages given for debts		
Real estate mortgages	**2.0**	8.6
Other securities given	**11.1**	7.0
Other leases - present value of minimum lease payments		
Within one year	**2.1**	2.1
After one year but not more than five years	**2.6**	3.3
After more than five years	**0.4**	0.5
Total	**5.1**	5.9

The present value of minimum lease payments includes real estate leases totalling EUR 4.3 (5.0) million.

Contingent assets

The present value of proceeds from the sale of shares in the joint book-entry account.	**0.7**	-

Investment commitments

Lännen Tehtaat has no material investment commitments on 31 December 2009.

Note 27. Fair value hierarchy on financial assets and liabilities valued at fair value

EUR million	Level 1	Level 2	Level 3	Total
Assets				**2009**
Commodity derivatives, cash flow hedge accounting	**0.3**	**-**	**-**	**0.3**
Currency derivatives, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Fund investments	**17.2**	**-**	**-**	**17.2**
Assets				2008
Commodity derivatives, cash flow hedge accounting	-	1.5	-	1.5
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Fund investments	3.8	-	-	3.8
Liabilities				**2009**
Currency derivatives, cash flow hedge accounting	**-**	**0.0**	**-**	**0.0**
Currency derivatives, no hedge accounting	**-**	**0.0**	**-**	**0.0**
Liabilities				2008
Currency derivatives, cash flow hedge accounting	-1.0	-	-	-1.0
Currency derivatives, no hedge accounting	-	-0.2	-	-0.2

During the year there has not been transfers between levels 1 and 2.

Level 1 fair values are based on prices obtained from active markets. Level 2 fair values are mostly based on other input data and commonly accepted fair value models. The input data, however, is mostly based on observable market prices.
Level 3 fair values are mostly based on other input data that are not for the most part based on observable market prices, instead management estimates and commonly accepted fair value models.

Nominal values of derivative instruments

EUR million	2009	2008
Currency derivatives, no hedge accounting	**4.0**	6.3
Commodity derivatives, cash flow hedge accounting	**9.2**	11.4
Commodity derivatives, no hedge accounting	**-**	1.9

Other information related to cash flow hedge

The Group applies cash flow hedging to commodity and currency derivatives. Electricity derivatives expire in three years being more emphasized to the two subsequent years from the balance sheet date. Other derivatives become due within one year. Due to cash flow hedge accounting equity was decreased by EUR 0.8 (-1.2) million. Derivatives affected the profit and loss statement related to net sales EUR 1.0 (0.1) million, purchases and other operating income and expense EUR -2.1 (-1.0) million, financial income and expense EUR 0.0 (0.1) million and taxes EUR 0.3 (0.2) million. Profit and loss statement effects of cash flow hedges are materially netted against the opposing fair value change of the hedged item.

Note 28. Related party transactions

Parent company and subsidiary relations of the Group

	Domicile	Group's share of ownership, %	Group's share of votes, %
Lännen Tehtaat plc (parent company)	Finland		
Apetit Pakaste Oy	Finland	100.0	100.0
Apetit Kala Oy	Finland	100.0	100.0
Maritim Food AS	Norway	100.0	100.0
Maritim Food Sweden AB	Sweden	100.0	100.0
Maritim Food Sweden Egendom AB	Sweden	100.0	100.0
Sandanger AS	Norway	100.0	100.0
Avena Nordic Grain Oy	Finland	80.0 1)	80.0 1)
Mildola Oy	Finland	80.0 1)	80.0 1)
ZAO Avena St. Petersburg	Russia	80.0 1)	80.0 1)
UAB Avena Nordic Grain	Lithuania	80.0 1)	80.0 1)
OÜ Avena Nordic Grain	Estonia	80.0 1)	80.0 1)
Apetit Suomi Oy	Finland	100.0	100.0
8 non-operative companies	Finland	100.0	100.0

1) In addition Lännen Tehtaat Group owns indirectly through Foison Oy 5.4% of the shares in Avena Nordic Grain Oy.

Salaries, wages and benefits of the administrative bodies of the Group

The Corporate Administration consists of the members of the Supervisory Board, the Board of Directors and the CEO of the parent company.

The chairman of the Supervisory Board was paid EUR 11,000 (8,500), the deputy chairman EUR 8,500 (6,000) and the members EUR 250 -1,000 (250 to 1,000) in fees and allowances.

The members of the Board of Directors and CEO were paid in salaries, wages and fringe benefits as follows:

EUR 1,000	2009	2008
Tom v. Weymarn, chairman of the Board	36	35
Hannu Simula, deputy chairman of the Board until 17 April 2009	19	22
Matti Lappalainen, deputy chairman of the Board since 17 April 2009	21	17
Harri Eela, member of the Board	18	17
Aappo Kontu, member of the Board	18	17
Soili Suonoja, member of the Board	18	17
Heikki Halkilahti, member of the Board	18	17
Matti Karppinen, CEO	355	346

The members of the Board do not have any pension agreements with the Group companies. The agreed retirement age for the CEO is 62 years.

Post–employment benefits (pension benefits, amount transferred to income statement)

EUR 1,000	2009	2008
Matti Karppinen, CEO	85	78

The key conditions of the CEO's terms of service are defined in his contract. The period of notice for the CEO is six months. Should the CEO be given notice by the company, he will be entitled to a severance package equivalent to 12 months' pay.

The Group did not have any loan receivables from the group key management on 31 December 2009 nor on 31 December 2008.

Transactions with associated companies and joint ventures

EUR million	2009	2008
Sales to associated companies	1.0	13.4
Sales to joint ventures	6.7	8.2
Purchases from associated companies	2.2	0.7
Purchases from joint ventures	0.0	0.0
Long-term receivables from associated companies	1.3	2.7
Long-term receivables from joint ventures	0.1	-
Trade receivables and other receivables from associated companies	1.6	1.6
Trade receivables and other receivables from joint ventures	0.7	0.6
Trade payables and other liabilities to associated companies	0.2	0.0
Trade payables and other liabilities to joint ventures	0.0	0.0

The sales of goods and services to the associated companies and joint ventures are based on valid market prices.

Note 29. Events since the end of the financial year

Lännen Tehtaat has revised its mission statement and specified its long-term growth target. The Group´s mission is to offer consumers healthy and tasty food products which are based on locally produced raw materials, and to provide added value for its shareholders on a long-term basis. The long-term target is determined and profitable growth in the Group´s business. The other targets - an operating profit of at least 5% of net sales, an equity ratio of at least 40%, and a return of equity (ROE) of at least 12% - remain unchanged.

Note 30. Key indicators

Continuing operations

EUR million	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Net sales	**266.0**	349.1	309.6	244.5
Exports from Finland	**31.3**	78.6	66.6	38.3
Operating profit	**6.8**	13.9	5.3	7.1
% of net sales	**2.6**	4.0	1.7	2.9
R & D expenses	**0.9**	0.8	0.7	1.1
% of net sales	**0.3**	0.2	0.2	0.5
Financial income (+)/expenses(-), net	**0.5**	-3.3	-0.8	3.3
Profit before taxes	**7.3**	10.7	4.6	10.2
% of net sales	**2.7**	3.1	1.5	4.2
Profit for the period	**5.8**	10.0	4.2	7.5
% of net sales	**2.2**	2.9	1.4	3.1
Gross investments excluding acquisitions	**2.7**	8.1	6.9	1.9
% of net sales	**1.0**	2.3	2.2	0.8
Acquisitions and other investments in shares	**1.2**	0.5	11.6	3.0
% of net sales	**0.5**	0.1	3.7	1.2
Average number of personnel	**657**	755	705	662

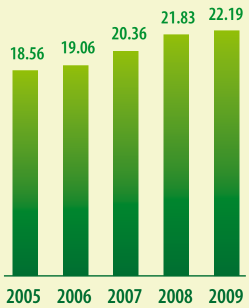
Group, continuing and discontinued operations

EUR million	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS
FINANCIAL INDICATORS					
Profitability					
Net sales	**266.0**	349.1	376.8	408.7	433.0
Operating profit	**6.8**	20.5	14.4	16.3	16.2
% of net sales	**2.6**	5.9	3.8	4.0	3.7
Profit before taxes	**7.3**	17.7	14.6	17.8	14.9
% of net sales	**2.7**	5.1	3.9	4.4	3.4
Profit for the period	**5.8**	17.1	13.4	13.1	11.3
% of net sales	**2.2**	4.9	3.6	3.2	2.6
Attributable to					
Shareholders of the parent company	**5.8**	17.0	13.3	13.1	11.3
Minority interests	**-**	0.1	0.1	-	0.1
Return on equity, % (ROE)	**4.3**	12.9	10.8	10.5	10.2
Return on investment, % (ROI)	**5.5**	13.8	10.0	11.2	10.8
Finance and financial position					
Equity ratio, %	**78.0**	70.5	62.1	50.3	50.0
Net gearing, %	**-15.8**	1.1	16.0	40.7	29.9
Non-current assets	**77.4**	84.3	99.4	115.6	123.9
Inventories	**48.1**	55.1	64.4	65.3	54.5
Other current assets	**50.6**	52.9	42.1	56.5	53.7
Shareholders' equity	**137.3**	135.6	128.0	119.2	116.1
Distributable funds	**82.7**	78.9	61.6	40.1	65.7
Interest-bearing borrowings	**3.3**	15.2	33.6	56.0	45.9
Non-interest-bearing borrowings	**35.5**	41.6	44.3	62.3	70.1
Balance sheet total	**176.1**	192.3	205.9	237.5	232.2
Other indicators					
Gross investments excluding acquisitions	**2.7**	8.1	7.5	7.6	7.3
% of net sales	**1.0**	2.3	2.0	1.9	1.7
Acquisitions and other investments in shares	**1.2**	0.5	11.6	3.0	4.4
% of net sales	**0.5**	0.1	3.1	0.7	1.0
Average number of personnel	**657**	755	827	849	981

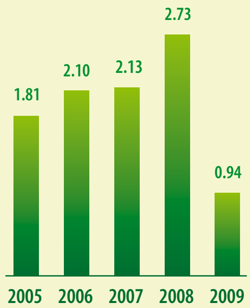
	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS
SHARE INDICATORS					
Earnings and dividend					
Earnings per share, EUR	**0.94**	2.73	2.13	2.10	1.81
Dividend per share, EUR	1) **0.76**	0.85	0.85	0.84	0.73
Dividend per earnings, %	**80.9**	31.1	40.0	40.0	40.3
Effective dividend yield, %	**4.9**	6.3	5.3	3.5	4.1
P/E ratio	**16.7**	4.9	7.6	11.6	9.9
Shareholders' equity per share, EUR	**22.19**	21.83	20.36	19.06	18.56
Share performance, EUR					
Lowest price during the year	**11.90**	13.00	15.65	15.26	11.71
Highest price during the year	**15.99**	17.00	24.50	24.70	18.29
Average price during the year	**13.71**	14.49	20.86	20.21	14.34
At the end of the year	**15.65**	13.49	16.19	24.30	18.00
Share trading					
Share turnover (1,000 pcs)	**1 998**	963	923	1 622	3 769
Turnover ratio, %	**31.6**	15.2	14.6	25.7	59.7
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalization, EUR million	**98.9**	85.2	102.3	153.5	113.7
Dividends, EUR million	1) **4.7**	5.3	5.3	5.3	4.6
Number of shares					
Number of shares	**6 317 576**	6 317 576	6 317 576	6 317 576	6 317 576
Average adjusted number of shares	**6 187 576**	6 220 618	6 252 576	6 252 576	6 252 576
Adjusted number of shares at the end of the period	**6 187 576**	6 187 576	6 252 576	6 252 576	6 252 576

1) Board's proposal

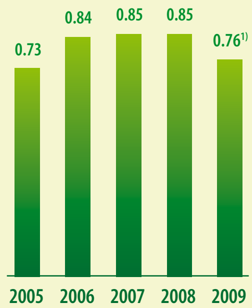
Shareholders´ equity per share, EUR



Earnings per share, EUR



Dividend per share, EUR



1) Board's proposal

Note 31. Calculation of key indicators

Return on equity, % (ROE)	=	$\frac{\text{Profit/loss}}{\text{Total equity, average for the year}}$	x 100
Return on investment, % (ROI)	=	$\frac{\text{Profit/loss before taxes + interest + other financial expenses}}{\text{Total assets - non-interest-bearing liabilities, average for the year}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets - advance payments received}}$	x 100
Gearing, %	=	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}}$	x 100
Interest-bearing net liabilities	=	Interest-bearing liabilities - cash and cash equivalents - short term investments	
Earnings per share	=	$\frac{\text{Profit/loss for the year of parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Dividend per share	=	$\frac{\text{Dividend for the period}}{\text{Basic number of outstanding shares on 31 December}}$	
Dividend per earnings, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$	x 100
Price/earnings ratio (P/E)	=	$\frac{\text{Share price at period end}}{\text{Earnings per share}}$	
Shareholders’ equity per share	=	$\frac{\text{Equity of parent company shareholders}}{\text{Basic number of outstanding shares on 31 December}}$	
Market capitalization	=	Basic number of outstanding shares x share price at the end of the period	

Note 32. Shares and shareholders

Major shareholders on 10 February 2010

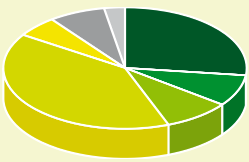
	Number of shares	%	Number of votes	%
Scanfil plc	544 229	8.6	544 229	8.8
Skagen Funds, total	406 600	6.4	406 600	6.6
Skagen Global Verdipapirfond	214 350		214 350	
Skagen Vekst Verdipapirfond	101 000		101 000	
Skagen Global II Verdipapirfond	83 400		83 400	
Skagen Vekst III Verdipapirfond	4 200		4 200	
Skagen Global III Verdipapirfond	3 650		3 650	
Esko Eela	389 838	6.2	389 838	6.3
Nordea Nordic Small Cap Fund	346 505	5.5	346 505	5.6
Valio Oy	327 912	5.2	327 912	5.3
EM Group Oy	207 654	3.3	207 654	3.4
Mutual Insurance Company Pension Fennia	155 000	2.5	155 000	2.5
Ilmarinen Mutual Pension Insurance Company	153 800	2.4	153 800	2.5
Central Union of Agricultural Producers and Forest Owners (MTK)	125 485	2.0	125 485	2.0
Special Mutual Fund Fourton Fokus Finland	109 262	1.7	109 262	1.7
OP-Finland Value	99 708	1.6	99 708	1.6
Valio's Pension Fund	86 478	1.4	86 478	1.4
Norvestia plc	74 294	1.2	74 294	1.2
SR Arvo Finland Value	64 000	1.0	64 000	1.0
Säästöpankki kotimaa Mutual Fund	61 900	1.0	61 900	1.0
Säkylän municipality	59 822	0.9	59 822	0.9
City of Turku	40 218	0.6	40 218	0.6
Foundation for Economic Education	35 000	0.6	35 000	0.6
Placeringsfonden SEB Gyllenberg Small Firm	34 426	0.5	34 426	0.5
Suomen Outperform Oy	32 587	0.5	32 587	0.5
Nominee-registered shares	176 284	2.8	176 284	2.8
Nordea Pankki Finland Plc	153 006		153 006	
Skandinaviska Enskilda Banken	22 317		22 317	
Svenska Handelsbanken AB	611		611	
Nordnet Bank AB	350		350	
Other shareholders	2 656 574	42.1	2 656 574	42.9
External ownership total	6 187 576	97.9	6 187 576	100.0
Owned by the company	130 000	2.1		
	6 317 576	100.0		

Shares owned by the Group administration

Regular and deputy members of the Supervisory Board and members of the Board of Directors and the CEO and the deputy CEO, and the corporations and foundations under their control owned a total of 27,079 shares on 10 February 2010. This corresponds to 0.4% of share capital and voting rights.

Distribution of shareholdings on 10 February 2010

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	4 245	48.3	196 898	3.1
101 - 500	3 411	38.8	829 435	13.1
501 - 1 000	675	7.7	496 164	7.9
1 001 - 5 000	389	4.4	714 368	11.3
5 001 – 10 000	30	0.3	204 943	3.2
10 001 – 50 000	18	0.2	388 125	6.1
50 001 – 100 000	7	0.1	529 602	8.4
100 001 – 500 000	12	0.1	2 413 812	38.2
500 001 -	1	0.0	544 229	8.6
Total	8 788	100.0	6 317 576	100.0



Distribution of ownership, % of shares, on 10 February 2010

	% of shareholders	% of shares
Companies	2.2	26.9
Financial and insurance institutions	0.3	8.5
Public organizations	0.4	8.9
Private households	95.7	40.0
Non-profit organizations	1.3	5.4
Foreign owners	0.1	7.5
Nominee-registered		2.8
Total	100.0	100.0

Parent company income statement, FAS

EUR 1000	Note	2009	2008
Other operating income	(1)	579	21 976
Personnel expenses	(2)	-1 922	-1 877
Depreciation and impairments	(3)	-325	-329
Other operating expenses	(4)	-6 495	-1 718
Operating profit/loss		-8 233	18 051
Financial income and expenses	(5)	15 601	3 672
Profit before extraordinary items		7 368	21 723
Extraordinary items	(6)	1 900	1 465
Profit before appropriations, taxes and minority interests		9 268	23 188
Appropriations	(7)	34	51
Income taxes	(8)	-266	357
Net profit		9 035	23 596

Parent company balance sheet, FAS

EUR 1000	Note	31 Dec. 2009	31 Dec. 2008
ASSETS			
Non-current assets			
Intangible assets	(9)	78	124
Tangible assets	(10)	5 121	5 400
Investments in Group companies	(11,12)	27 779	35 338
Investments in associated companies	(11,12)	12 189	12 189
Other investments and receivables	(11,12)	75	75
		45 241	53 126
Current assets			
Long-term receivables	(13)	7 996	4 460
Deferred tax receivables	(14)	132	398
Current receivables	(15)	45 990	60 038
Financial assets at fair value through profit and loss		17 182	3 779
Cash and cash equivalents		4 374	6 778
		75 674	75 453
		120 915	128 579
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(16)		
Share capital		12 635	12 635
Premium fund		23 391	23 391
Contingency reserve		7 232	7 232
Retained earnings		66 397	48 060
Profit for the period		9 035	23 596
		118 690	114 915
Accumulated appropriations	(17)	-	34
Liabilities	(18)		
Long-term borrowings		1 289	12 043
Current liabilities		936	1 588
		2 225	13 631
		120 915	128 579

Parent company cash flow statement, FAS

EUR 1000	2009	2008
Cash flow from operating activities		
Profit before extraordinary items	7 368	21 723
Adjustments	-10 418	-23 221
Change in working capital		
Change in non-interest-bearing current receivables	2 773	-1 606
Change in non-interest-bearing current liabilities	-652	192
Cash flow from operating activities before financial items and taxes	-929	-2 912
Dividends received	9 527	16
Interests paid	-121	-1 371
Received interests	2 114	2 614
Taxes paid	479	-861
Cash flow from operating activities (A)	11 070	-2 514
Cash flow from investing activities		
Investments in tangible and intangible assets	-	-162
Proceeds from sales of tangible and intangible assets	1	52
Investments in Group companies	-	-375
Sales of Group companies	2 700	1 521
Proceeds from sales of associated companies	-	26 980
Investments in associated companies	-	-415
Investments in other shares	-22 063	-14 000
Proceeds from sales of other investments	8 998	18 118
Dividends received	3 347	3 612
Cash flow from investing activities (B)	-7 017	35 331
Cash flow before financing	4 053	32 817
Cash flow from financing activities		
Change in short-term financing	-9 000	-17 276
Repayments of long-term loans	-3 408	2 955
Change in subsidiary financing	9 746	-11 699
Purchase of own shares	-	-991
Dividends paid	-5 259	-5 315
Group contributions, received	1 465	3 385
Cash flow from financing activities (C)	-6 456	-28 941
Net increase/decrease in cash and cash equivalents	-2 404	3 875
Cash and cash equivalents at beginning of financial year	6 778	2 853
Cash and cash equivalents at end of financial year	4 374	6 778

Change in receivable and liability of Group account -244 (-847) is included in the change in working capital.

Accounting principles, FAS

Valuation of fixed assets

Fixed assets have been capitalized at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life.

Foreign currency items

Receivables and payables denominated in foreign currencies have been translated into euros at the European Central Bank middle rate on the closing day. Exchange rate differences caused by short-term receivables and liabilities have been charged to the profit and loss account. Unrealized exchange rate losses of long-term receivables and liabilities have also been charged to the profit and loss account. Likewise, unrealized exchange rate gains of long-term receivables have been charged since the financial year 2009 to the profit and loss account.

Deferred tax assets and liabilities

Deferred tax liabilities and assets are calculated on the basis of the timing differences between the closing date and the taxation date, using the tax rate for subsequent years confirmed on the closing date.

Derivative contracts

In line with its risk management policy, Lännen Tehtaat uses a variety of derivatives for hedging against a number of risks arising from foreign currencies, interest rates and commodity prices. The market values of derivatives are entered under derivative contracts in the other notes to the accounts and indicate what the result would have been if the derivative position had been closed at market prices on the date of closing of the accounts.

Swap contracts and cap agreements have been used against interest risks in variable-rate long-term loans. The income or expenses from the contracts are recorded on accrual basis under other financial income or expenses. The swap contracts have been closed in June 2008.

Pension arrangements

Statutory pension coverage for corporate personnel is covered by pension insurance. Special pension insurance policies provide additional pension coverage under the Trust rules for former employees and retired staff previously covered by the Lännen Staff Pension Trust.

The retirement age for the parent company's CEO has been set at 62 years.

Notes to the parent company income statement, FAS

1. Other operating income

EUR 1000	2009	2008
Gains from sales of non-current assets	1	21 486
Rental income	401	352
Service fees	126	119
Other	50	19
Total	579	21 976

2. Personnel expenses and average number of personnel

EUR 1000	2009	2008
Personnel expenses		
Wages and salaries	1 631	1 632
Pension expenses	245	136
Other social security expenses	116	109
Total	1 992	1 877

Salaries, wages and benefits of the administrative bodies are presented in Note 28 of the Notes to the consolidated financial statements.

Average number of personnel	12	12

The pension commitments to the members of the Board of Directors and the CEO

The retirement age of the CEO is 62 years.

3. Depreciation and impairments

Depreciation according to plan has been calculated from the original acquisition cost on a straight-line basis. Tangible and intangible assets are subject to straight-line depreciation over the period of their useful lives. Depreciations begin from the month that they are available for use.

Intangible rights	5 or 10 years
Other capitalized long-term expenses	5 or 10 years
Buildings	20-30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciations have not changed.

EUR 1000	2009	2008
Depreciation according to plan		
Intangible rights	7	4
Other capitalized long-term expenses	39	43
Buildings	255	254
Machinery and equipment	24	28
Total	325	329

4. Other operating expenses

EUR 1000	2009	2008
Loss from sales of investments	4 859	-
Loss from sales of current and non-current assets	-	25
Rental expenses	89	110
Expenses of administration	1 041	896
Other operating expenses	506	687
Total	6 495	1 718
Audit fees	89	80

5. Financial income and expenses

EUR 1000	2009	2008
Dividend income		
From Group companies	9 515	-
From associated companies	3 346	3 612
From others	12	16
Total	12 873	3 628
Interest income from long-term investments		
From Group companies	129	156
Other interest and financial income		
From Group companies	963	2 359
From associated companies	0	-
Foreign currency gains	953	1
From others	805	98
Total	2 721	2 458

In 2009 foreign currency gains included unrealized profits from long-term receivables EUR 128,000.

Financial income, total	15 723	6 242
Interest expenses and other financial expenses		
To Group companies	9	74
To others	112	2 496
Total	121	2 570
Financial income and expenses, total	15 601	3 672

6. Extraordinary items

EUR 1000	2009	2008
Group contributions received	1 900	1 465

7. Appropriations

EUR 1000	2009	2008
Depreciation in excess of or less than plan		
Other capitalized long-term expenses	8	-3
Buildings	66	67
Machinery and equipment	-40	-13
Total	34	51

8. Income taxes

EUR 1000	2009	2008
Income taxes from extraordinary items	494	381
Income taxes for the financial year	-494	-381
Income taxes for the previous years	-	58
Change in deferred tax receivables	266	-398
Change in deferred tax liabilities	-	-17
Total	266	-357

9. Non-current assets

Intangible assets 2009

EUR 1000	Intangible rights	Other capitalized long-term expenses	Advance payments	Total
Acquisition cost 1 Jan.	64	236	-	300
Acquisition cost 31 Dec.	64	236	-	300
Accumulated depreciation 1 Jan.	-32	-144	-	-332
Depreciation for the period	-8	-38	-	-46
Accumulated depreciation 31 Dec.	-40	-182	-	-378
Book value 31 Dec. 2009	24	54	-	78

Intangible assets 2008

EUR 1000	Intangible rights	Other capitalized long-term expenses	Advance payments	Total
Acquisition cost 1 Jan.	35	311	-	346
Additions	-	-156	860	704
Disposals	-	-	-750	-750
Transfers	29	81	-110	-
Acquisition cost 31 Dec.	64	236	-	300
Accumulated depreciation 1 Jan.	-29	-257	-	-286
Disposals, accumulated depreciation	-	156	-	-
Depreciation for the period	-3	-43	-	-46
Accumulated depreciation 31 Dec.	-32	-144		-332
Book value 31 Dec. 2008	32	92	-	124

10. Non-current assets

Tangible assets 2009

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2 274	5 802	580	64	-	8 720
Disposals	-	-54	-190	-	-	-244
Acquisition cost 31 Dec.	2 274	5 748	390	64	-	8 476
Accumulated depreciation 1 Jan.	-	-2 833	-487	-	-	-3 320
Disposals, accumulated depreciation	-	54	190	-	-	244
Depreciation for the period	-	-254	-25	-	-	-279
Accumulated depreciation 31 Dec.	-	-3 033	-322	-	-	-3 355
Book value 31 Dec. 2009	2 274	2 715	68	64		5 121

Tangible assets 2008

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	2 349	5 771	602	64	31	8 817
Additions	-	-	87	-	-	87
Disposals	-75	-	-109	-	-	-184
Transfers	-	31	-	-	-31	-
Acquisition cost 31 Dec.	2 274	5 802	580	64	-	8 720
Accumulated depreciation 1 Jan.	-	-2 580	-517	-	-	-3 097
Disposals, accumulated depreciation	-	-	59	-	-	59
Depreciation for the period	-	-253	-29		-	-282
Accumulated depreciation 31 Dec.		-2 833	-487	-	-	-3 320
Book value 31 Dec. 2008	2 274	2 969	93	64	-	5 400

Revaluation 2008 and 2009

Land and water areas 1 Jan. and 31 Dec.	1 850

11. Investments

Investments, other investments and receivables 2009

EUR 1000	Holdings in Group companies	Holdings in associated and participating interest companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	**35 338**	**12 189**	**44**	**31**	**47 602**
Disposals	**-7 559**	**-**	**-**	**-**	**-7 559**
Book value 31 Dec. 2009	**27 779**	**12 189**	**44**	**31**	**40 043**

Investments, other investments and receivables 2008

EUR 1000	Holdings in Group companies	Holdings in associated and participating interest companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	35 907	18 115	44	31	54 097
Additions	104	416	-	-	520
Disposals	-673	-6 342	-	-	-7 015
Book value 31 Dec. 2008	35 338	12 189	44	31	47 602

12. Shares of Group companies, associated companies and other shares and receivables

	Domicile	Holding -%
Group companies		
Apetit Pakaste Oy	Säkylä	100.0
Apetit Kala Oy	Kuopio	100.0
Apetit Suomi Oy	Säkylä	100.0
Avena Nordic Grain Oy	Helsinki	80.0
Maritim Food AS	Norway	100.0
7 non-operative companies	Säkylä	100.0
Associated companies		
Sucros Ltd	Helsinki	20.0
Foison Oy	Helsinki	26.9

Other shares, holdings and receivables

	Book value 31 Dec. 2009 EUR 1000
Other	
Shares and holdings	44
Connection fees, long-term receivables	31
Total	75

13. Long-term receivables

EUR 1000	2009	2008
Loans receivables		
from Group companies	6 478	1 560
Other receivables		
from associated companies	1 518	2 900
Long-term receivables total	7 996	4 460

14. Deferred tax receivables

EUR 1000	2009	2008
From tax calculation of the loss	132	398

15. Current receivables

EUR 1000	2009	2008
Accounts receivable	34	46
Amounts owed by the Group companies		
Accounts receivable	150	2 970
Loans receivable	39 674	49 151
Group account receivables	2 691	4 210
Group contributions receivables	1 900	1 465
Prepayments and accrued income	2	114
Total	44 417	57 910
Amounts owed by the associated companies		
Accounts receivable	6	7
Other receivables	1 468	1 450
Total	1 474	1 457
Other receivables	-	73
Pre-payments and accrued income		
Pension assurance and other		
legal assurances	8	34
Income tax receivables	-	476
Other	57	41
Total	65	551
Current receivables total	45 990	60 038

16. Changes in shareholders' equity

EUR 1000	2009	2008
Share capital 1 Jan.	12 635	12 635
Share capital 31 Dec.	12 635	12 635
Premium fund 1 Jan.	23 391	23 391
Premium fund 31 Dec.	23 391	23 391
Contingency reserve 1 Jan.	7 232	7 232
Contingency reserve 31 Dec.	7 232	7 232
Retained earnings 1 Jan.	48 060	27 583
Transfer from previous year´s profit	23 596	26 783
Dividends paid	-5 259	-5 315
Purchase of own shares	-	-991
Retained earnings 31 Dec.	66 397	48 060
Profit for the financial year	9 035	23 596
Shareholders' equity 31 Dec.	118 690	114 914
Distributable funds		
Contingency reserve	7 232	7 232
Retained earnings	66 397	48 060
Profit/loss for the financial year	9 035	23 596
Distributable funds 31 Dec.	82 664	78 889

17. Accumulated appropriations

EUR 1000	2009	2008
Accumulated depreciation in excess		
of plan	-	34

18. Liabilities

EUR 1000	2009	2008
Current liabilities		
Trade payables	122	326
Amounts owed to Group companies		
Trade payables	21	20
Other liabilities	66	69
Group account liabilities	1 289	3 043
Accruals and deferred income	7	-
Total	1 383	3 132
Amounts owed to associated companies		
Trade payables	22	-
Other current liabilities		
Commercial papers emitted	-	9 000
VAT liabilities	-	314
Other	48	260
Total	48	9 574
Accrued expenses and deferred income		
Holiday pay reserve including social security expenses	577	465
Accruals of expenses	72	134
Total	649	599
Current liabilities with interest, total	1 289	12 043
Current liabilities interest-free, total	936	1 588

19. Contingent liabilities

EUR 1000	2009	2008
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	335	366
Falling due at later date	-	120
Other lease liabilities		
Falling due during the following year	12	24
Falling due at later date	6	23
Other liabilities		
Guarantees	130	130
Contingent liabilities on behalf of the Group companies		
Guarantees	6 398	5 700
Liabilities total	6 881	6 363
Contingent assets		
Proceeds from the sale of shares in the joint book-entry account.	787	-
Outstanding derivative instruments		
Commodity derivate instruments		
Market value	-14	-351
Value of underlying instruments	1 507	1 851
Forward currency contracts		
Market value	-	-226
Value of underlying instruments	-	4 842

Proposal of the Board of Directors for the distribution of profits

The parent company's distributable funds totalled EUR 82,664,541.83 on 31 December 2009, of which EUR 9,035,217.05 is profit for the financial year.

The Board of Directors proposes to the Annual General Meeting that the distributable funds be used as follows:

- distributed as a dividend of EUR 0.76 per share i.e. a total of	EUR 4,702,557.76
- retained in shareholders' equity	EUR 77,961,984.07
Total	EUR 82,664,541.83

No material changes have taken place in the company's financial position subsequent to the balance sheet date. The company's liquidity is good and, in the Board of Directors' opinion, the proposed dividend distribution will not jeopardize the company's solvency.

Signatures to the Board of Directors' report and financial statements

Espoo, 16 February 2010

Tom v. Weymarn	Harri Eela	Heikki Halkilahti
Aappo Kontu	Matti Lappalainen	Hannu Simula
Soili Suonoja	Matti Karppinen CEO	

Auditor´s report

To the Annual General Meeting of Lännen Tehtaat plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Lännen Tehtaat plc for the period 1.1. – 31.12.2009. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Supervisory Board, the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Säkylä, February 23, 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannu Pellinen	Tomi Moisio
APA	APA, CPFA

Statement by the Supervisory Board

The Supervisory Board has today reviewed Lännen Tehtaat plc's financial statements 2009 including the consolidated financial statements, the Board of Directors' report and the related Board of Directors' proposal concerning the distribution of profit funds, and the auditors' report provided by the Company's auditors. The Supervisory Board has no comments to make on these.

The Supervisory Board proposes that the parent company financial statements and consolidated financial statements be adopted and concurs with the proposal of the Board of Directors concerning the distribution of the profit funds.

The term of the following Supervisory Board members will end on the date of the Annual General Meeting: Heikki Aaltonen, Jussi Hantula, Börje Helenelund, Risto Korpela, Mikko Kurittu, Samu Pere and Esa Ruohola.

Säkylä, 1 March 2010

For the Supervisory Board

Helena Walldén	Asmo Ritala
Chairman	Secretary

Shares, share capital, shareholders and dividend policy

Registration and share quotation

Lännen Tehtaat plc's shares are in the book-entry system and have been quoted on NASDAQ OMX Helsinki Ltd since 1989. The symbol for the shares is LTE1S.

Shares and voting rights

The shares of Lännen Tehtaat plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association prescribe that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a shareholders' meeting.

Share capital

The minimum share capital is EUR 10,000,000 and the maximum EUR 40,000,000. The shares have a nominal value of EUR 2 each. Share capital at the beginning and at the end of the financial year was EUR 12,635,152 and there were 6,317,576 shares.

The Annual General Meeting on 2 April 2009 authorized the Board of Directors to decide on the issuing of new shares and on the transfer of Lännen Tehtaat shares held by the company in one or more lots in a share issue, to a total of no more than 761,757 shares. The share issue authorization covers all the Lännen Tehtaat shares held by the company, a total of 130,000 shares. The maximum number of new shares that can be issued is 631,757.

The subscription price for each of the new shares must be at least the nominal share value of EUR 2. The transfer price for Lännen Tehtaat shares held by the company must be at least the current value of the share at the time of transfer, which is determined by the price quoted in public trading on the NASDAQ OMX Helsinki Ltd stock exchange. However, in the case of share-based incentive systems, shares can be issued without remuneration. The authorization includes the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has a substantial financial reason to do so, such as development of the company's capital structure, financing and implementing corporate acquisitions or other arrangements, or building a share-based incentive system, the right to offer shares not only against money payment but also against capital consideration in kind or under other specified terms or by exercising right of set-off and to decide on the subscription price of shares and other conditions of and matters related to the share issue.

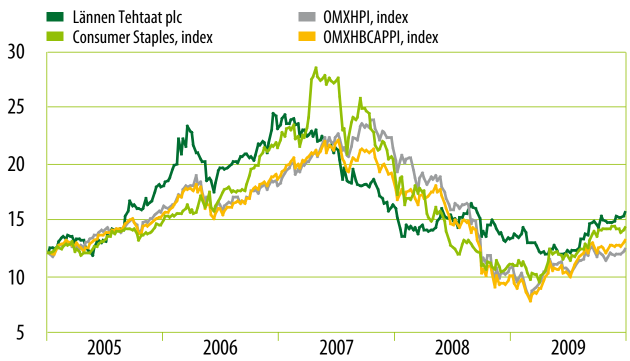
The authorization is valid until the next AGM. The authorization revoked the earlier authorization to issue shares, given on 2 April 2008, and the authorization to transfer Lännen Tehtaat shares held by the company given on the same date.

The Board of Directors has not until 16 February 2010 used the authorization granted to it for issuing new shares or for transferring Lännen Tehtaat shares held by the company.

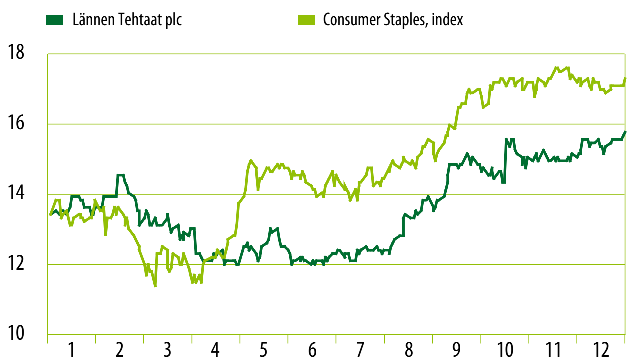
Lännen Tehtaat plc's share options

The Board of Directors has no authorization to decide on the issuance of options or other special rights entitling to shares.

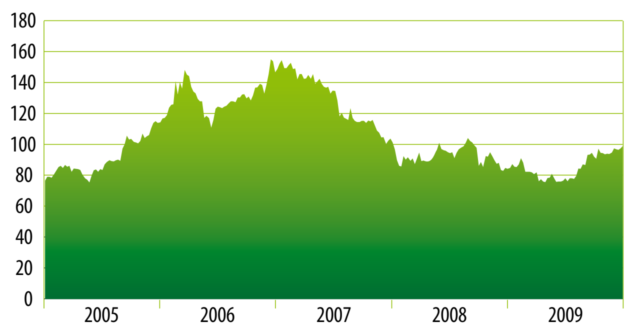
Share performance 2005-2009, EUR



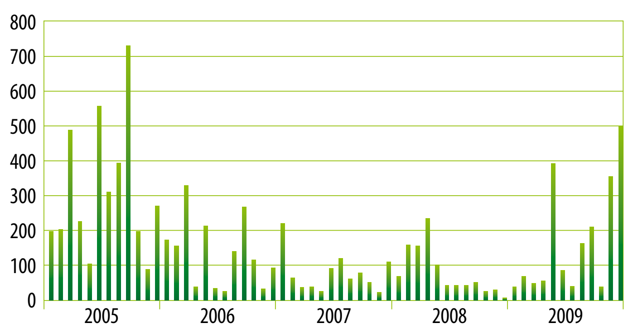
Share performance 2009, EUR



Market capitalization 2005-2009, EUR million



Share trading 2005-2009, 1,000 shares



Own shares

At the end of the financial year the company had a total of 130,000 own shares, which have been purchased in years 2000, 2001 and 2008. Their nominal value is EUR 0.26 million and they represent 2.1% of the shares and votes of the company. These shares carry no voting rights and no dividend is paid on them.

Major shareholders on 10 February 2010

	Number of shares	%	Number of votes	%
Scanfil plc	544 229	8.6	544 229	8.8
Skagen Funds, total	406 600	6.4	406 600	6.6
Skagen Global Verdipapirfond	214 350		214 350	
Skagen Vekst Verdipapirfond	101 000		101 000	
Skagen Global II Verdipapirfond	83 400		83 400	
Skagen Vekst III Verdipapirfond	4 200		4 200	
Skagen Global III Verdipapirfond	3 650		3 650	
Esko Eela	389 838	6.2	389 838	6.3
Nordea Nordic Small Cap Fund	346 505	5.5	346 505	5.6
Valio Oy	327 912	5.2	327 912	5.3
EM Group Oy	207 654	3.3	207 654	3.4
Mutual Insurance Company Pension Fennia	155 000	2.5	155 000	2.5
Ilmarinen Mutual Pension Insurance Company	153 800	2.4	153 800	2.5
Central Union of Agricultural Producers and Forest Owners (MTK)	125 485	2.0	125 485	2.0
Special Mutual Fund Fourton Fokus Finland	109 262	1.7	109 262	1.7
OP-Finland Value	99 708	1.6	99 708	1.6
Valio's Pension Fund	86 478	1.4	86 478	1.4
Norvestia plc	74 294	1.2	74 294	1.2
SR Arvo Finland Value	64 000	1.0	64 000	1.0
Säästöpankki kotimaa Mutual Fund	61 900	1.0	61 900	1.0
Säkylän municipality	59 822	0.9	59 822	0.9
City of Turku	40 218	0.6	40 218	0.6
Foundation for Economic Education	35 000	0.6	35 000	0.6
Placeringsfonden SEB Gyllenberg Small Firm	34 426	0.5	34 426	0.5
Suomen Outperform Oy	32 587	0.5	32 587	0.5
Nominee-registered shares	176 284	2.8	176 284	2.8
Nordea Pankki Finlans Plc	153 006		153 006	
Skandinaviska Enskilda Banken	22 317		22 317	
Svenska Handelsbanken AB	611		611	
Nordnet Bank AB	350		350	
Other shareholders	2 656 574	42.1	2 656 574	42.9
External ownership total	6 187 576	97.9	6 187 576	100.0
Owned by the company	130 000	2.1		
	6 317 576	100.0		

Shares owned by the corporate management

Regular and deputy members of the Supervisory Board and members of the Board of Directors and the CEO and the deputy CEO, and the corporations and foundations under their control owned a total of 27,079 shares on 10 February 2010. This corresponds to 0.4% of share capital and voting rights.

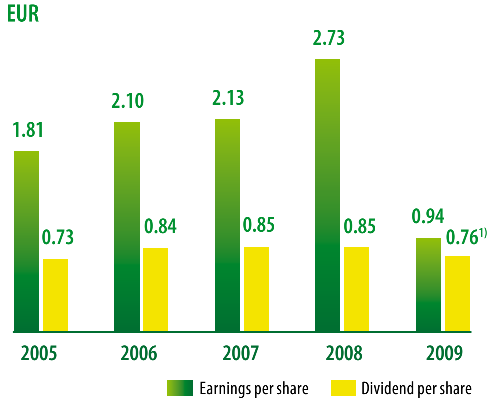
Distribution of shareholdings on 10 February 2010

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	4 245	48.3	196 898	3.1
101 - 500	3 411	38.8	829 435	13.1
501 - 1 000	675	7.7	496 164	7.9
1 001 - 5 000	389	4.4	714 368	11.3
5 001 – 10 000	30	0.3	204 943	3.2
10 001 – 50 000	18	0.2	388 125	6.1
50 001 – 100 000	7	0.1	529 602	8.4
100 001 – 500 000	12	0.1	2 413 812	38.2
500 001 -	1	0.0	544 229	8.6
Total	8 788	100.0	6 317 576	100.0

Dividend policy

The aim of the Lännen Tehtaat plc Board is to ensure that the share generates a good return and retains its value. Dividend policy supports this goal. The company will distribute a dividend of no less than 40% of the proportion of the profit for the financial year that is assigned to parent company shareholders.

Earnings per share and dividend per share, EUR



1) Board´s proposal

Corporate Governance Statement of Lännen Tehtaat plc

This corporate governance statement of Lännen Tehtaat plc has been drawn up in accordance with recommendation 51 of the Finnish Corporate Governance Code.

Lännen Tehtaat plc complies with the Corporate Governance Code published by the Securities Market Association on 20 October 2008 and effective from 1 January 2009, with the exception of recommendation 8 concerning the election of directors.

Recommendation 8 of the Corporate Governance Code states that the general meeting shall elect the Board of Directors. Under the Lännen Tehtaat plc Articles of Association the company's Supervisory Board elects the members of the Board of Directors and decides the remuneration payable to them.

The company has chosen to deviate from the recommendation because the Supervisory Board, as the body that oversees the company's Board of Directors, is best placed to assess the composition of the Board of Directors and the attributes required of Board members.

The Corporate Governance Code is publicly available on the website of the Securities Market Association, at www.cgfinland.fi.

Board of Directors

1. Board of Directors election procedure laid down in the Articles of Association

Under the Lännen Tehtaat plc Articles of Association the company's Supervisory Board elects the members of the Board of Directors and decides the remuneration payable to them.

Under the Articles of Association, Lännen Tehtaat plc's Board of Directors comprises a minimum of five and a maximum of seven members. The Articles of Association do not limit the number of terms served by members of the Board of Directors nor is the Supervisory Board's decision-making power in the election of members of the Board of Directors restricted in any other way.

2. Composition of Board of Directors

Members

At a meeting held on 17 April 2009, Lännen Tehtaat plc's Supervisory Board decided to elect seven members to Lännen Tehtaat plc's Board of Directors. The Board members elected were Tom v. Weymarn, Matti Lappalainen, Harri Eela, Heikki Halkilahti, Aappo Kontu, Hannu Simula and Soili Suonoja.

Information on members of the Board of Directors

Tom v. Weymarn, b. 1944, M.Sc. (Tech.)
Principal occupation: professional board member
Lännen Tehtaat plc Board chairman

Matti Lappalainen, b. 1948, M.Sc. (Econ. & Bus. Adm.)
Senior Adviser
Lännen Tehtaat plc Board deputy chairman

Harri Eela, b. 1960, wood-products industries technician
Principal occupation: DSTP-Engineering Oy, Managing Director

Heikki Halkilahti, b. 1947, LL.M., M.Sc. (Econ. & Bus. Adm.)
Principal occupation: Valio's Pension Fund and Valio's Mutual Insurance Company, Managing Director

Aappo Kontu, b. 1952, M.Sc. (Tech.)
Principal occupation: Empower Group Oy, President

Hannu Simula, b. 1947, M.Sc. (Agric.)
Farmer

Soili Suonoja, b. 1944, home economics teacher, MBA
Principal occupation: professional board member

Evaluation of independence

The company's Board of Directors has performed an evaluation of the independence of the Board's members in relation to the company and in relation to the major shareholders, in accordance with recommendation 15 of the Corporate Governance Code.

The evaluation found that all the Board members are independent of the company and of significant shareholders as referred to in the Corporate Governance Code recommendation.

3. Description of the operation of the Board of Directors

The main elements of the Board of Directors' rules of procedure

The rules of procedure of the Board of Directors describe the following

- functions of the Board of Directors and the Board's chairman
- planning and assessment of the Board's operation
- establishment of Board committees and temporary working groups, and
- practices for approving the expenses of Board members and the Chief Executive Officer (CEO)

Functions of the Board of Directors

The general function of the Board of Directors is to direct the operations of the company in such a way that in the long run the amount of added value for the capital invested is maximised, taking into account at the same time the expectations of the different stakeholders. The Board of Directors also monitors on a continuous basis the demands placed by shareholders on the Board of Directors and the general development of ownership policy.

For the purpose of performing its functions the Board of Directors:

- monitors the financial statements reporting process and the statutory auditing of the financial statements and consolidated financial statements
- supervises the financial reporting process
- considers the corporate governance statement's description of the main aspects of the internal control and risk management systems pertaining to the financial reporting process
- appoints and releases from duties the CEO and Deputy CEO, determines their duties and decides on their terms of service and their incentive schemes
- sets personal targets for the CEO annually and assesses their realisation
- holds a meeting with the auditors at least once a year
- assesses the independence of the auditor and assesses the additional services provided for the companies to be audited
- prepares a draft resolution on the choice of auditors for submission to the Annual General Meeting
- assesses its own performance once a year
- confirms its rules of procedure, which are reviewed annually

Based on proposals presented by the CEO, the Board of Directors:

- confirms the company's ethical values and operating policies, and supervises their implementation
- confirms the company's basic strategy and continuously monitors its validity
- defines the company's dividend policy
- approves the annual operating plan and budget on the basis of the strategy, and supervises their implementation
- approves the total annual investment and its distribution among the business areas, and decides on large and strategically important investments, acquisitions and divestments
- confirms the operating guidelines for the company's internal control, ensuring annually that they are kept up-to-date, and monitors the effectiveness of internal control
- confirms the company's risk management policy and principles as well as the risk limits to be confirmed annually, and monitors the effectiveness of the risk management systems
- reviews quarterly the main risks associated with the company's operations and the management of these risks
- discusses and approves interim reports, the Board of Directors' report and the financial statements
- confirms the Group's organisational structure
- submits proposals to the Annual General Meeting concerning the remuneration systems for management and personnel
- annually monitors issues associated with management successors and draws up the necessary conclusions
- confirms the decisions of the CEO about the choice of the CEO's immediate subordinates, their duties, terms of employment and incentive schemes, and
- monitors the company's working atmosphere and the way in which personnel cope with their tasks

Planning and assessment of the Board's operation

The Board of Directors draws up an operating plan for itself for the ensuing 12 months. The plan includes a schedule of meetings and, for each meeting, the most important issues for discussion.

The Board of Directors assesses its performance annually through a self-evaluation, and the evaluation results are submitted to the Supervisory Board for its information. The evaluation results are taken into consideration in the preparation of proposals for the composition of the new Board of Directors.

Committees of the Board of Directors

The Board of Directors has not elected any committees from among its members.

As the Board of Directors has not elected an audit committee from among its members, the Board is managing the duties of audit committee itself.

Board of Directors 2009

Lännen Tehtaat plc's Board of Directors convened 14 times in 2009. The average participation rate of all Board members was 89.8%.

Supervisory Board

Composition and term

The Supervisory Board comprises 20 members elected by the general meeting. In addition, the Supervisory Board has four members chosen by the personnel representatives, and each of these members has a personal deputy.

Functions

The Supervisory Board elects the members, chairman and deputy chairman of the Board of Directors, and decides on their remuneration.

The Supervisory Board is also responsible for supervising the corporate administration, issuing instructions to the Board of Directors, issuing an opinion on the financial statements and auditor's report, and other duties that are prescribed for in the Limited Liability Companies Act.

Procedure for appointing Board of Directors

A proposal concerning the composition of the Board of Directors and the fees payable to Board members is submitted to the Supervisory Board by a working group composed of the Supervisory Board chairman, the Board of Directors chairman, and two Supervisory Board members chosen by the Supervisory Board. Before the proposals are submitted, the working group must hear the views of the company's biggest shareholders. Expert assistance from outside the company should be utilised as necessary in the search for new candidates.

Corporate Governance Statement

Information on members of the Supervisory Board
Members elected by the Annual General Meeting

Helena Walldén, b. 1953
M.Sc. (Tech.), professional board member
Chairman of the Supervisory Board

Juha Nevavuori, b. 1942
Farmer
Deputy chairman of the Supervisory Board

Heikki Aaltonen, b. 1956
M.Sc. (Agr. & For.), farmer

Matti Eskola, b. 1950
B.Sc. (Nat. Res.), farmer

Jussi Hantula, b. 1955
Farmer

Börje Helenelund, b. 1951
B.Sc. (Nat. Res.), farmer

Laura Hämäläinen, b. 1975
M.Sc. (Agr. & For.), M.Sc. (Agric.),
farmer

Pasi Jaakkola, b. 1941
Farmer

Timo Kaunisto, b. 1963
M.Sc. (Agr. & For.), M.Sc. (Agric.),
MP, farmer

Risto Korpela, b. 1949
M.Sc. (Econ. & Bus. Adm.), Managing Director

Mikko Kurittu, b. 1966
B.Sc. (Nat. Res.), farmer

Mika Leikkonen, b. 1963
B.Sc. (Nat. Res.), farmer

Markku Länninki, b. 1949
Farmer

Ilkka Markkula, b. 1960
B.Sc. (Nat. Res.), farmer

Marja-Liisa Mikola-Luoto, b. 1971
M.Sc. (Agr. & For.), M.Sc. (Agric.),
farmer

Samu Pere, b. 1968
Diploma in Business and Administration,
Administrative Director

Tuomo Raininko, b. 1966
Farmer

Esa Ruohola, b. 1946
Farmer

Esko Suomala, b. 1959
M.Sc. (Agric.), farmer

Mauno Ylinen, b. 1965
M.Sc. (Agric.), farmer

Personnel representatives

Pauli Juutinen, b. 1951
Shop steward

Deputy **Timo Kaila**

Aila Koivuniemi, b. 1944
Shop steward

Deputy **Pia Rantanen**

Veijo Kukkonen, b. 1981
Shop steward

Deputy **Maarit Tammelin**

Kirsi Roos, b. 1972
Chief shop steward

Deputy **Pauli Paavola**

The Supervisory Board convened three times during 2009.

CEO

Chief Executive Officer (CEO)
Matti Karppinen, b. 1958
M.Sc. (Econ. & Bus. Adm.)

Description of CEO's duties
The CEO's duty is to direct the operations of the company according to the instructions and provisions issued by the Board of Directors and to inform the Board about the development of the company's business operations and financial situation.

The CEO is also responsible for arrangement of the day-to-day management of the company and for seeing that the company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Description of main features of the internal control and risk management systems pertaining to the financial reporting process.

1. Internal control operating principles

Lännen Tehtaat plc's Board of Directors confirms the operating principles for the Lännen Tehtaat Group's internal control and assesses the state of internal control at least once a year.

Internal control refers to all the operating methods, systems and procedures with which the company's management seeks to ensure efficient, economical and reliable operations. Internal control comprises financial and other control. At Lännen Tehtaat, internal control is performed by the company's management and by all other personnel.

Risk management as part of internal control refers to the identification, assessment, restriction and monitoring of risks arising in business activities and risks that are materially related to this.

2. Role of company boards in arranging internal control

Lännen Tehtaat plc's Board of Directors is responsible for arranging and maintaining sufficient and effective internal control within the Lännen Tehtaat Group.

As part of the arrangement of internal control and risk management, the company's Board of Directors regularly monitors the results and operating risks of the Group and its business units, and decides on the reporting, the procedures and the qualitative and quantitative indicators for assessing the efficiency and profitability of operations. The Board of Directors of Lännen Tehtaat plc confirms annually the Group's risk policy, risk management principles and key risk limits.

To ensure implementation of the Group's ownership policy towards the Group companies and to monitor the effectiveness of internal control, the boards of directors of the main Group companies include one or more members of the Group's Corporate Management. Group-level risk management and financial reporting are performed on a centralised basis in the Group Administration, independent of the different business activities.

The boards of directors of the Group companies are responsible for the highest level of management duties related to the internal control of their respective companies. The operating organisation's management in each of the Group companies is responsible for the implementation of internal control and risk management in line with the pre-determined principles and operating guidelines, and for reporting on the company's operations, risk-bearing ability and risk situation in accordance the Group's management system.

3. Implementation of internal control within Lännen Tehtaat plc and the Group companies

The main principles of internal control observed within Lännen Tehtaat plc and the Group companies are:

Organisational structure and division of tasks

The basis for internal control is the function-specific line organisation that is further divided into departments, units and teams, as necessary. The organisational units are allotted defined tasks and responsibilities required for the company's operations. The task of the operating organisation's management, i.e. the managers of the Group's business areas and operations, is to set quantitative and qualitative targets for the various areas of the business in accordance with the business plan approved by the Board of Directors. For the units, decision-making bodies and people operating within the framework of the organisation there are separately defined decision-making and operating powers set out in work and job specifications, as well as obligations to report to one's superiors or otherwise to a higher organisational level. The task of the operating organisation's management is to ensure that those working under them are familiar with their own duties, and the management are required to create the right conditions for their personnel to be able to perform their work and achieve the targets.

Decision-making and monitoring

Significant commitments or other actions deemed to carry certain risks are subject to the approval of the Board of Directors of Lännen Tehtaat plc. Business units are responsible for formulating proposed decisions and for putting decisions into effect. Reporting on the implementation of decisions is made in connection with the management reporting.

Business activities and processes are guided within the confines of operating guidelines and descriptions, which are monitored to ensure they are complied with and kept up-to-date. All decisions taken are documented and archived. An essential aspect of risk management is the performance of daily controls in the operating chains and processes.

Risk management

The internal and external risks of Lännen Tehtaat plc and the Group companies that could have an adverse effect on achieving business targets are identified, assessed regularly and reported quarterly to the Board of Directors of Lännen Tehtaat plc. The risks are contained and the confining limits are monitored.

The Group Administration's risk management has the task of monitoring, measuring and reporting risks and of maintaining, developing and preparing risk management principles for the Board of Directors' approval, and of drafting procedures for use in risk assessment and measurement. Roles and responsibilities are defined in Lännen Tehtaat's risk management policy and risk management principles, which are approved by the Board of Directors of Lännen Tehtaat plc.

Data systems

The basis for business and other activities is provided by the accounting, information and business IT systems. The parent company and the Group companies have an IT strategy in accordance with currently assessed needs and sufficient and appropriately organised IT systems. The IT function ensures that the company's data resources can be utilised in the planning, management, execution and monitoring of the company's business.

Responsibility for the effectiveness of internal control

The operating organisation's management has the primary responsibility for ensuring the implementation of practical measures for internal control. The management must constantly monitor operations and must take the necessary development measures if action contrary to guidelines or decisions or action that is otherwise ineffective or inappropriate is observed. In a transparent and effective organisation the entire personnel are all responsible not only for the appropriate discharging of their own duties but also for the fluency of operations with the rest of the organisation.

4. Reporting and management systems

Internal control is supported by appropriate reporting that allows monitoring of operations, results and risks. Achievement of the business targets and developments in the Group's financial situation are monitored with the aid of a Group-wide management system. The Group's accounting principles, controls and responsibilities are described in the Lännen Tehtaat Group's accounting manual. Reporting guidelines and timetables have been drawn up in writing for monthly reporting and preparation of interim reports and annual financial statements. The parent company's financial management unit constantly monitors the business units' reporting and develops and produces guidelines on the content of reporting, taking into account the needs of internal control. The Group prepares financial information for publication, complying with the international financial reporting standards (IFRS). Interim reports and the annual financial statements are reviewed by the Board of Directors of Lännen Tehtaat plc and are subject to its approval.

The business units update the long-term financial estimates each year. The annual budgets are prepared on the basis of these strategic figures. The Board of Directors of Lännen Tehtaat plc assesses and approves the business units' annual budgets. In addition, on a quarterly basis or more often, the business units update the profit and balance sheet estimates to cover at least the ensuing 12 months.

The monthly reporting and the related analysis for budgets and estimates constitute a key element of Lännen Tehtaat's management system and internal control. Financial figures are assembled from the business units' data systems every month for the Group's joint accounting system.

The outturn information and up-to-date estimates are reviewed monthly in Group-level results meetings, which are attended by the CEO, the Chief Financial Officer (CFO) and those in charge of the Group's accounting. The monthly reporting system comprises the actual profit and balance sheet information, the key figures and the written management report of those responsible for the businesses. The management report covers the factors affecting the results given in the month's report, the measures planned for the immediate term and an assessment of the operating profit for the current quarter and the full year, consisting of best case, probable and worst case scenarios.

The Group CEO and members of the Corporate Management are issued with the reports, and the Board of Directors of Lännen Tehtaat plc is issued with a summary for the Group and summaries of the data for each business unit.

The business units' management groups examine their own financial outturn data at least once a month for budgets and estimates and also the various units' monitoring measurements for estimates and targets used for business management purposes, and the reasons for any significant discrepancies between these.

5. Internal audit

The internal audit unit functions objectively and independently supporting the Board of Directors, the CEO and Group Administration, for the purpose of assessing and developing the level of internal control by providing an independent and objective assessment and advisory service for risk management and monitoring processes within the organisation.

Internal audit is performed on the basis of a pre-determined plan. The internal audit is overseen by the Group's CFO, who submits the annual audit plan to the Board of Directors of Lännen Tehtaat plc for its approval.

Lännen Tehtaat's internal audit is independent of all operating units in Finland and abroad. The internal audit is performed by an employee who is part of the Group Administration and whose job description also includes group accounting and other group-level tasks. The manager-employee relationship in Group Administration regarding these other tasks leads to a situation where the internal auditor is unable to independently audit the areas of responsibility covered by Lännen Tehtaat's Group Administration.

Internal audit reports annually in writing to the Lännen Tehtaat plc Board of Directors on the audit findings and areas for improvement in internal control. Where necessary, the internal audit also reports on individual audit findings during the annual planning period to the Board of Directors.

Remuneration

Supervisory Board

The Annual General meeting decides on the level of remuneration for members of the Supervisory Board.

The Annual General Meeting of Lännen Tehtaat plc, held on 2 April 2009, took the following decisions concerning the remuneration paid to members of the Supervisory Board:

- the annual remuneration paid to the Supervisory Board's chairman will be EUR 7,500
- the annual remuneration paid to the deputy chairman will be EUR 5,000
- the meeting allowance paid to the chairman and the members of the Supervisory Board will be EUR 250.

In 2009 the Supervisory Board met three times. The members of the Supervisory Board were paid a total of EUR 34,000 in remuneration and allowances in 2009.

Board of Directors

The Supervisory Board decides on the level of remuneration for the Board of Directors.

In accordance with the decision of the Supervisory Board of Lännen Tehtaat plc taken on 17 April 2009:

- the monthly remuneration paid to the chairman of the Board of Directors will be EUR 3,025
- the monthly remuneration paid to the deputy chairman will be EUR 1,870
- the monthly remuneration paid to the other Board members will be EUR 1,485

In 2009 the Board of Directors met 14 times. The average attendance rate of members was 89.8%. In 2009 the members of the Board of Directors received a total of EUR 147,840 in remuneration and allowances. The remuneration and allowances paid to the members of the Board of Directors can be viewed in Note 28 of the Notes to the consolidated financial statements.

CEO and deputy CEO

The Board of Directors appoints and releases from duties the CEO and deputy CEO, determines their duties and decides on their terms of service and their incentive schemes.

Matti Karppinen has been CEO of Lännen Tehtaat plc since 1 September 2005.

The key conditions of the CEO's terms of service are defined in his contract. The agreed period of notice is six months. Should the CEO be given notice by the company, he will be entitled to a severance package equivalent to 12 months' pay. The retirement age for the CEO has been set at 62 and the retirement pension is 62% of his pensionable salary in accordance with 2004 legislation.

The salary, together with fringe benefits and bonuses, paid to the CEO in 2009 amounted EUR 355,277.

Eero Kinnunen, Chief Financial Officer of the Lännen Tehtaat Group, has been deputy CEO since 1 January 2008.

Insider issues

Lännen Tehtaat plc's insider trading regulations approved by the Board of Directors came into effect on 17 February 2010. They are based on the Securities Markets Act (Chapter 5), the standard issued by the Financial Supervisory Authority (standard 5.3 on declarations of insider holdings and insider registers, 1 September 2005), the Guidelines for Insiders approved by the Board of Directors of NASDAQ OMX Helsinki Ltd on 9 October 2009. The regulations include guidelines concerning persons in public insider registers, permanent company-specific insiders and project-specific insiders, and a description of the organisation and procedures concerning insider administration.

The following persons are all categorised as public insiders of Lännen Tehtaat plc by virtue of their membership of an executive body or their position: the members and deputy members of the company's Board of Directors and Supervisory Board; the CEO and the deputy CEO; the auditors and deputy auditors, including the auditing firm's auditor with principal responsibility for Lännen Tehtaat; the Chief Financial Officer; the Director of the Seafood business; the Director of the Frozen Foods business; and the Director of the Grains and Oilseeds business.

Lännen Tehtaat plc's company-specific permanent register on insider holdings contains information on persons who, by virtue of their position or duties, receive inside information on a regular basis. The company-specific insider register currently lists some 40 persons.

A trading restriction is in force within the company which forbids its permanent insiders from trading in Lännen Tehtaat shares 21 days prior to publication of Lännen Tehtaat's interim reports and the release of its financial statements.

The company maintains its insider register in the SIRE system of Euroclear Finland Ltd. The names and information on shareholdings of those persons listed as public insiders can be viewed on the company website at www.lannen.fi/en/investor_information.

The shareholdings of the members of the Board of Directors and the Corporate Management on 10 February 2010 can be viewed in this Annual report on pages 92 and 93.

Summary of the stock exchange releases in 2009

The stock exchange releases and announcements of Lännen Tehtaat plc are available on the company web pages at www.lannen.fi/en. Some of the information of the releases and announcements included in the summary 2009 might be out of date.

February

19 February 2009 SER
Financial statements bulletin 1 January - 31 December 2008
19 February 2009 SER
Proposals of the Board of Directors to the Annual General Meeting of Lännen Tehtaat plc
23 February 2009 SER
Sale of shares in the joint book-entry account completed

March

11 March 2009 SER
Invitation to the Annual General Meeting of Lännen Tehtaat plc
17 March 2009 SER
Lännen Tehtaat plc Annual Report 2008 and summary of stock exchange releases published

April

2 April 2009 SER
Decisions by the Annual General Meeting of Lännen Tehtaat plc
17 April 2009 SER
Organization of the Supervisory Board and election of the Board of Directors

May

7 May 2009 SER
Interim report 1 January - 31 March 2009
28 May 2009 SEA
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act

June

23 June 2009 SER
Lännen Tehtaat improves logistics efficiency of its Seafood business in Finland

July

2 July 2009 SER
Maritim Food AS acquired remaining shares of Sandanger AS, Jan Brevik appointed Managing Director of Sandanger

August

14 August 2009 SER
Interim report 1 January - 30 June 2009
14 August 2009 SER
Decision to combine the operations of Mildola and Avena
14 August 2009 SER
Quarterly comparative information based on the new segment format

October

16 October 2009 SER
Third-quarter operating profit (excluding non-recurring items) better than anticipated, but full-year result expectation unchanged

November

6 November 2009 SER
Interim report 1 January - 30 September 2009
30 November 2009 SEA
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act

December

2 December 2009 SEA
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act
17 December 2009 SEA
Lännen Tehtaat plc's financial information in 2010

SER = stock exchange release
SEA = stock exchange announcement

Supervisory Board and Auditors

Supervisory Board

Members elected by the Shareholders' meeting

Helena Walldén, b. 1953
Chairman since 2008,
Member since 1996
Main simultaneous positions of trust:
Member of the Board: Alko Inc., Finnish Fur Sales, Metsähallitus, Raskone Oy

Juha Nevavuori, b. 1942
Deputy Chairman since 2008,
Chairman in 2007,
Member since 1973

Heikki Aaltonen, b. 1956
Member since 2007
Membership term expires 2010

Matti Eskola, b. 1950
Member since 1991

Jussi Hantula, b. 1955
Member since 1995
Membership term expires 2010

Börje Helenelund, b. 1951
Member since 1998
Membership term expires 2010

Laura Hämäläinen, b. 1975
Member since 2009

Pasi Jaakkola, b. 1941
Member since 1982

Timo Kaunisto, b. 1963
Member since 2009

Risto Korpela, b. 1949
Member since 2007
Membership term expires 2010

Mikko Kurittu, b. 1966
Member since 2007
Membership term expires 2010

Mika Leikkonen, b. 1963
Member since 2008

Markku Länninki, b. 1949
Member since 2003

Ilkka Markkula, b. 1960
Member since 2003

Marja-Liisa Mikola-Luoto, b. 1971
Member since 2005

Samu Pere, b. 1968
Member since 1998
Membership term expires 2010

Tuomo Raininko, b. 1966
Member since 2005

Esa Ruohola, b. 1946
Member since 1998
Membership term expires 2010

Esko Suomala, b. 1959
Member since 2008

Mauno Ylinen, b. 1965
Member since 2005

Personnel representatives

Pauli Juutinen, b. 1951
Member since 2009

Personal deputy member
Timo Kaila

Aila Koivuniemi, b. 1944
Member since 1997

Personal deputy member
Pia Rantanen

Veijo Kukkonen, b. 1981
Member since 2006

Personal deputy member
Maarit Tammelin

Kirsi Roos, b. 1972
Member since 2009

Personal deputy member
Pauli Paavola

Auditors

Hannu Pellinen
APA

PricewaterhouseCoopers Oy
Authorized Public Accountants
Auditor with principal responsibility
Tomi Moisio
APA, CPFA

Board of Directors

Standing, from left: Heikki Halkilahti, Harri Eela, Aappo Kontu and Hannu Simula
Seated, from left: Matti Lappalainen, Tom v. Weymarn and Soili Suonoja

Tom v. Weymarn, b. 1944
Chairman since 2003,
Member since 1999
Main simultaneous positions of trust:
Chairman of the Board: Sibelius Academy, TeliaSonera AB, Turku Science Park Ltd
Member of the Board: Hydrios Biotechnology Ltd, IK Partners Ab, Pohjola Bank plc
Member of the Supervisory Board: Hartwall Capital Oy Ab
Employment history:
Oy Rettig Ab, President and CEO 1998-2004 • Cultor Ltd, Deputy Managing Director 1991-1997 • Oy Karl Fazer Ab, Divisional Director 1985-1991
Telko Oy, Managing Director 1983-1985 • Oy Huber Ab, Divisional Director 1975-1982 • Kymi-Kymmene Oy, Operating Engineer/ Development Manager 1970-1975
Shareholding in Lännen Tehtaat: 2,250 shares

*****

Matti Lappalainen, b. 1948
Deputy Chairman since 2009,
Member since 2003
Senior Adviser
Main simultaneous positions of trust:
Chairman of the Board: Bonaria Oy, Bonbake Oy
Member of the Board: Leipurin Oy, Neomarkka Plc
Employment history:
Vaasan&Vaasan Oy, Managing Director 1999-2008 • Cultor Ltd Vaasan Leivonta, Managing Director 1997-1998 • Cultor Ltd Vaasan Leipomot Oy, Managing Director 1990-1997 • Cultor Ltd Food industry, Development Manager 1988-1989 • Suomen Sokeri Oy Vaasanmylly, Marketing Director 1985-1988 • OTK, Managerial duties in food industry and wholesale business 1972-1984
Shareholding in Lännen Tehtaat: 5,100 shares

*****

Harri Eela, b. 1960
Member since 2004
Principal occupation: DSTP-Engineering Oy, Managing Director
Employment history:
Cursor Oy, Project Manger 2006-2009 • Metso Panelboard Oy, Business Manager 1996-2006 • Tresko Food Oy, Production Manager 1992-1995 • Heilborn GmbH, Germany, Project/Sales Engineer 1991-1992 • Rauma-Repola Loviisa Engineering Works Oy, Development Engineer 1985-1990
Shareholding in Lännen Tehtaat: 800 shares

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Heikki Halkilahti, b. 1947
Member of the Board since 2008, Member of the Supervisory Board in 1990-2007
Principal occupation: Valio's Pension Fund and Valio's Mutual Insurance Company, Managing Director
Secondary occupation: Valio Ltd, Executive Vice President, Group Administration
Main simultaneous positions of trust:
Chairman of the Board: The Association of Pension Foundations
Deputy chairman of the Board: The Finnish Pension Alliance TELA
Chairman: Finnish Food and Drink Industries' Federation, Labour Market Committee
Employment history:
Valio Oy, since 1976 Administrative Director, President and CEO 2006-2007, 2003 • Osuusteurastamo Karjaportti, Administrative Director 1973-76
Shareholding in Lännen Tehtaat: 400 shares

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Aappo Kontu, b. 1952
Member since 2004
Principal occupation: Empower Group Oy, President
Main simultaneous positions of trust:
Chairman of the Board: Vahterus Oy
Member of the Board: Empower Group Oy, Anvia Oyj
Employment history:
Pohjolan Voima Oy, Technical Director, PVO-Engineering Oy, Managing Director 1996-1998 • TVS-Tekniikka Oy, Managing Director 1993-1996 • Teollisuuden Voimansiirto Oy, Director of Technical Department 1989-1993 • Teollisuuden Voima Oy, Head of Electrotechnical Department 1977-1989
Shareholding in Lännen Tehtaat: 500 shares

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Hannu Simula, b. 1947
Member since 1998, Deputy Chairman in 2003-2009
Main simultaneous positions of trust:
Member of the Board: Sucros Ltd
Employment history:
Full-time farmer 2000-2005 • The Central Union of Agricultural Producers and Forest Owners (MTK), Head of Department 1995-2000 • Full-time farmer 1990-1995 • Tukkukauppojen Oy, Area Manager 1985-1990 • Lännen Tehtaat Oy, Agricultural Department 1978-1985 • Tukkukauppojen Oy, Head of Agricultural Department 1975-1978
Shareholding in Lännen Tehtaat: 850 shares

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Soili Suonoja, b. 1944
Member since 2003
Professional Board Member
Main simultaneous positions of trust:
Chairman of the Board: Alko Inc.
Member of the Board: Eilakaisla Oy Toimialapalvelu, Helsingin Diakonissalaitoksen Hoiva Oy, Nurmijärven Linja Oy, VR-Group Ltd
Employment history:
Fazer-Catering, Fazer-Amica, Managing Director 1989-2000, Head of Department/ Director 1982- • Karl Fazer confectionery, Shop Manager/Head of Department 1974-82 • Työmaahuolto, Inspector 1971-73 • The Martha Organization 1970-71
Shareholding in Lännen Tehtaat: 200 shares

CEO and Corporate Management

Standing, from left: Erkki Lepistö, Asmo Ritala, Antti Kerttula and Johanna Heikkilä
Seated, from left: Kaija Viljanen, Matti Karppinen and Eero Kinnunen

Matti Karppinen, b. 1958
CEO of Lännen Tehtaat plc
since 2005
Director of Seafood business
since 2009
Main simultaneous positions of trust:
Chairman of the Board: Finnish Food and Drink Industries' Federation
Member of the Board: Confederation of Finnish Industries EK, HKScan Oyj, Sucros Ltd
Member of the Supervisory Board: Tapiola General Mutual Insurance Company
Employment history:
Atria Group plc, Lithells AB, Managing Director 2001-2005 • Nokian Tyres plc, Vice President 1998-2001 • Saarioinen Oy, Marketing Director 1994-1998 • Tamrock Oy, Marketing Manager 1989-1994 • Unilever Finland Oy, Market Manager 1985-1989
Shareholding in Lännen Tehtaat: 1,800 shares

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Johanna Heikkilä, b. 1962
HR Director since 2005
Employment history:
Fazer Leipomot Oy, HR Director 2003-2005 • LU Suomi Oy, HR Director 2002-2003 • LU Suomi Oy (earlier Fazer Keksit Oy) HR Manager, 1995-2002 • Fazer Suklaa Oy, HR Manager 1992-1994 • Fazer Suklaa Oy, HR specialist 1990-1991
Shareholding in Lännen Tehtaat: -

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Antti Kerttula, b. 1956
Director of Frozen Foods business
since 1994
Managing Director of Apetit Pakaste Oy since 2007
Main simultaneous positions of trust:
Chairman of the Board: Ateriamestarit Oy
Member of the Board: Ruokatieto Yhdistys ry
Chairman of the executive committee: Finnish Food and Drink Industries' Federation, Frozen Food and Potato Industries' Association
Employment history:
Ingman Foods Oyj, Factory Manager 1989-1994
Shareholding in Lännen Tehtaat: -

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Eero Kinnunen, b. 1970
Chief Financial Officer since 2006, Deputy CEO since 2008
Employment history:
Cloetta Fazer Suklaa Oy, Business Controller 2004-2006 • Cloetta Fazer Makeiset Oy, Category Expert 2000-2004 • Fazer Polska Sp.z o.o., Business Controller 1998-2000 • Fazer Suklaa Oy, Controller 1996-1998
Shareholding in Lännen Tehtaat: 360 shares

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Erkki Lepistö, b. 1955
Director since 2001
Employment history:
Mildola Oy, Managing Director 2008-2009 • Suomen Rehu Ltd, Managing Director 2006-2007 • Lännen Tehtaat plc, CEO, 2001-2005 • Ata Gears Oy, Deputy Managing Director/Managing Director 1998-2001 • Lännen Tehtaat plc, Director of Finance 1993-1998 • Tampereen Seudun Osuuspankki, Manager, Corporate financing, 1987-1993
Shareholding in Lännen Tehtaat: 1,150 shares

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Asmo Ritala, b. 1958
Corporate Counsel since 1995
Employment history:
Finnish Grain Board, lawyer 1990-1994, • Oy Esso Ab, House Manager 1986-1990
Shareholding in Lännen Tehtaat: -

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Kaija Viljanen, b. 1952
Director of Grains and Oilseeds business since 2009
Managing Director of Avena Nordic Grain Oy since 1995 and Managing Director of Mildola Oy since 2009
Main simultaneous positions of trust:
Member of the Board and various work groups: Coceral
Member of the Board: Munakunta
Employment history:
Finnish Grain Board, Assistant Manager 1992-1995 • The Central Union of Agricultural Producers and Forest owners (MTK), Project Manager 1991-1992 • Finnish-Russian Chamber of Commerce Moskow, Director 1987-1991
Shareholding in Lännen Tehtaat: -

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