LÄNNEN TEHTAAT

ANNUAL REPORT 2010

CONTENTS

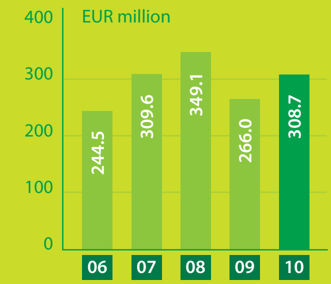
KEY INDICATORS

CONTINUING OPERATIONS		2010	2009	2008
Net sales	EUR million	308.7	266.0	349.1
Operating profit excluding non-recurring items	EUR million	8.3	7.7	5.4
Profit before taxes	EUR million	8.4	7.3	10.7
Profit for the period	EUR million	6.5	5.8	10.0
Investment in non-current assets	EUR million	3.1	2.7	8.1
Personnel average		621	657	755

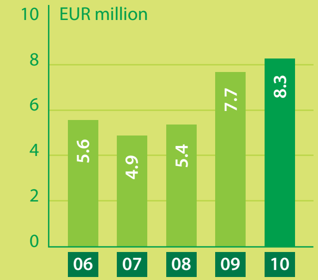
CONTINUING AND DISCONTINUED OPERATIONS		2010	2009	2008
Profit for the financial year	EUR million	6.5	5.8	17.1
Return on investment	%	6.2	5.5	13.8
Return on equity	%	4.7	4.3	12.9
Equity ratio	%	72.4	78.0	70.5
Gearing ratio	%	-7.7	-15.8	1.1
Equity per share	EUR	22.01	22.19	21.83
Earnings per share	EUR	1.04	0.94	2.73
Dividend per share	EUR	[1] 0.90	0.76	0.85

[1] Board's proposal

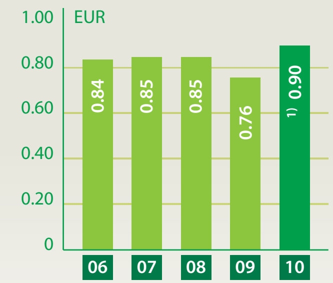
NET SALES
continuing operations



OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS
continuing operations



DIVIDEND PER SHARE



[1] Board's proposal

0.90

Dividend proposal

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Lännen Tehtaat plc will be held on Thursday, 31 March 2011 at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Säkylä.

Shareholders who are registered as shareholders no later than 21 March 2011 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 Monday 28 March 2011, either on the company web pages at *www.lannen.fi/en*, in writing to Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säkylä, by fax +358 10 402 4022, by telephone +358 10 402 4044/Maija Lipasti or by e-mail *maija.lipasti@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 28 March 2011.

DIVIDEND

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid for 2010. 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 5 April 2011, the record date for dividend payment. The Board of Directors will propose to the Annual General Meeting that dividend be paid on 12 April 2011.

FINANCIAL INFORMATION IN 2011

Lännen Tehtaat plc has published the Financial Statements Bulletin for 2010 on Thursday 17 February, 2011. The Annual Report will be published on week 10.

Interim Reports in 2011 are published as follows:
Interim report for 1-3/2011 .... 5 May 2011 at 8.30 a.m.
Interim report for 1-6/2011 .... 11 August 2011 at 8.30 a.m.
Interim report for 1-9/2011 .... 2 November 2011 at 8.30 a.m.

The Annual Report and Interim Reports are published in Finnish and in English. A printed version of the Annual Report will be mailed to all shareholders with more than 100 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/investor_information*. 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.

LÄNNEN TEHTAAT IN BRIEF

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** and its subsidiary, Myrskylän Savustamo Oy, produce and sell fresh fish products under the Apetit and Safu brands and under retailers' private labels. Apetit Kala also sells fish, fish products and other fresh products at Kalatori service counters. Taimen Oy, an associated company of Apetit Kala Oy, and its subsidiaries specialise in fish farming and fry and fingerling production. **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 and animal feedstuffs in Finland and internationally, and also markets, sells and delivers Mildola vegetable oils and expeller. **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.

LÄNNEN TEHTAAT

FROZEN FOODS BUSINESS

Apetit Pakaste Oy

SEAFOOD BUSINESS

SEAFOOD BUSINESS IN FINLAND

Apetit Kala Oy, 70%
- Myrskylän Savustamo Oy
- Associated company Taimen Oy, 30%

SEAFOOD BUSINESS IN NORWAY AND SWEDEN

Maritim Food AS
- Maritim Food Sweden AB
- Sandanger AS

GRAINS AND OILSEEDS BUSINESS

Avena Nordic Grain Oy 85,4%
- Mildola Oy
- ZAO Avena St. Petersburg
- UAB Avena Nordic Grain
- OÜ Avena Nordic Grain
- TOO Avena Astana

OTHER OPERATIONS

Lännen Tehtaat plc
- Group management
- Apetit Suomi Oy
- Associated company Sucros Ltd, 20%
- Joint venture Ateriamestarit Oy, 50%

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.

CEO'S REVIEW

The profitability of the Lännen Tehtaat Group's business improved in 2010 and its operating profit, excluding non-recurring items, rose to EUR 8.3 million (2009: EUR 7.7 million). The Frozen Foods business and Grains and Oilseeds business achieved a good level of profitability. The Seafood business posted a loss.

The Frozen Foods business had a successful year and its profitability remained good. Consumer-driven renewal meant the launch of new products, such as those for the Apetit brand's 'home-grown' range and the expanded selection of lactose-free frozen soups. Apetit Pakaste Oy is Finland's leading frozen foods company within its particular product groups, and the genuine Finnishness of the Apetit brand will be emphasised in future. Only we control the entire delivery chain from primary production in Finland right down to the consumer, and so our theme in future will be: 'Locally produced food, straight from the freezer.'

The Grains and Oilseeds business also performed well during 2010 and profitability remained good. Market fluctuations in the business were very strong, for instance regarding grain prices and crops, but Grains and Oilseeds successfully managed to benefit from these market fluctuations and also discovered new trading opportunities. Consistent efforts were again made to improve customer service, and this was evident in the good results in customer satisfaction surveys. Combining the former Grain Trading and Vegetable Oils businesses more than a year ago has proven to be a success.

Last year's greatest challenge for profit-earning was the steep rise in the price of fish raw materials. This resulted from of the disease outbreak in salmon farms in Chile and its adverse impact on the world supply of salmon raw material. The price of salmon rose steeply, taking the price of rainbow trout with it. The combined impact of these factors on the Finnish Seafood business significantly weakened profitability during the second and third quarters. The ownership arrangement made with Taimen Oy, Finland's largest rainbow trout farmer, in June streamlined the Finnish Seafood business's fresh-product supply chain for rainbow trout from the beginning of autumn. The profitability of the Finnish Seafood business started to recover towards the end of the year.

The Seafood business in Norway and Sweden had a stable year. The previous year's profitability problems were resolved and the focus was on streamlining operations and the renewal of traditional product groups. The product renewal process involved close cooperation with customers and focused on new seasoning, concept and packaging solutions. A decision made during the second half of the year to withdraw from the unprofitable smoked salmon production will provide opportunities to simplify and streamline the production structure in Norway.

In Other Operations there was a satisfying further improvement in cost-efficiency. Our associated companies also achieved good levels of profitability, which supports the profit performance of the entire Group.

Turning our sights to the future, we will be developing our businesses further, renewing them on the basis of our values. Renewal in the Frozen Foods business will focus in particular on our competitive edge - the Finnishness of the Apetit brand - and emphasising the brand in marketing and in everything we do. The Grains and Oilseeds business will be renewed by developing our internet marketplace, avenakauppa.fi, and by strongly focusing on the development, production and marketing of special vegetable oils with a higher value added. In the Finnish Seafood business, the fresh fish supply chain from sea to table will be further streamlined and speeded up in order to provide consumers with the freshest fish products under the Apetit brand. In the Seafood business in Norway and Sweden the traditional product groups will be renewed in a consumer- and customer-oriented way by offering new taste and packaging concepts.

Our objective is the determined and profitable growth of the Group's business. In addition to strong organic growth, exhaustive work to identify and benefit from the opportunities offered by external growth from acquisitions and other corporate transactions is constantly being carried out. Our strong balance sheet and financial position support the achievement of our growth targets.

A year ago I estimated that as a result of the measures taken to develop the Group's different businesses, the full-year consolidated operating profit, excluding non-recurring items, would be at least at the level of 2009. My assessment has proven to be accurate, as our operating profit for 2010, before non-recurring items, exceeded the previous year's figure.

We will continue to renew our operations and pursue purposeful and profitable growth to benefit our shareholders and other stakeholders.

Matti Karppinen

PERSONNEL

Renewal was the year's predominant theme in the Lännen Tehtaat Group, in all areas of development and operations. Within the Group's value-led management processes, the decision to focus strongly on renewal ensures that this is emphasised appropriately among the Group's corporate values - customer focus, renewal and responsibility.

Within the renewal theme, the particular elements highlighted were working procedures, products and leadership. The renewal theme was also emphasised in all training activities throughout the year. The application of the theme was tailored to the special needs of each of the Group's different business units.

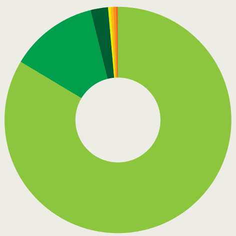
"Respondents feel that personnel development measures have improved."

Based on the results of the Group-wide personnel survey carried out at the start of the year, plans to develop the operations of units and departments were made in the individual companies to increase job satisfaction. Dozens of meetings were held to discuss the survey results, and each gave rise to a number of development plans in each company.

The survey results showed that respondents felt that Lännen Tehtaat's strengths include the clarity of operations in their own part of the Group, and the active connection of the customer perspective to these operations. The responses demonstrated that there has been an increase in the significance of customer focus in our work, which had been a key priority in the Group's value-led management over the previous two years. The respondents also indicated that they

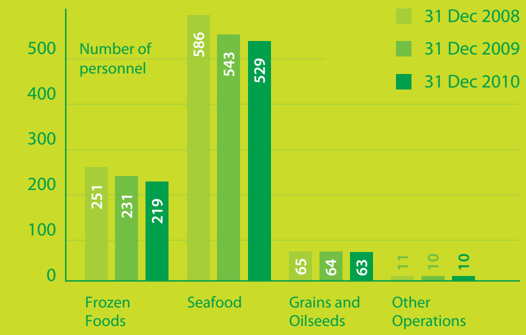
NUMBER OF PERSONNEL BY COUNTRY

on 31 Dec. 2010

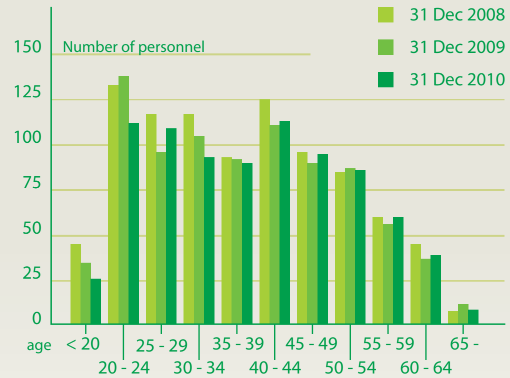


Finland	687
Norway	101
Sweden	22
Russia	3
Lithuania	3
Estonia	3
Kazakhstan	2
Total	821

NUMBER OF PERSONNEL BY SEGMENT



AGE DISTRIBUTION OF PERSONNEL



were more aware of customer needs than before and were able to utilise customer feedback in their work.

Another key aspect emerging from the survey was the business units' positive internal corporate image. Respondents were of the view that the individual is taken into account better than usual in the units' operations and in the decisions being made.

Compared with the 2007 survey, the respondents felt there had been an improvement in the standard of management: information on business units' strategies had been readily available, and confidence in the future had improved. Respondents considered personnel benefits to be better than before, and monitoring the achievement of targets and the quality of operations had also improved.

The survey results indicated that there had been an improvement in the Group's strategic management. Supervisors had been given training and support in communicating the Group's strategy throughout the organisation, and this had helped create a common understanding of the development and future of the Lännen Tehtaat Group.

As expected, the importance of good management was emphasised in the personnel survey responses. The development of leadership skills is constantly a focal area of the Group's human resources (HR) strategy.

> *"The development of leadership skills is a key area of the Group's personnel strategy."*

Both new and longer serving supervisors were given systematic training that included theory, exercises and other learning at work. The aim was to develop leadership skills, focusing on clarifying the role of supervisors, interaction skills and management of change.

The HR management data system was further developed to better meet supervisors' needs and to facilitate their work, for example in the area of reporting. Supervisors were also given training in the use of the system.

Already in its third year, the 'Shall We Go?' project again proved very popular among the Group's different units. The project is designed to encourage participation and improve the working atmosphere. In all units, the personnel got involved with the project, and they were able to decide themselves on the type of joint activity they wished to pursue, which had a positive effect on the working atmosphere and strengthened the team spirit. Various events and introductions to sport were arranged in different locations, as in previous years.

CORNERSTONES OF LÄNNEN TEHTAAT'S PERSONNEL STRATEGY

COMPETENCE DEVELOPMENT

» We make sure that our objectives are met by systematically developing the level of professional knowledge and skills among our personnel. This is achieved through training, recruitment, a system of back-up personnel and competence transfer.

MANAGEMENT DEVELOPMENT

» We develop our management skills by organising supervisor training, joint Managers' Days and supervisor evaluations based on strategy-driven objectives for each business unit.

WORKPLACE HEALTH PROMOTION

» We treat each other with respect and we emphasise the need for good relations at all levels and the responsibility of everyone for ensuring a good working environment. We strive to ensure that jobs are varied and interesting, and to improve working conditions. We arrange development discussions and personnel surveys with the aim of identifying areas for improvement. We take measures to reduce sickness absences and occupational accidents.

The main theme, appropriately, for the annual Managers' Days event for supervisors and experts at Apetit Kala and Apetit Pakaste was renewal.

"Improving wellbeing at work is a key element of our personnel strategy."

In 2011 we will emphasise the importance of wellbeing at work and will begin a three-year project aimed at improving wellbeing. The main objective of the first year is recognising the elements that are necessary for one's own health and working capacity and strengthening these. In subsequent years the focus will be on wellbeing and occupational safety in the work community.

The main ways in which an individual can affect his or her own wellbeing are exercise and lifestyle choices. During 2010, selected measures for improving wellbeing were tested at Apetit Pakaste in Pudasjärvi. Employees independently planned and implemented measures to support their own wellbeing. In practice, the methods consisted of lectures, fitness cards and various competitions and tests. Employees participated in the measures very actively and at the same time the sense of community at work has grown and the atmosphere improved.

Cooperation with the occupational health service was intensified and its work strengthened by building an early care model, which has improved the possibilities for preventive health care.

Improving wellbeing at work is a key element of our personnel strategy, which supports achievement of the Group's long-term goals.

The most marked development of operating and organisational structures in 2010 was in Apetit Kala and in the Grains and Oilseeds business. The personnel function was involved in the development work and provided support for the development steps taken in the different units. An ownership arrangement was made in the Finnish Seafood business in June, when Apetit Kala and the Taimen Group acquired a 30 per cent holding in each other's shares. At the same time, Myrskylän Savustamo and its subsidiary were incorporated into Apetit Kala. As part of the process of integrating the acquired operations and Apetit Kala, the functions of Apetit Kala were reorganised and a new personnel structure was brought into use in early September. Apetit Kala also received a new Managing Director in October.

Grain trading and the Vegetable oils business were combined at the end of 2009, becoming the Grains and Oilseeds business. Ensuring a common operating culture and common procedures formed the focus for the segment's activities during the year. The combination was a success and the targets set for it were achieved.

"The focus of personnel development in 2011 will again be on renewal."

The Group's crisis communications capability was also improved during 2010 and a crisis communications model built for the Group. Implementation of this model is under way, and training will be organised for the units' management teams and crisis communications teams. The crisis management system will also be introduced to the entire personnel.

Renewal will continue to be emphasised in the work of the Group's personnel administration during 2011. The work will focus on developing wellbeing at work, internal cooperation within the Group, and supervisory work, and promoting customer-focused operations.


Apetit
Luonnollisesti hyvää
No:17
SOCO
FIN

8.3

Operating profit excluding non-recurring items

KEY INDICATORS BY BUSINESS OPERATION

NET SALES continuing operations, EUR million	2010	2009	2008
Frozen Foods	45.1	46.0	49.3
Seafood	80.9	75.9	89.7
Grains and Oilseeds	181.9	143.4	209.3
Other Operations	2.6	2.4	3.0
Intra-group sales	-1.8	-1.7	-2.2
Total	308.7	266.0	349.1

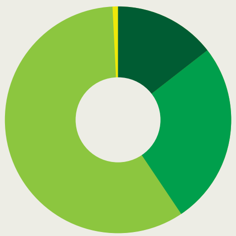
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS continuing operations, EUR million	2010	2009	2008
Frozen Foods	3.4	3.4	3.1
Seafood	-1.8	-1.8	-1.6
Grains and Oilseeds	7.2	7.4	5.4
Other Operations	-0.5	-1.3	-1.6
Total	8.3	7.7	5.4

OPERATING PROFIT continuing operations, EUR million	2010	2009	2008
Frozen Foods	3.4	3.4	5.1
Seafood	-1.8	-2.5	-2.4
Grains and Oilseeds	7.2	7.3	5.3
Other Operations	-0.5	-1.3	5.8
Total	8.3	6.8	13.9

INVESTMENT IN NON-CURRENT ASSETS continuing operations, EUR million	2010	2009	2008
Frozen Foods	1.2	1.9	6.0
Seafood	1.1	0.6	1.5
Grains and Oilseeds	0.7	0.3	0.5
Other Operations	0.2	0.0	0.2
Total	3.1	2.7	8.1

AVERAGE NUMBER OF PERSONNEL continuing operations	2010	2009	2008
Frozen Foods	199	205	237
Seafood	351	379	441
Grains and Oilseeds	61	62	65
Other Operations	10	11	12
Total	621	657	755

DISTRIBUTION OF NET SALES IN 2010



Frozen Foods	14%
Seafood	26%
Grains and Oilseeds	59%
Other Operations	1%
Total	100%

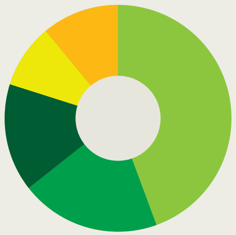
FROZEN FOODS

APETIT PAKASTE

In 2010, Apetit Pakaste considerably strengthened its message about Finnish products that promote wellbeing in a natural way, and this will reinforce the position of Apetit products in Finnish consumers' shopping baskets.

The Apetit brand's promise is to care for consumers' wellbeing. This promise is based on research and is supported by experts. Consumers recognise this message easily because Apetit's products are based on Finnish raw materials: vegetables, fish and berries. This policy has proven to be successful and enduring.

DISTRIBUTION OF NET SALES BY PRODUCT GROUP



Frozen vegetables	44%
Frozen ready meals	20%
Frozen potato products	16%
Frozen pizzas	9%
Other	11%
Total	100%

"Frozen vegetable sales increased due to traditionally strong products."

The Frozen Foods business continued its steady performance. Net sales and profit in 2010 were at the same level as the previous year.

Sales of Apetit brand products to retailers performed favourably. Frozen vegetables and frozen potato products saw the strongest improvement. Frozen vegetable sales increased due to traditionally strong products, such as various chopped vegetables for soups and home-grown products in the Apetit Kotimaiset range. The Apetit Muurikka pan-fry vegetables launched in the spring also achieved good sales figures. Among frozen potato products, the strongest sales growth was in the cream potatoes range. The new lactose-free soups have found their place among consumers, increasing the sales of soups.

Frozen ready meal sales in the hotel, restaurant and catering sector grew substantially thanks to the redesigned vegetable burgers and fish cakes. Apetit has paid particular attention to the special needs of the sector's customers when developing new products. As a whole, sales to the hotel, restaurant and catering sector were at the same level as the previous year.

APETIT PAKASTE

Apetit Pakaste Oy is the leading Finnish producer of frozen vegetables and frozen ready meals. Under its Apetit brand, it develops, produces, sells and markets frozen foods mainly produced in Finland using Finnish raw materials. The home-grown content accounts for more than 80% in Apetit's frozen vegetables and frozen potato products. The company's production facilities are located in Säkylä and Pudasjärvi, Finland.

The Säkylä factory produces frozen vegetables, frozen potato products and frozen ready meals. The majority of Apetit Pakaste's more than 100 contract growers also operate near Säkylä. The company's frozen pizza production is located in Pudasjärvi.

The quality criteria for Finnish raw materials are strictly defined and the integrated production (IP) guidelines are followed in cultivation. The aim of IP growing is to minimise the environmental effects of cultivation and to observe the principles of sustainable development. The most important raw materials used by Apetit Pakaste are carrots, potatoes, peas, spinach and swede.

Maize and sweet peppers are typical imported raw materials, which Apetit Pakaste imports in frozen form from long-term contract suppliers mainly based in the European Union.

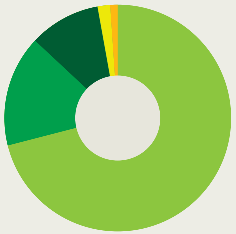
61%

Overall spontaneous awareness of Apetit brand

In spring 2010, Apetit Pakaste lost eight working days of production due to the labour market disputes. As a result, there were still major disturbances in deliveries in early summer, and it was not until early autumn that Apetit was able to ensure delivery reliability. This situation caused unfortunate problems for customers, too.

The rather exceptional weather during the year tested the skills of Apetit and its contract growers. The dry and very hot summer produced smaller crops of peas and spinach but boosted the growth of root vegetables. The beginning of winter was cold and the period of continuous sub-zero temperatures began early, making the processing and fresh storage of root vegetables more difficult. Despite this, Apetit managed to get through the year well.

DISTRIBUTION OF NET SALES BY DISTRIBUTION CHANNEL



Retailers	71%
HoReCa	16%
Food industry	10%
Exports	2%
Other	1%
Total	100%

The total amount of Finnish vegetables and potatoes produced as raw materials was about 28 million kilos, enough to satisfy domestic demand until the next crop. The success of domestic production was ensured during the year by investing in crop-season production machinery and in the quality of production and operations.

> *"Finnishness provides a crucial competitive edge for Apetit frozen foods."*

A great deal of work has been done in order to strengthen the positive image of the Apetit brand and to improve brand awareness. Consumers are increasingly looking for transparency. Finnishness provides a crucial competitive edge for Apetit frozen foods.

Finnishness is also a part of Apetit's corporate culture, as the company is committed to primary production in Finland. That is why it is natural that Apetit created and introduced to the market its own Kotimaiset range of Finnish-grown products.

The Apetit Kotimaiset vegetables, which initially started with peas and onions, were introduced in December 2009 and have since found their place in the market. Sales of these products have increased by more than 15 per cent, whereas growth in this group of products is usually no more than five per cent.

Equipped with the Kotimaiset label, Apetit vegetables differ from their competitors in being locally produced. To the consumer, a Finnish product means that it is safe, untainted and has been declared fit for consumption. At the same time, the word 'Kotimaiset' (home-grown) on the Apetit package has prompted consumers to check where competing products have been produced.

The frozen vegetables from the Kotimaiset range have gained good visibility in retail stores. During the year, the selection was expanded to include spinach, carrots, potatoes, diced root vegetables and chopped potatoes and onions.

> *"One in four consumers say they now choose to buy Apetit frozen foods."*

According to the Brandflow survey conducted in August, Apetit remains by far the most well-known brand in the frozen food group. Consumer awareness of the brand had also increased within a year, with 37 per cent of respondents naming Apetit as their top brand, unprompted, which is an increase of four percentage points

on the previous year. Apetit's lead over the second-ranking brand has remained the same, a difference of 12 percentage points.

In addition, Apetit frozen foods' position as the brand most favoured by consumers improved significantly, by as much as nine percentage points. At the same time, the lead over the second most consumed product increased. One in four respondents say they now choose to buy Apetit frozen foods. The corresponding figure for the second-ranking brand was 18 per cent of respondents.

Consumer impressions of Apetit are that it is the number one brand in practically all positive characteristics measured. The characteristics associated with Apetit included 'high quality', 'good taste', 'freshness', 'light', 'promotes wellbeing' and 'my kind of product'. These were also the characteristics in which Apetit differed most from its competitors.

"Apetit aims to be part of the everyday Finnish eating experience and to figure prominently on people's dinner tables."

Along with the message of Finnishness, Apetit stresses the freshness and vitamin content of its frozen vegetables, i.e. how well nutrients and minerals are retained in fresh frozen vegetables. The industrial freezing process is efficient and effective. After harvesting, vegetables are very quickly brought for freezing so that nutrients are retained in the product.

A further, significant marketing message is that frozen vegetables are versatile. The Muurikka pan-fry vegetables, which are suitable for summer barbecues, fit well with this message. Intended for wok-style cooking in Finnish kitchens, these products have proved popular among consumers.

As an industrial manufacturer, Apetit has been able to successfully reassure consumers with its brand. Competition, however, requires that attention be given to renewal. The volume market share of retailers' own brands is more than 50 per cent in many product groups, and new brand products are ever more rapidly joined by corresponding own-brand products from retailers.

Apetit aims to be part of the everyday Finnish eating experience and to figure prominently on people's dinner tables. This requires the kind of products that really make a difference to consumers, offering a certain 'plus' factor. This means that an already familiar product now has an additional characteristic. An example is the lactose-free Apetit spinach soup, which was introduced earlier and has already proved a success. The selection of lactose-free soups grew during the year with the addition of the Apetit salmon soup and the Apetit puréed potato and root vegetable soup. These are a new product group alongside the traditional product, attracting their own group of consumers, and thanks to these lactose-free soups, the sales of Apetit frozen ready meals have grown.

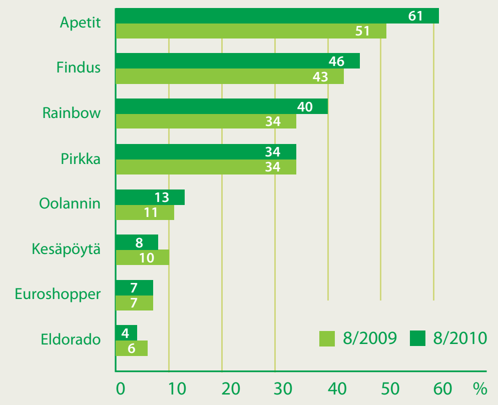
"Growth potential in consumption of frozen vegetables."

Value shifts in the food trade tend to be very small. Despite this, there was marked growth in the sales of Apetit frozen vegetables in the retail sector.

There is also room for growth in the Frozen Foods business. According to the ACNielsen Consumer Panel, households in Finland purchase frozen vegetables on average 10.6 times a year, though they shop for food four times a week. A Finnish family spends an average of EUR 17.20 on frozen vegetables annually.

The added value required by customers can be achieved with more unique vegetable combinations or various ways of cutting or chopping up vegetables, and by promoting new ways of using them. Some consumers, however, feel that the most important factor influencing their purchase decision is whether or not the product has been produced in Finland.

OVERALL SPONTANEOUS AWARENESS OF FROZEN FOOD BRANDS



Source: IROResearch; Brandflow

Consumer awareness of the Apetit brand focuses on it being a Finnish brand. In 2011, the 'domestic content' theme will be further emphasised.

Fresh and easy-to-use frozen foods form the basis for Apetit's operations and allow a strong emphasis to be placed on enjoyment in the cooking and dining experiences of Finns. Frozen vegetables, potatoes, pizzas, ready meals and pastries were joined by a newcomer in September. The Apetit Focaccia breads scored well in consumer tests, and sales took off well.

APETIT ON FACEBOOK

The importance of social media in marketing is growing, as the media and consumer behaviour become more fragmented. This requires new ways of getting messages through to target groups.

Apetit is among the first Finnish food companies to go on Facebook, creating its own profile at the beginning of 2011. The writers of food blogs form another important channel. Apetit products have often been discussed in bloggers' evaluations and food tips.

One of Apetit's core objectives in consumer communications is to raise the status of the freezer to match that of the kitchen cupboard, so that it gets used more often and replenished regularly.

71%

Sales to retail sector, % of net sales

SEAFOOD

SEAFOOD BUSINESS IN FINLAND

The market for fresh fish is growing fairly rapidly in Finland. Consumers enjoy eating fish, both at home and in different restaurant environments. In the context of today's consumer trends that favour light and healthy choices in particular, fish is very well suited as a protein source.

In the supermarket, consumers buy fresh fish from the service counter and from the display shelf for consumer packaged products. Service sales account for almost two thirds of the fresh fish sold in the retail trade, while consumer packaged products account for about one third. Pink-fleshed fish, i.e. salmon and rainbow trout, are the most popular among consumers, accounting for about 75 per cent of the fish purchased. The popularity of pink fish is based on its easy availability and convenience and the fact that it is a familiar and safe choice for consumers.

In the restaurant sector the biggest volumes of fresh fish are consumed in staff restaurants and in public sector premises, including schools and other institutional kitchens, where the popular choices are pink and white fish portions and other products easy for cooking. These include not only pink fish, but also white-fleshed marine fish, such as pollack and cod.

> *"Success requires a fresh fish supply chain that is quick and efficient."*

The seafood sector in Finland is still very fragmented, even though concentration has begun to occur in recent years. A number of mergers and acquisitions have occurred in the sector, involving the integration of fish processors and fish farmers. A typical fish processing company is small or no more than medium sized, and is privately owned. It may focus on product ranges for the retail sector and the food service sector, or it may choose to concentrate on a narrower area of the market.

The sector is very dependent on fish purchase prices, because the extent of processing is typically very low. Raw material costs account for as much as 80 per cent of a product's costs in the sector. This also means that the degree of success in sales pricing will have a key impact on the profit-earning capacity of companies in the industry. The long, fixed pricing periods demanded by customers and especially by retailers require that companies have a high standard of expertise in procurement and a good grasp of the outlook for raw material prices.

Freshness is always the key when selling fish products to consumers. Consumers pay special attention to the freshness of the fish

APETIT KALA

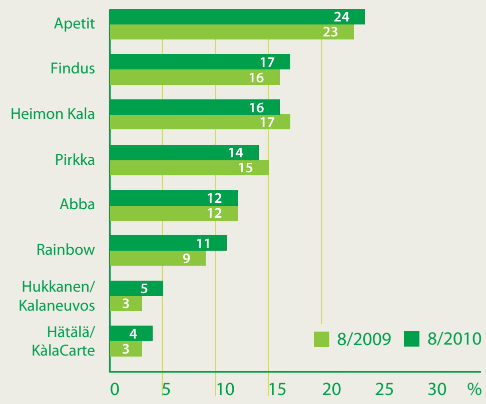
The Lännen Tehtaat Group's Finnish Seafood business is operated by Apetit Kala . Apetit Kala Oy and its subsidiary, Myrskylän Savustamo Oy, develop, produce, market and sell fresh fish products under the Apetit and Safu brands and under retailers' private labels. Apetit Kala sells fresh fish, fish products and other fresh products at its Kalatori service counters, which number almost 30 in different locations around the country. The associated company Taimen Oy and its subsidiaries specialise in fry and fingerling production and fish farming.

Apetit Kala's chain of operations extends from fish 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. The company also procures fish raw materials from approved suppliers in different parts of the world.

The product range is aimed at service sales and the hotel, restaurant and catering sector. In the retail trade, the products are sold as consumer packaged products on the self-service shelves or at service counters. The range consists of fresh fish and fish fillets, fish products, hot- and cold-smoked products, raw pickled products, fish strips, fish portions, ready-to-eat fish products and Apetit Maritim shellfish in brine.

Apetit Kala's production units are in Kuopio, Kustavi and Myrskylä. The Taimen companies have 28 fish farms and three gutting sites in mainland Finland, the Åland archipelago and Sweden.

OVERALL SPONTANEOUS AWARENESS OF FISH PRODUCTS BRANDS



Source: IROResearch;Brandflow

that they buy, and will continue to do so in the future. The authorities and the media monitor this very closely. This is why success in the sector requires a fresh fish supply chain that is quick and efficient, from sea to table.

Pink fish will continue to be popular in the future, and the value added in processing will rise steadily. Consumers would also like to eat more wild fish, but supply is not sufficient to meet demand. New white-fleshed fish species are now being farmed around the world in greater numbers than before. At the service counter, consumers are increasingly choosing Pangasius or some other farmed white-fleshed fish. The popularity of shellfish as a treat for Finns is also increasing gradually. Fish and other seafood will become increasingly popular and will feature more often on consumers' plates in place of other protein sources.

> *"Apetit Kala is the market leader in retail sales of consumer packaged fresh fish."*

Apetit Kala began 2010 in a reasonable position. The previous year ended with a strong final quarter, and the first quarter of 2010 began with cautious optimism. Profitability collapsed in the second quarter, however, due to a substantial rise in raw material prices and because of labour market disputes. The adverse impact of high raw material prices was felt most acutely in the third quarter.

The situation improved after the start of the new fish gutting season in September, when fish prices started falling, although prices were still considerably higher than a year earlier even at the end of 2010. Following the arrangement with Taimen, the fresh supply chain for rainbow trout was streamlined, which also improved profitability. The Christmas season, the most important time of the year for fish sales, was successful, and the fourth quarter was the strongest of the year for Apetit Kala. For the associated company Taimen Oy, which specialises in fish farming, the entire year was a success.

Apetit Kala is the market leader in retail sales of consumer packaged fresh fish. It has a particularly strong position in cold-smoked and raw pickled products.

To be a major operator in the seafood sector in Finland a fish processing company would need to have about one third of the fresh fish market, both in the retail trade and in the food service sector. This is the target set by Apetit Kala.

The prospects for this appear good, as the Brandflow 2010 survey conducted in August revealed that Apetit is clearly the top brand for consumers. Apetit nevertheless wishes to see greater awareness of its brand. Apetit's top brand status will be strengthened further by positioning the Apetit brand in a new and attractive way for consumers.

Freshness remains the primary factor in Apetit Kala's operations. This is why its fresh supply chain for pink fish is being turned into the sector's fastest and most efficient, supported by the work of leading Finnish rainbow trout farmer, Taimen Oy, an associated company of Apetit Kala. The fresh supply chains for the rest of the product range are also being secured to ensure that the freshness promise is not compromised in any way.

With different customer groups in mind, Apetit Kala is assembling the necessary competitive advantages and business models to support operations in the various segments. Whether the particular emphasis is on price, quality, the extent of the product range or the unsurpassed nature of the service, Apetit Kala aims to offer its customers solutions that support their business strategies.

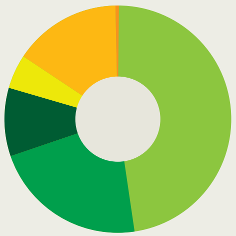
In today's fragmented competitive field, the price of the product is particularly important when purchase decisions are made. Hence procurement and raw materials expertise are core competences for Apetit Kala. To develop this special expertise Apetit Kala conducts skills surveys and has a programme of development measures. Apetit Kala also offers such surveys and measures, as well as training, to its customer companies and organisations, with the aim of enhancing consumer confidence in seafood expertise.

SEAFOOD

SEAFOOD BUSINESS IN NORWAY AND SWEDEN

The market for fresh fish in Norway and Sweden is growing fairly rapidly. Seafood plays a key role in the culinary traditions of these countries, and consumers are also experienced users of wild fish and shellfish. Seafood is popular in lunchtime meals, at home and in restaurants, and seafood consumption per capita exceeds the figure for Finland.

SEAFOOD BUSINESS IN NORWAY AND SWEDEN, DISTRIBUTION OF NET SALES



Shellfish products	48%
Minced fish products	22%
Fresh fish products	10%
Dressings	5%
Canned fish products	15%
Other	0%
Total	100%

Consumers buy fresh fish from the service counter in the supermarket, from sales points outside supermarkets and from the display shelf for consumer packaged products. Service sales account for a significantly smaller share of retail sales than in Finland. Pink fish plays an important role, but it accounts for a distinctly smaller share of the total, as the proportion of fish caught from the sea is greater. The share of retailers' private labels in consumer packaged seafood is extremely high.

Ready-cooked fish products comprise a relatively high proportion of total consumption. Smoked products are very popular, and various ready-cooked fish cakes, fishballs and other products adapted to local tastes form a significant share of the market. Shellfish in brine is also an important product group.

In food service, the volumes of fresh seafood are greatest in the public sector. The most popular products are portions of white-fleshed fish and convenient products for cooking. In Norway, the role of staff restaurants is significantly less than in Finland and Sweden.

In Norway and Sweden, the concentration in the industry is still at its initial stages, and there are not yet any major operators. Seafood processing occurs in small companies and in a fragmented market. The fragmented nature of the market and the strong market share

MARITIM FOOD

The Lännen Tehtaat Group's Seafood business in Norway and Sweden is handled by Maritim Food AS, Sandanger AS and Maritim Food Sweden AB, which are all companies of the Maritim Food Group. The Group has three production plants in Norway and one in Sweden.
Maritim Food operates as a procurer, processor and supplier of fish and shellfish. Key customers include the retail chains and the food service sector.
Its main product groups are shellfish in brine, minced fish products, canned mackerel and other canned fish products, and dressings.
Maritim Food's own brands are Maritim, Fader Martin and Sunnmöre. Besides their own brand products the companies produce a significant share of the fish products, canned fish and shellfish in brine sold under retailer's own labels.

of retailers' private labels are increasing the pressures on price and profitability and the need for restructuring in the sector.

A significant share of raw material procurement is on the world market, with its seasonal and rapid fluctuations, and so procurement expertise and a good understanding of market price trends are key elements in ensuring success.

"2010 was a stable year for Maritim Food."

In 2009, the Maritim Food Group suffered the adverse effects of a rapid rise in shellfish raw material prices and unfavourable exchange rates, resulting in poor profitability. However, by the start of 2010 the situation had been turned around by streamlining procurement, raising prices and improving cost efficiency. 2010 proved to be a stable year for Maritim Food.

Maritim Food's shellfish product group performed well. Growth in dressings sales continued and profitability improved. During the year, the decision was taken to withdraw from unprofitable smoked salmon production. In the future, productivity improvements should be possible by concentrating production.

Close cooperation continued with Norway's leading retailer, NorgesGruppen. This focused especially on product development cooperation, the result of which was the launch of completely new, modernised packaging for the Fiskemannen product series and a new range of fishcakes and fishballs.

"Maritim Food: a market leader with a strong focus on product development."

Product redesigns will continue during 2011. Maritim Food will redesign its range of shellfish products and will launch the new products in the first half of the year. The new product concept, which will offer shellfish with various new seasonings and new packaging, is well suited as a snack, a quick lunch or as a salad ingredient.

The fishcakes, fishballs and fish puddings, which are all very popular in Norway, have reached a phase of slow growth on the market. Maritim Food is the market leader in these products and it is developing them further, focusing on new uses for familiar products. With this in mind, the company will be launching products with tempting new flavours and in new-type packaging. The new sliced fish pudding products are suitable for use as cold cuts as well as part of a meal. The aim is to achieve more attention and growth in the entire product group.

In the first half of 2011, the range of canned fish will be joined by a redesigned canned mackerel product: mackerel in tomato sauce.

Maritim Food performed well on the Swedish market for shellfish in brine, and the last quarter ended with strong growth in all customer segments. Sales of shellfish in brine also grew substantially again to the Finnish market.

GRAINS AND OILSEEDS

Avena Nordic Grain's business has expanded from grains, oilseeds and animal feedstuffs trading, which form the basis of its operations, to include vegetable oils manufacturing and sales.

The company's good performance in 2010 despite the diverse crop conditions was based on careful market analysis and crop monitoring, active market participation and efficient logistical arrangements in different markets.

> *"Simplicity is a strength in a small specialist organisation"*

Avena's subsidiary Mildola specialises in oilseed crushing, producing mainly rapeseed oil and expeller. The company is well positioned to continue developing its activities in the future. Vegetable oils have expanded Avena's market in the food industry, bringing it closer to consumers and the food service sector. Avena's products also meet today's demands for healthiness and locally produced foods very well.

Mildola became a production unit owned by Avena Nordic Grain in late 2009. Consequently, attention was paid to the streamlining of joint operations throughout 2010.

The strength of a specialist organisation like Avena Nordic Grain is its flexibility and its ability to respond rapidly. This is helped by an IT system developed to efficiently serve the entire organisation.

Avena's operations are based on quality, reliability, flexibility and individualised service. These are also well represented in Avena's Internet marketplace (Avenakauppa), which is intended for growers and was redesigned during 2010. Avenakauppa, which is first and foremost a communications channel, has been well accepted by growers.

During the financial year, Avena's subsidiaries in Russia, Lithuania and Estonia were joined by a subsidiary in Kazakhstan, TOO Avena Astana, which Avena established for local grain procurement. Avena previously had a representative office in Kazakhstan. For many years Kazakhstan has been a considerable exporter of wheat to world markets.

Avena's basic operations consist of business-to-business trading in ever changing grain, oilseeds and animal feedstuffs markets. In addition to the weather, factors affecting market trends include currency exchange rates and the state of the economy in different countries, as well as investor activity in global commodities exchanges. The dry summer of 2010 in commercially important grain-producing regions weakened harvests and had a strong impact on global grain markets. The economic problems in Ireland and southern Europe affected exchange rates and world markets.

AVENA NORDIC GRAIN

Avena Nordic Grain is Finland's leading trader in grains, oilseeds and animal feedstuffs, and a manufacturer and supplier of vegetable oils and expeller. Avena's main market is the European Union. Avena is especially active in its home market, Finland.
The company's headquarters are in Espoo, Finland, and it has branch offices around the country, in Vaasa, Pori, Salo, Kouvola and Porvoo. Avena's foreign subsidiaries are ZAO Avena St. Petersburg in Russia, UAB Avena Nordic Grain in Lithuania, OÜ Avena Nordic Grain in Estonia and TOO Avena Astana in Kazakhstan, which is a new unit.

Based in Kirkkonummi, Finland, the subsidiary of Avena Nordic Grain, Mildola Oy develops and produces vegetable oils and expeller from rapeseed and soybeans.

2,930

Crop in Finland 2010, thousands of tonnes

The market situation is influenced not only by fluctuations in production, but also demand for grains and oilseeds, which has grown steadily owing largely to economic and population growth in China and India. The growing size of the middle class in Asia is changing eating habits in the region. Rice is being supplanted by other grain products, and demand for chicken and other meat is growing, the production of which increases grain and protein consumption.

> *"Avena Nordic Grain is also developing its operations in the vegetable oils market"*

Avena Nordic Grain is continuing to develop its operations in the vegetable oils market, too. The next logical step is to develop oil packaging operations, which will provide opportunities in product development and enable the company to better meet customers' needs. Neito special rapeseed oils are Avena's consumer brand and are in a good position to expand their market share.

Neito special rapeseed oil is a mild-tasting vegetable oil produced in a way that is as gentle and environmentally friendly as possible. It is a quality product designed to satisfy even the most demanding consumers. Its production process ensures that the healthy and most important components of rapeseed are retained. Rapeseed oil contains large quantities of omega-3 and omega-6 fatty acids in the right proportion, and these are essential for the body. A fresh study on fatty acids by the Universities of Helsinki and Tampere shows that the use of rapeseed oil also reduces the level of fibrinogen, a cause of thrombosis and inflammation.

> *"2010 was a divided year in the grains market"*

The agricultural commodities markets saw significant changes during 2010. In the first half of the year, prices were low due to very large crops obtained worldwide in 2008 and 2009, and because of increased ending stocks and expectations of another large crop.

Barley was in especially abundant supply in the European Union. With the lack of an export market, and because the intervention regime was expiring before the new crop in 2010, large quantities of barley were sold into intervention stores. In the European Union as a whole, a total of 5.3 million tonnes of barley was delivered into intervention stores, with Finland accounting for 0.8 million tonnes.

Summer 2010 was very hot and dry in large parts of Russia and Kazakhstan, and to some extent in Ukraine, too, which resulted in substantial crop losses. Russia only produced about 60 million tonnes of grain, compared with 95 million tonnes the previous year. In order to protect its domestic market, the Russian government imposed an export ban as from August.

Crop losses in Ukraine were less severe, the total crop being 40 million tonnes as opposed to 45 million tonnes the previous year. Concerned about excessive growth in exports and rising food prices on its domestic market, the Ukrainian government imposed export quotas in October.

Kazakhstan's wheat crop dropped from 17 to 11 million tonnes, leaving only a small exportable surplus.

This in effect eliminated Russia, Ukraine and Kazakhstan from the export markets, where they had been major suppliers in previous years. With global grain consumption growing at an annual rate of 30–35 million tonnes, importing countries had to turn to other sources of supply, like the US and the European Union.

The combined grain production of the 27 EU countries in 2010 amounted to 274 million tonnes, which was about 20 million tonnes less than the previous year. Dry conditions during the growing season and wet conditions during the harvest resulted in lower per-hectare yields and in qualities that failed to meet the standard for bread wheat in some regions.

In Finland, the crop was 2.9 million tonnes, compared to 4.3 million tonnes in 2009, due to smaller sowing areas and below average per-hectare yields.

The reduced supply and strong demand caused prices to rise substantially in the second half of the year in the EU and world markets.

"Demand for vegetable oils grew"

The prices of soybeans and other oilseeds as well as vegetable oils and meals have risen substantially. The main reason for this is considered to be the strong demand for vegetable oils and China's large-scale purchases of soybeans.

Ending stocks of soybeans in the US are again at a bare minimum, equivalent to only 18 days of consumption. Annual global consumption of the most important vegetable oils in 2010 is estimated at 146 million tonnes, as compared to 138 million tonnes in 2009.

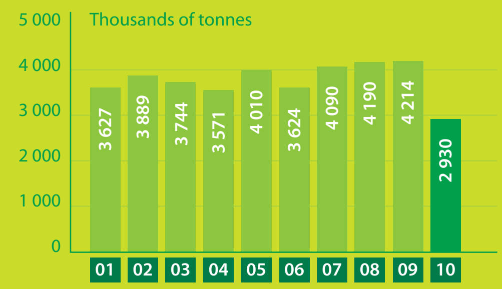
The rapeseed crop in the European Union totalled 20.5 million tonnes. The drop from the previous year's figure of 21.5 million tonnes was due to unfavourable growing and harvest conditions, which resulted in below average per-hectare yields.

Rapeseed cultivation in Finland almost doubled from 80,000 to 158,000 hectares, but unfavourable conditions for growth resulted in yields of only 1.13 tonnes per hectare, compared with the previous year's 1.73 tonnes per hectare. Despite the low per-hectare yield, the overall harvest was the largest in Finland's history, amounting to almost 180,000 tonnes.

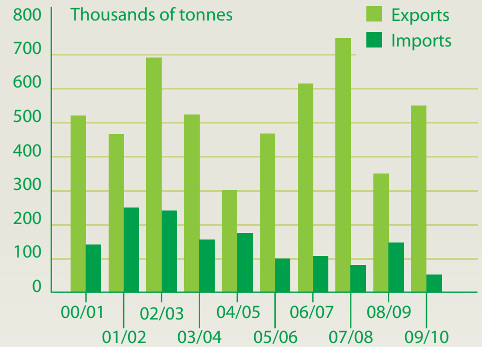
"Interesting trading opportunities in 2011"

Harvest conditions in South America and sowing and growing conditions in the northern hemisphere will affect the future trend in the market, and constantly fluctuating grain flows and market conditions should provide Avena with interesting trading opportunities in 2011. Avena's objective is to continue controlled growth by increasing the level of added value in oil production and developing operations in the EU domestic market and third country markets. Net sales will, however, depend on the quantity and quality of this season's crops and the price level in the main markets.

CROPS IN FINLAND 2001 – 2010



GRAIN EXPORTS AND IMPORTS DURING CROP SEASONS 2000/2001 – 2009/2010




GJERDSVIKA
FREDRIKSTAD
DINGLE
TÜRI
TARTU
ST. PETERSBURG
VILNIUS
ASTANA
PUDASJÄRVI
VAASA
KUOPIO
PORI
KÖYLIÖ
SÄKYLÄ
KUSTAVI
KOUVOLA
MYRSKYLÄ
SALO
PORVOO
ESPOO
KIRKKONUMMI

BOARD OF DIRECTORS´ REPORT 2010

GROUP MANAGEMENT AND REPORTING STRUCTURE

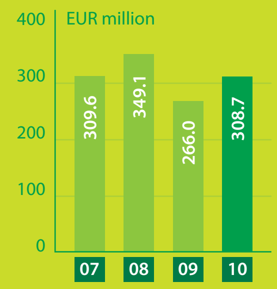
The company's businesses are Frozen Foods, Seafood, Grains and Oilseeds, and Other Operations, which are also the reportable operating segments in the Group's reporting.

Frozen Foods consists of Apetit Pakaste Oy. The Seafood business comprises the Apetit Kala group companies Apetit Kala Oy and Myrskylän Savustamo Oy and the associated company Taimen Oy in Finland and the Maritim Food group companies in Norway and Sweden. Grains and Oilseeds comprises Avena Nordic Grain Oy and its subsidiaries; 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.

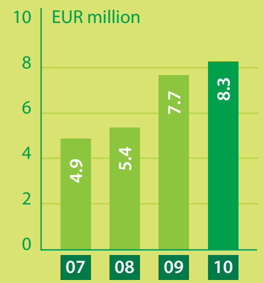
KEY INDICATORS

	2010	2009	2008
CONTINUING OPERATIONS			
Net sales, EUR million	308.7	266.0	349.1
Operating profit excluding non-recurring items, EUR million	8.3	7.7	5.4
Operating profit excluding non-recurring items, %	2.7	2.9	1.6
Operating profit, EUR million	8.3	6.8	13.9
Operating profit, %	2.7	2.6	4.0
Profit before taxes, EUR million	8.4	7.3	10.7
Profit for the period, EUR million	6.5	5.8	10.0
Earnings per share, EUR	1.04	0.94	1.60
DISCONTINUED OPERATIONS			
Profit for the period, EUR million	-	-	7.1
Earnings per share, EUR	-	-	1.13
CONTINUING AND DISCONTINUED OPERATIONS			
Profit for the period, EUR million	6.5	5.8	17.1
Earnings per share, EUR	1.04	0.94	2.73
Equity per share, EUR	22.01	22.19	21.83
Equity ratio, %	72.4	78.0	70.5
Return on equity (ROE), %	4.7	4.3	12.9
Return on investment (ROI), %	6.1	5.5	13.8

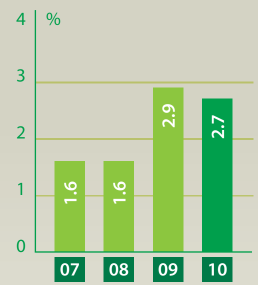
NET SALES
continuing operations



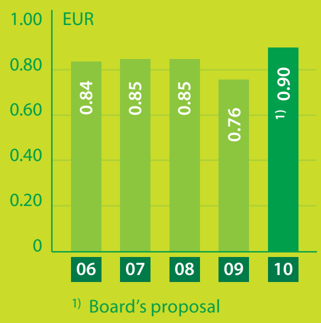
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS
continuing operations



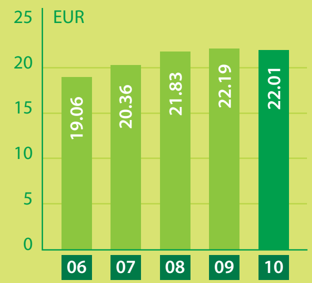
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS
continuing operations



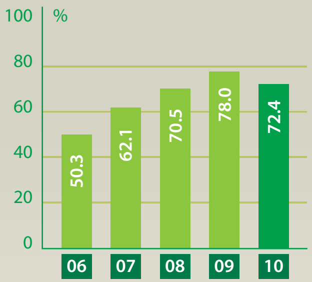
DIVIDEND PER SHARE



EQUITY PER SHARE



EQUITY RATIO



Other key figures 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 Financial Statements.

NET SALES AND PROFIT

Consolidated net sales in January-December amounted to EUR 308.7 (266.0) million, up by 16% on the previous year. Most of this growth was in the Grains and Oilseeds business. Net sales of the Seafood business were also up. In Frozen Foods, net sales were slightly below the previous year's total.

The operating profit, excluding non-recurring items, was EUR 8.3 (7.7) million. The non-recurring items came to EUR 0.0 (-0.8) million. The operating profit includes EUR 3.0 (2.0) million as the share of the profit of associated companies. A total of EUR 0.6 (0.0) million of the associated company profits concerns Seafood, and EUR 2.4 (2.0) Other Operations.

Financial income and expenses came to a total of EUR 0.1 (0.5) million. This figure includes valuation items of EUR 0.9 (0.5) million with no cash flow implications. Financial expenses also include EUR -0.8 (-0.7) million of Avena Nordic Grain Group's profit as the share attributable to the Avena Nordic Grain Oy employee shareholders.

Profit before taxes was EUR 8.4 (7.3) million. Taxes for the financial year came to EUR -1.9 (-1.5) million. Profit for the period came to EUR 6.5 (5.8) million, and earnings per share amounted to EUR 1.04 (0.94).

CASH FLOWS, FINANCING AND BALANCE SHEET

The Group's liquidity was good and its financial position is strong.

The cash flow from operating activities in the financial year after interest and taxes amounted to EUR 0.6 (25.8) million. The impact of the change in working capital was EUR -7.4 (14.9) million, most of this being in the Grains and Oilseeds business.

The net cash flow from investing activities came to EUR 3.5 (-10.4) million. Deposits and withdrawals of liquid assets into and from short-term fixed income funds had an impact of EUR 10.1 (-13.0) million on the cash flow from investing activities. The cash flow from financing activities came to EUR -4.4 (-17.5) million, and this included EUR -4.7 (-5.3) million in dividend payments.

At the close of the financial year, the Group had EUR 4.0 (3.3) million in interest-bearing liabilities and EUR 14.6 (25.0) million in liquid assets. Net interest-bearing liabilities totalled EUR -10.7 (-21.7) million. The consolidated balance sheet total stood at EUR 191.9 (176.1) million. Equity totalled EUR 139.0 (137.3) million at the end of the financial year, and the equity ratio was 72.4% (78.0%) and gearing was -7.7% (-15.8%). There were no issues made within the framework of the commercial paper programme during the financial year. The Group's liquidity 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

The Group's gross investment in non-current assets came to EUR 3.1 (2.7) million.

Investment by Frozen Foods totalled EUR 1.2 (1.9) million, by Seafood EUR 1.1 (0.6) million, by Grains and Oilseeds EUR 0.7 (0.3) million and by Other Operations EUR 0.2 (0.0) million.

Investment in shares during the financial year came to EUR 10.5 million. These concerned the Seafood business, specifically the acquisition of shares of Myrskylän Savustamo Oy and Taimen Oy.

CORPORATE ACQUISITIONS AND DISPOSALS

In June, Lännen Tehtaat plc and Taimen Oy entered into an arrangement whereby the Lännen Tehtaat plc's subsidiary Apetit Kala Oy acquired a 30% holding in Taimen Oy and Taimen Oy acquired a 30% holding in Apetit Kala Oy. As part of this arrangement, Taimen Oy transferred to Apetit Kala Oy the share capital of its fish-processing subsidiary Myrskylän Savustamo Oy and the share capital of Myrskylän Savustamo Oy's subsidiary, Safu Oy. Lännen Tehtaat's share of the Taimen Group's profits is reported in Lännen Tehtaat Group's segment reporting as associated company profit for Seafood above the operating profit as from the start of June.

Further details on the arrangement are given in Note 3 of the Notes to the Consolidated Financial Statements.

PERSONNEL

Lännen Tehtaat's personnel strategy focuses on improving employee wellbeing, professional competence and management skills. The main emphasis in personnel training in 2010 was on developing professional competence and management skills. Renewal was a key theme in all events related to personnel training and development.

In 2010, the Group employed an average of 621 (2009: 657 and 2008: 755) people. The distribution of personnel across the different businesses was as follows:

NUMBER OF PERSONNEL, average	2010	2009	Change	*) 2008
Frozen Foods	199	205	-6	237
Seafood	351	379	-28	441
Grains and Oilseeds	61	62	-1	65
Other Operations	10	11	-1	12
Group total	621	657	-36	755

*) continuing operations

The reduction in average personnel in the Seafood business was due in part to the reduced number of Kalatori service counters in Finland, though personnel numbers were boosted by arrival of Myrskylän Savustamo Oy and Safu Oy, which joined the Group at the start of June, and the launch of the Kustavi fish processing plant at the beginning of November. The number of personnel in the Seafood business in Norway and Sweden decreased due to the jobs lost in September as a result of the adjustment measures in production.

	2010	2009	Change	*) 2008
Salaries and other remuneration paid, EUR million	24.9	25.2	-0.3	28.5

*) continuing operations

Lännen Tehtaat publishes a separate personnel report (in Finnish), which can be viewed on the Lännen Tehtaat website at *www.lannen.fi*.

OVERVIEW OF OPERATING SEGMENTS

Frozen Foods

Net sales in Frozen Foods totalled EUR 45.1 (46.0) million, a decrease of 2% year-on-year. Sales under retailers' private labels decreased, as did sales to the food industry and exports. Sales to the hotel, restaurant and catering sector were at the level of 2009.

Sales of frozen foods to the retail sector under the Apetit brand were up. Frozen vegetable sales were up by almost 10%, sales of frozen potato products by 10% and Apetit soups by almost 20%. This positive trend was partly due to good sales of the Apetit Kotimainen Finnish-grown products, the Apetit Muurikka pan-fry vegetables and lactose-free Apetit soups. Sales of the new range of fishburgers, fishballs and vegetable burgers and vegetable balls launched for the hotel, restaurant and catering sector were also extremely good.

The operating profit of Frozen Foods was EUR 3.4 (3.4) million, which is at the level of 2009. There were no non-recurring items. The improved productivity had a positive effect on the result, as did the stronger sales focus on more profitable products. The labour market disputes in the spring, however, had an adverse impact on sales and also added to costs when empty stocks had to be refilled after the disputes were over. Delivery reliability was not returned to the pre-strike level until the summer.

During the year, the marketing of Apetit products has highlighted the naturally good nutrition properties of the frozen vegetables and has emphasised the Finnish origin of the Apetit products. The theme of 'locally produced food straight from the freezer' is being continued in marketing during 2011.

Seafood

A significant ownership arrangement took place in June in the Group's Seafood business in Finland when Apetit Kala Oy acquired Myrskylän Savustamo Oy's entire stock and 30% of the Taimen Group. Correspondingly, Taimen Oy acquired 30% of Apetit Kala Oy.

The Taimen Group has a total of 28 fish farming units in mainland Finland, Åland and Sweden and also three gutting sites. For many years the company has been Apetit Kala Oy's principal supplier of rainbow trout raw materials. The ownership arrangement allowed the integration of Apetit Kala Oy with the fish farming end of the processing chain. The arrangement created the most efficient fresh-product supply chain for rainbow trout on the Finnish market. It will also produce synergy benefits, for instance in production and logistics. The arrangement will, furthermore, open up opportunities for introducing new business models. The Taimen group specialises in farming rainbow trout, trout, whitefish and Saimaa Arctic char, as well as fry and fingerling production. Its total annual production is approximately eight million kilos, and its market share is about half of total rainbow trout production in Finland.

The net sales of the Seafood business totalled EUR 80.9 (75.9) million, up by some 7%. The majority of the growth was in the Finnish Seafood business.

The growth was attributable to the higher average price of fish product sales compared with a year earlier, the positive sales trend in higher added value cold-smoked and raw-pickled products, and the addition of Myrskylän Savustamo to the Group at the start of June.

Net sales in the Seafood business in Norway and Sweden in euros were up on the previous year by about 1%. Measured in local currencies, net sales were down by about 10%. Most of the decrease in net sales was on the Norwegian market. On the Swedish market the trend in sales to the retail trade and to the hotel, restaurant and catering sector was favourable, especially in the last quarter of the year. Exports to Finland continued to be strong. By product group, the best sales trend was in dressings, though shellfish sales also developed well.

Seafood's operating profit, excluding non-recurring items, was EUR -1.8 (-1.8) million. The non-recurring items came to EUR 0.0 (-0.7) million. The result deteriorated slightly in the Finnish Seafood business, and correspondingly improved in the Seafood business in Norway and Sweden. The operating result included EUR -0.1 (0.0) million as an unrealised change in the fair value of currency hedges. The share in the profit of associated company Taimen Oy in June-December was EUR 0.6 million.

Affecting profitability in the Finnish Seafood business was the substantial rise in raw material prices for rainbow trout and Norwegian salmon, which began in the first half of the year. The price level dropped a little in the early autumn when supplies increased, but was still at an exceptionally high level. Due to retailer pricing periods and the tight competition, significant price rises for products that are priced by period will not be made until 2011.

The impact of the spring labour market disputes was felt in the Seafood business until the summer. Due to the disputes, sales fell short, delivery reliability weakened and productivity suffered.

The process of integrating Apetit Kala Oy and Myrskylän Savustamo Oy, acquired in June, and its subsidiary, Safu Oy, proceeded according to plan. The functions of Apetit Kala were reorganised, and the new personnel structure took effect at the start of September. Erkki Lepistö relinquished his position as Managing Director of Apetit Kala Oy for personal reasons, and on 14 October 2010 Matti Karppinen was appointed as his successor. Karppinen also continues as CEO of Lännen Tehtaat plc.

To streamline the fresh fish supply chain and improve the service level, Apetit Kala began fresh fish processing at the Kustavi production plant early in November. This will increase processing capacity, reduce logistics costs and shorten the time from sea to table.

In the Group's Seafood business in Norway and Sweden the high raw material price of Norwegian salmon adversely affected profit-earning capacity up to the early autumn. The shellfish raw material price rose during the second half of the year, too. Due to the retail trade's pricing periods, any price rises to compensate for a rise in raw material prices is delayed. Productivity and operating efficiency have been good. During the year, Maritim Food engaged strongly in product renewal, in collaboration with the main customer. New kinds of products, redesigned and with a higher store profile, were launched during 2010, both under the retailer's private label and under the Maritim brand; these launches will continue in 2011.

Maritim Food has three production sites in Norway and one in Sweden. In the latter part of the year, the company launched a general review of the development possibilities of the factory operations and of the scope for concentration in production.

Grains and Oilseeds

Net sales in 2010 totalled EUR 181.9 (143.4) million, up 27% on the previous year's figure. The increase in net sales was a consequence of higher volume in both grain and vegetable oil sales.

The agricultural commodities markets saw significant changes during 2010. In the first half of the year, prices were low, which was due to the large harvests and greater stocks around the world in 2008 and 2009 and expectations of a plentiful harvest to come. .

The weather in summer 2010 led to major crop losses in Russia, Kazakhstan and Ukraine. The combined grain production of the EU countries amounted to 274 million tonnes, which was about 20 million tonnes less than the previous year. The Finnish harvest was 2.9 million tonnes compared to 4.3 tonnes in 2009. The reduced supply and strong demand caused prices to rise substantially in the second half of the year in the EU and world markets.

The prices of soybeans and other oilseeds as well as vegetable oils and expeller meal rose considerably in the second half of the year. In Finland, the area under rapeseed grew and a record crop was obtained, almost 180,000 tonnes, despite per-hectare yields being low.

For the Grains and Oilseeds business, the operating profit, excluding non-recurring items, came to EUR 7.2 (7.4) million. The non-recurring items came to EUR 0.0 (-0.1) million. In the first six months of the year, Avena achieved a good level of profit. In the final six months, profit-earning was hampered temporarily by the considerable increase in market prices that took place during the summer.

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 2009, leaving Mildola Oy to continue its oil milling operation as a production unit of Avena as of the start of 2010.

To expand local procurement and trading and to boost exports, Avena opened a new office in Estonia and established a subsidiary, TOO Avena Astana, in Kazakhstan, alongside the representative office there. The Kazakhstan subsidiary will begin ordinary operations during 2011.

Other Operations

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.

Net sales in Other Operations for the year amounted to EUR 2.6 (2.4) million.

The operating result was EUR -0.5 (-1.3) million. The operating result includes EUR 2.4 (2.0) million as the share of the profits of associated companies. The improved result is a consequence of the associated company Sucros's year-on-year profit improvement and the lower costs of the Group Administration and Apetit Suomi compared with the previous year.

RESEARCH AND DEVELOPMENT

The Group's research and development costs came to EUR 1.0 (0.9) million, representing 0.3% (0.3%) of net sales. The R&D work undertaken mainly concerned the development of new products.

In the Frozen Food business, a number of new products were introduced to the Apetit Kotimainen Finnish-grown range of retail products. The selection of non-lactose Apetit soups was also increased. Apetit Muurikka pan-fry vegetables were launched for the summer barbecue season, and the Apetit Focaccia breads were launched in autumn. For the hotel, restaurant and catering sector, the new frozen ready-cooked fishburgers, fishballs and vegetable burgers and vegetable balls have been developed with the special needs of the customer group in mind and contain no MSG. In 2011, fresh vegetable pasta frozen ready meals, carrot patties, vegetable balls, potato-sweet potato mini rostis and oven-ready cream potatoes with sweet potato were introduced to the retail market, among other products. The appearance of the retail packagings were renewed at the same time.

Development measures in the Finnish Seafood business have targeted the organisation of operations and development of new operating models following the Taimen arrangement that took place in June. In the Seafood business in Norway and Sweden, an extensive modernisation of the product range has been carried out in cooperation with the main customer. The packaging visuals were also renewed. New and innovative snack, lunch and cold cuts have been developed for the Maritim range and will be introduced in early 2011.

The Grains and Oilseeds business continued to develop its processes and systems. During the year it continued to improve its enterprise resource system and renewed Avena's Avenakauppa web marketplace.

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 Group's most important environmental impacts concern organic wastes from its production process, process waters and energy consumption in production, storage, transportation and properties.

In the Frozen Foods business, environmental costs are caused mainly by treating process waters and vegetable waste from production. In the Seafood business, environmental costs concern process waters and fish waste from the fish raw material in processing. The Group uses a chemical-free vegetable oil milling method. In vegetable oil milling, odorous gases, sulphur separated at raw material reception and bleaching clay used in processing are the principal causes of environmental costs. 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 2010 came to EUR 0.8 million, representing 0.3% of net sales. No environmental investments were made in the year under review.

More information on environmental issues is given on the Lännen Tehtaat website at *www.lannen.fi* (in Finnish).

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, most of the Group's annual profit is accrued in the final quarter. 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.

In the Seafood business, the sales of Apetit Kala Oy and Myrskylän Savustamo Oy peak at weekends and on holidays. A significant proportion of the entire year's profit in the Seafood business depends on the success of Christmas season. Due to the growing season for fish, only a small amount of the profit accumulated for the Taimen Group, which reports as an associated company, accrues during the summer months. 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.

RISKS, UNCERTAINTIES AND RISK MANAGEMENT

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

The Lännen Tehtaat Group's risks can be 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 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 most significant short-term risks for the Lännen Tehtaat Group concern the following: the management of raw material price changes and currency risks; a rise in energy prices; availability of raw materials; the impact of seafood price rises on consumer demand; the solvency of customers and the delivery performance of suppliers; changes in the Group's businesses and customerships; and corporate acquisitions and the subsequent integration processes.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement has been considered by Lännen Tehtaat plc's Board of Directors and is issued separately from the Board of Directors' report.

CORPORATE ADMINISTRATION AND MANAGEMENT

At its organisational meeting on 13 April 2010, Lännen Tehtaat plc's Supervisory Board elected Helena Walldén as its chairman and Juha Nevavuori as its deputy chairman.

The Supervisory Board elected the following as members of the company's Board of Directors, as of 13 April 2010: Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula and Soili Suonoja. The Supervisory Board elected Matti Lappalainen chairman of the Board of Directors and Hannu Simula deputy chairman. Tom v. Weymarn was member and chairman of the Board of Directors until 13 April 2010.

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

Hannu Pellinen, APA, and PricewaterCoopers Oy Authorised Public Accountants, with Tomi Moisio, APA, CPFA as responsible auditor, were appointed as auditors for Lännen Tehtaat plc by the Annual General Meeting on 30 March 2010.

AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

The Board of Directors has been authorised by the Annual General Meeting to decide on issuing new shares and transferring Lännen Tehtaat plc shares held by the company, and to do this in one or more lots as a share issue with 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 shall be at least the share's nominal value, or 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, but when implementing share-based incentive plans shares can also be issued without consideration.

The authorisation concerns 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 implementing corporate acquisitions or other arrangements, or implementing a share-based incentive plan. This authorisation also includes 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 AGM.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

By 16 February 2011, 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.

SHARES, SHARE CAPITAL AND 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.

Own shares

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

Share turnover

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 1,035,276 (1,997,857), representing 16.4% (31.6%) of the total number of shares. The highest share price quoted was EUR 20.00 (15.99) and the lowest EUR 15.51 (11.90). The average price of shares traded was EUR 17.62 (13.71). The share turnover for the year was EUR 18.2 (27.4) million. The year-end share price was EUR 17.50 (15.65), and the market capitalisation was EUR 110.6 (98.9) million.

Other share performance indicators are presented in Note 30 of the Notes to the Consolidated Financial Statements.

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.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events since the close of the financial year.

ASSESSMENT OF PROBABLE FUTURE DEVELOPMENT

The Group's net sales will be affected particularly by the level of activity in grain and oilseed markets and by changes in the price level of grains and oilseeds.

The Group's profit trend is expected to remain good in the first half of the year. The profit performance in the second half of the year will be influenced substantially by the extent of activity in the grain and oilseed markets, which at this stage of the year is still difficult to assess. Thanks to the measures taken to develop the Group's different businesses, and thanks to the corporate acquisitions made in 2010, the full-year operating profit, excluding non-recurring items, is expected to be better than the previous year's level.

BOARD OF DIRECTORS' PROPOSALS FOR PROFIT MEASURES AND FOR DISTRIBUTION OF OTHER UNRESTRICTED EQUITY

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 84,512,088.26 on 31 December 2010, of which EUR 6,550,104.19 is profit for the financial year.

The Board proposes that a dividend of EUR 0.90 per share be distributed for 2010. The Board of Directors will propose that a total of EUR 5,568,818.40 be distributed in dividends and that EUR 78,943,269.86 be left in equity. The proposed dividend is 86.5% of the earnings per share.

No dividend will be paid on shares held by the company.

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 jeopardised by the proposed distribution of dividends.

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2010	2009
Net sales	(2)	308.7	266.0
Other operating income	(4)	1.4	1.5
Materials and services	(7)	-235.4	-196.6
Employee benefit expenses	(5,28)	-30.1	-30.7
Depreciation	(2,8)	-5.3	-5.3
Impairments	(2,8)	-0.1	-0.1
Other operating expenses	(4,6)	-33.8	-30.0
Share of profits of associated companies	(2)	3.0	2.0
Operating profit	(2)	8.3	6.8
Financial income	(9)	1.3	2.2
Financial expenses	(9)	-1.3	-1.7
Profit before taxes		8.4	7.3
Income taxes	(10)	-1.9	-1.5
Profit for the period		6.5	5.8
Attributable to			
Equity holders of the parent	(11)	6.5	5.8
Non-controlling interests		-	-
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR		1.04	0.94

STATEMENT OF COMPREHENSIVE INCOME

EUR million	2010	2009
Profit for the period	6.5	5.8
Other comprehensive income		
Cash flow hedges	1.1	1.1
Taxes related to cash flow hedges	-0.3	-0.3
Translation differences	0.8	1.4
Total comprehensive income	8.1	8.0
Attributable to		
Equity holders of the parent	8.1	8.0
Non-controlling interests	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	**31 Dec 2010**	31 Dec 2009
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(12)	**6.0**	5.6
Goodwill	(12)	**8.6**	6.9
Tangible assets	(12)	**37.0**	37.9
Investment in associated companies	(13)	**33.9**	24.0
Available-for-sale investments	(14)	**0.1**	0.1
Receivables	(15)	**0.7**	1.8
Deferred tax assets	(10)	**1.4**	1.1
Total non-current assets		**87.5**	77.4
CURRENT ASSETS			
Inventories	(17)	**55.0**	48.1
Income tax receivables		**0.2**	0.1
Receivables	(16)	**34.5**	25.5
Financial assets at fair value through profits	(18)	**7.1**	17.2
Cash and cash equivalents	(19)	**7.5**	7.9
Total current assets		**104.4**	98.7
Total assets	(2)	**191.9**	176.1

EUR million	Note	**31 Dec 2010**	31 Dec 2009
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT			
Share capital		**12.6**	12.6
Share premium account		**23.4**	23.4
Own shares		**-1.8**	-1.8
Translation differences and other reserves		**6.5**	7.3
Retained earnings		**89.1**	90.0
Net profit for the period		**6.5**	5.8
Total equity attributable to the equity holders of the parent		**136.2**	137.3
Non-controlling interests		**2.7**	-
Total equity	(20)	**138.9**	137.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(10)	**4.4**	4.1
Long-term financial liabilities	(22)	**2.1**	2.4
Non-current provisions	(21)	**0.0**	0.2
Other non-current liabilities	(23)	**4.6**	-
Total non-current liabilities		**11.1**	6.6
CURRENT LIABILITIES			
Short-term financial liabilities	(22)	**1.8**	0.9
Income tax payable		**1.0**	1.5
Trade payables and other liabilities	(23,25)	**39.1**	29.7
Total current liabilities		**41.9**	32.1
Total liabilities	(2)	**53.0**	38.8
Total equity and liabilities		**191.9**	176.1

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2010	2009
Net profit for the period	6.5	5.8
Adjustments, total *)	4.9	6.5
Change in net working capital	-7.4	14.9
Interests paid	-1.1	-1.8
Interests received	0.3	1.0
Taxes paid	-2.6	-0.6
Net cash flow from operating activities	0.6	25.8
Investments in tangible and intangible assets	-3.1	-2.7
Proceeds from sales of tangible and intangible assets	0.5	3.2
Transactions with non-controlling interests	2.7	-1.2
Acquisition of associated companies	-8.1	-
Purchases of other investments	-32.9	-22.0
Proceeds from sales of other investments	43.0	9.0
Dividends received from investing activities	1.5	3.3
Net cash flow from investing activities	3.5	-10.4
Proceeds from/repayments of short-term loans	0.6	-9.5
Proceeds from/repayments of long-term loans	-0.3	-2.7
Payment of financial lease liabilities	0.0	0.0
Dividends paid	-4.7	-5.3
Cash flows from financing activities	-4.4	-17.5
Net change in cash and cash equivalents	-0.3	-2.0
Cash and cash equivalents at the beginning of the period	7.9	9.9
Cash and cash equivalents at the end of the period	7.5	7.9

EUR million	2010	2009
***) Adjustments to cash flow from operating activities:**		
Depreciation and impairments	5.5	5.4
Gains and losses on sales of fixed assets and shares	0.0	0.5
Share of profits of associated companies	-3.0	-2.0
Financial income and expenses	-0.1	-0.5
Income taxes	1.9	1.5
Other adjustments	0.6	1.5
Total	4.9	6.5

Purchases of other investments and proceeds from sales of other investments are cash flows related to short-term fixed income funds.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the parent									
EUR million	Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	**Total**	Non-controlling interests (NCI)	**Total equity**
SHAREHOLDERS' EQUITY 1 JAN. 2010	12.6	23.4	0.0	7.2	-1.8	-0.5	96.4	137.3	-	137.3
Dividend distribution	-	-	-	-	-	-	-4.7	-4.7	-	-4.7
Transactions with NCI	-	-	-	-	-	-	-2.9	-2.9	2.7	-0.2
Other changes	-	-	-	-	-	-	0.1	0.1	-	0.1
Total comprehensive income	-	-	-0.9	0.0	-	0.8	6.5	6.5	-	6.5
Shareholders' equity 31 Dec. 2010	12.6	23.4	-0.8	7.2	-1.8	0.3	95.3	136.2	2.7	138.9
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
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-	-5.3
Transactions with NCI	-	-	-	-	-	-	-0.7	-0.7	-0.5	-1.2
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

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 2011, 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 segments	**Products and services**
Frozen Foods	
Apetit Pakaste Oy	Frozen foods
Seafood	
Apetit Kala Oy	Fish products and service sales
Myrskylän Savustamo Oy	Fish products
Safu Oy	Fish products
Maritim Food AS	Shellfish and fish products
Maritim Food Sweden AB	Shellfish
Sandanger AS	Fish products
Grains and Oilseeds	
Avena Nordic Grain Oy	Trade in grains, oilseeds and animal feedstuffs
ZAO Avena St. Petersburg, Russia	Trade in grains, oilseeds and animal feedstuffs
UAB Avena Nordic Grain, Lithuania	Trade in grains, oilseeds and animal feedstuffs
OÜ Avena Nordic Grain, Estonia	Trade in grains, oilseeds and animal feedstuffs
TOO Avena Astana, Kazakhstan	Trade in grains, oilseeds and animal feedstuffs
Mildola Oy	Manufacture of vegetable oils and protein feed
Other Operations	
Lännen Tehtaat plc	Group administration, business structure development and holding of shares and properties
Apetit Suomi Oy	Apetit-marketing, IT, HR, financial administration and environmental services
Associated companies:	
Sucros group	Manufacture, marketing and sales of sugar
Taimen group	Fish farming and fry and fingerling production
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 31 December 2010. 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 recognised 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'.

Consolidation principles

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. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, is measured at the acquisition date fair values. The acquisition related costs are accounted as expenses for the period in which they are incurred. At the acquisition date the non-controlling interests are valued either at the acquisition date fair values or at non-controlling interests' proportionate share in the recognised amounts of the identifiable net assets. Valuation principle is determined separately for each acquisition. 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. Unrealised losses are not eliminated if the loss is due to impairment.

Net income for the period is disclosed in the income statementas an allocation to the shareholders of the parent company and non-controlling interests. The allocation of the comprehensive income to the shareholders of the parent company and non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests are disclosed separately under consolidated total equity.

Associates are 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. Unrealised 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 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 recognised 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 recognised in the income statement. Exchange gains and losses from operating activities are included in the corresponding items above the operating profit.

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 recognised 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 recognised 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 recognised in the income statement under profit or loss.

Net sales and the principles for recognition as income

Income is recognised on the basis of the fair value of the consideration received or receivable. An item is recognised 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 are 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised up to an amount where it is probable that they can be utilised against future taxable profits. Deferred taxes are not recognised 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 recognised directly under shareholders' equity are also recognised 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 recognised 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 amortised 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 Group balance sheet due to certain terms and conditions of repurchase. Foison Oy owns 20% of Avena Nordic Grain Oy's share capital. Group recognises financial expense related to the key employees' dividend right from Avena Group.

Research and development costs

Research and development costs are recognised in the income statement under expenses for the period in which they arose. Development expenses for new products and processes are not recognised 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 capitalised 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 recognised 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 recognised as expenses in the balance sheet and amortised 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 recognised as an asset only if its financial benefit to the company exceeds the originally estimated level of performance. Otherwise the expenditure is recognised 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 recognised 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 recognised 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 recognised. 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 categorised 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 recognised 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 recognised if the balance sheet value of the asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognised 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 recognised on it in previous years. Impairment losses recognised on goodwill are not reversed.

Inventories

Inventories have been measured at the lower of acquisition cost and net realisable value. The net realisable 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 recognised 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 unrealised and realised gains and losses from changes in fair value are recognised 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 held them for trading. These assets are recognised 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 recognised directly in shareholders' equity until the investment is sold or otherwise disposed of, when the changes in fair value are recognised in the income statement. Permanent impairment of assets is recognised 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 recognised using the trade date method.

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 recognised 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 recognised.

Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The Group applies cash flow hedge accounting to certain forward currency and commodity derivative contracts. 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 recognised in shareholders' equity, and any residual ineffective portion is recognised for currency derivatives to financial items and for commodity derivatives to other operating income or expenses. The cumulative change in fair value recognised under shareholders' equity is recognised to purchases or sales or financial items based on their nature on the same date that the projected cash flow is recognised in the income statement. If a derivative financial instrument expires, is sold or does not meet the hedge accounting terms, the cumulative change in the fair value of the hedging instrument will remain in the hedge reserve and is recognised in income statmement on the same date that the projected cash flow is recognised in the income statement. The cumulative fair values of the hedging instruments are transferred from the hedge reserve to other operating income or expense or financial items based on their nature immediately if the hedged cash flow is no longer expected to occur.

Despite certain hedging relationships fulfil 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' fair value changes are recognised to other operating income and expense or financial items based on their nature.

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 recognised at current value at time of payments and recognised 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 recognised 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 recognised 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

From Group's perspective the most significant changes during 2010 relate to the following standards: IFRS 3 (revised) Business combinations and IAS 27 (revised) Consolidated and separate financial statements. From Group's perspective, the relevant changes relate to the accounting of the contingent considerations and handling of the acquisitions achieved in stages. These changes didn't have material impact on the financial statements of the Group for the accounting period. Other new standards or interpretations adopted during the year did not have 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 2011 are not relevant to the Group's operations:

» Amendment to IAS 24, 'Related party transactions'
» Amendment to IAS 32, 'Financial Instruments: presentation'
» Amendment to IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
» IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'
» Annual improvements of different standards by IASB

The Group will adopt between 2012 and 2013 the following standards and interpretations:

» Amendment to IFRS 7, 'Financial instruments: Disclosures'
» IFRS 9, 'Financial instruments'
» Amendment to IAS 12, 'Income taxes'

The Group´s management is assessing the impact of the revisions and interpretations of 2012 to 2013 on the financial statements of the Group.

NOTE 2.
OPERATING SEGMENTS

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.

OPERATING SEGMENTS 1-12/2010

EUR million	Frozen Foods	Seafood	Grains and Oilseeds	Other Operations	**Total**
Total segment sales	45.1	80.9	181.9	2.6	**310.5**
Intra-group sales	0.0	0.0	0.0	-1.7	**-1.8**
Net sales	45.1	80.9	181.9	0.9	**308.7**
Share of profits of associated companies included in operating profit	-	0.6	-	2.4	**3.0**
Operating profit	3.4	-1.8	7.2	-0.5	**8.3**
Assets	31.4	53.2	56.6	34.4	**175.7**
Unallocated					**16.2**
Total assets					**191.9**
Liabilities	5.7	9.9	19.8	3.8	**39.1**
Unallocated					**13.9**
Total liabilities					**53.0**
Gross investments in non-current assets	1.2	1.1	0.7	0.2	**3.1**
Corporate acquisitions and other share purchases	-	10.5	-	-	**10.5**
Depreciations	2.2	1.9	0.7	0.6	**5.3**
Impairments	-	0.1	-	-	**0.1**
Personnel	199	351	61	10	**621**

OPERATING SEGMENTS 1-12/2009

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

GEOGRAPHICAL INFORMATION

EUR million	**Revenue 2010**	Revenue 2009	**Non-current assets 2010**	Non-current assets 2009
Finland	**202.5**	183.5	**70.6**	60.9
Norway	**30.0**	28.0	**14.2**	14.0
Germany	**21.0**	20.4	**-**	-
Sweden	**16.2**	14.5	**1.3**	1.3
Other countries	**39.1**	19.6	**0.0**	0.0
Total	**308.7**	266.0	**86.2**	76.3

Revenues from one customer were EUR 63.6 (54.7) million or 21% (21%) of the net sales. Revenues from this customer were from all operating segments expect Other Operations.

NOTE 3.
ACQUISITIONS

On 7 June 2010, Apetit Kala Oy acquired the entire share capital of the fish-processing companies Myrskylän Savustamo Oy and Safu Oy from Taimen Oy. The purchase price was EUR 2.5 million and was paid by transferring to Taimen Oy 58 new Apetit Kala Oy shares, representing 15% of the total number of shares and voting interests in Apetit Kala Oy. The fair value of Apetit Kala Oy's shares at the acquisition date was based on the fair value of the businesses of Myrskylän Savustamo Oy and Safu Oy transferred to Apetit Kala Oy as capital contribution. In connection with the deal, Taimen Oy acquired an additional 15% of Apetit Kala Oy's shares from Lännen Tehtaat plc for a cash payment of EUR 2.5 million. At the same time, Apetit Kala Oy acquired a 30% holding in Taimen Oy. Due to cross ownership, both the non-controlling interests' share of Apetit Kala's profit and balance sheet total and Apetit Kala Oy's share of associated company Taimen's profits are consolidated on the basis of a 23% share.

The carrying amounts of the assets and liabilities acquired prior to the amalgamation totalled EUR 0.7 million. EUR 0.8 million was recognised for customer relationships and EUR 0.2 million recognised as deferred tax liabilities. The amount of non-tax-deductible goodwill recognised on the acquisition was EUR 1.3 million, which is based on synergy benefits in production, logistics and sales. Transaction costs of the share transaction made with the non-controlling interests, EUR 0.1 million was recognised directly in equity. The Group's net sales would have been EUR 1.4 million greater and net profit EUR 0.1 million smaller if the acquisition had been consolidated from 1 January 2010. After the acquisition, net sales in June-December were EUR 4.3 million and net profit EUR 0.2 million.

NOTE 4.
OTHER OPERATING INCOME AND EXPENSES

EUR million	**2010**	2009
OTHER OPERATING INCOME		
Government grants received	0.3	0.2
Gains from sales of non-current assets	0.1	0.0
Rental income	0.5	0.6
Other	0.5	0.6
Total	1.4	1.5
OTHER OPERATING EXPENSES		
Rental expenses	3.0	3.2
Other	30.8	26.8
Total	33.8	30.0

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	**2010**	2009
Audit fees	0.2	0.2
Non-audit fees	0.0	0.0
Total	0.2	0.3

NOTE 5.
EMPLOYEE BENEFIT EXPENSES

EUR million	**2010**	2009
Wages and salaries	24.8	24.9
Termination benefits	0.1	0.3
Pensions, defined contribution plans	4.1	4.3
Other personnel costs	1.1	1.2
Total	30.1	30.7

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 benefit pension plans within the Group. Only Maritim companies have an insignificant defined benefit pension plan.

NOTE 6.
R & D EXPENSES

R & D expenses of the Group amounted to EUR 1.0 (0.9) million, representing 0.3% (0.3%) of the net sales.

NOTE 7.
MATERIALS AND SERVICES

EUR million	2010	2009
Raw materials and consumables	229.6	193.7
Change in stocks	-4.7	-7.0
External services	10.5	9.9
Total	235.4	196.6

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

Net sales include foreign currency gains a total of EUR 0.0 (0.1) million.

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

NOTE 8.
DEPRECIATIONS AND IMPAIRMENTS

EUR million	2010	2009
DEPRECIATIONS		
Intangible assets	1.0	0.8
Buildings	1.8	1.8
Machinery and equipment	2.5	2.6
Other tangible assets	0.0	0.1
Total	5.3	5.3
IMPAIRMENTS		
Intangible assets	0.0	0.1
Machinery and equipment	0.1	0.0
Total	0.1	0.1

NOTE 9.
FINANCIAL INCOME AND EXPENSES

EUR million	2010	2009
FINANCIAL INCOME		
Interest income	0.1	0.2
Foreign currency gains	0.9	1.2
Financial assets at fair value through profits	0.0	0.6
Other financial income	0.3	0.1
Total	1.3	2.2
FINANCIAL EXPENSES		
Interest expenses	-0.3	-0.4
Foreign currency losses	-0.1	-0.5
Dividend right of employee shareholders´ in Avena Nordic Grain Oy	-0.8	-0.7
Other financial expenses	-0.1	-0.1
Total	-1.3	-1.7

NOTE 10.
INCOME TAXES

EUR million	2010	2009
Current period taxes	2.3	2.0
Previous periods' taxes	0.0	0.0
Deferred taxes	-0.4	-0.5
Total	1.9	1.5
RECONCILIATION OF INCOME TAXES		
Profit before taxes	8.4	7.3
Tax calculated at the tax rate of the parent company 26%	2.2	1.9
Effect of dividend right of employee shareholders´ in Avena Nordic Grain Oy	0.2	0.2
Effect of associated companies	-0.8	-0.5
Expenses not deductible for tax purposes	0.3	-
Other items	0.0	0.0
Tax expenses in the income statement	1.9	1.5

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2010

EUR million	1 Jan. 2010	Charge in income statement	Charged to equity	Acquisitions and other changes	31 Dec. 2010
DEFERRED TAX ASSETS					
Carry forward of unused tax losses	0.8	0.3	-0.2	-	0.9
Derivative instruments	0.0	0.0	0.4	-	0.5
Other	0.2	-0.2	0.0	-	0.0
Total	1.1	0.1	0.2	0.0	1.4
DEFERRED TAX LIABILITIES					
Accumulated depreciation difference	-2.6	0.2	-	-	-2.4
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.1	-0.1	-	-	1.0
Valuation of assets in acquisition cost allocation calculations	-1.1	0.0	0.0	-0.3	-1.4
Inventories	-0.8	-0.1	-	-	-0.9
Goodwill	-0.1	-	-	-	-0.1
Tangible assets	-0.5	0.1	-	-	-0.4
Other	-0.1	0.1	-0.2	-	-0.2
Total	-4.1	0.2	-0.2	-0.3	-4.4

A total of EUR 0.7 million of deferred taxes on unused taxable losses will expire in 2020. Other unused taxable losses do not expire.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2009

EUR million	1 Jan. 2009	Charge in income statement	Charged to equity	Acquisitions and other changes	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

A total of EUR 0.1 million of deferred taxes on unused taxable losses will expire in 2018. Other unused taxable losses do not expire.

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	2010	2009
Profit attributable to the shareholders of the parent company, basic and diluted	6.5	5.8
Weighted average number of outstanding shares (1,000 pcs)	6 188	6 188
Diluted average number of shares outstanding (1,000 pcs)	6 188	6 188
Basic and diluted earnings per share (EUR per share)	1.04	0.94

Apetit Kala Oy and Taimen Oy cross-ownership arrangement included an equity contribution for 2010 under certain terms and conditions. Apetit Kala Oy's equity contribution totalled EUR 1.6 million and under these terms no non-controlling interest's share of net profit of the Apetit Kala group was allocated for the year 2010.

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 2010

EUR million	Goodwill	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	15.4	8.7	0.3	24.4
Additions	-	0.5	0.0	0.5
Acquired companies	1.4	0.8	-	2.2
Disposals	-	0.0	-	0.0
Translation difference and other changes	0.3	0.0	-	0.4
Transfers	-	0.3	-0.3	-
Acquisition cost 31 Dec.	17.1	10.3	0.0	27.4
Accumulated depreciation 1 Jan.	-8.5	-3.4	-	-11.9
Disposals, accumulated depreciation	-	0.0	-	0.0
Acquired companies, accumulated depreciations	-	0.0	-	0.0
Depreciation for the period	-	-1.0	-	-1.0
Impairments	-	0.0	-	0.0
Accumulated depreciation 31 Dec.	-8.5	-4.4	-	-12.9
Book value 31 Dec. 2010	8.6	6.0	0.0	14.5

Impairment test for goodwill

Impairment test for cash-generating units containing goodwill

Goodwill has been allocated to the following cash-generating units or groups of units:

EUR million	2010	2009
Apetit Pakaste - Frozen Foods	0.4	0.4
Apetit Kala - Seafood	1.5	0.2
Maritim companies - Seafood	6.7	6.3
Total	8.6	6.9

Goodwill in the Seafood business in Finland increased as a consequence of the acquisition of Myrskylän Savustamo Oy and Safu Oy. The Maritim companies' goodwill recognised in local currencies varies each year according to changes in exchange rates.

In goodwill impairment testing, the recoverable amount from operating activities is determined on the basis of value in use calculations. Expected future cash flows are based on management-approved forecasts and are given for a five-year period, and cash flows beyond this are extrapolated using a growth factor of 1%-2%.

The key variables in the value in use calculation are the budgeted gross margin, net sales and the discount rate. The forecasted gross margin for the Maritim companies is slightly higher than the realised gross margin of the past two years. In the Finnish Seafood business, forecasts of the gross margin have been higher than the realised value, due to the intense competition throughout the sector. The pre-tax discount rates used in the calculations are: Finnish Seafood business 9.6% (9.6%), Maritim companies 9.4% (9.4%) and Frozen Foods 8.4% (8.4%).

In the Finnish Seafood business the value in use exceeded by 81% the carrying amount of the tested assets, which was EUR 11.2 million, and in the Maritim companies the value in use exceeded by 33% the carrying amount of the tested assets, which was EUR 15.4 million. In Frozen Foods the value in use again exceeded the carrying amount of the tested assets by a wide margin.

Sensitivity of value in use to fluctuations in key variables

In the Finnish Seafood business, the forecasted cash flow would match the carrying amount of the tested assets if the gross margin for each year of the expected future cash flows was 0.9% (0.7%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 1.1% (0.4%) and for Frozen Foods 4.3% (4.1%).

The Finnish Seafood business's forecasted cash flow would also match the carrying amount of the tested assets if the net sales used in the calculation of expected future cash flows were 5.4% (2.7%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 5.6% (2.1%) and for Frozen Foods 11.5% (11.5%).

The Finnish Seafood business's forecasted cash flow would, similarly, match the carrying amount of the tested assets if the discount rate used in the calculation of expected future cash flows were to be 4.2 (2.1) percentage points higher, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 1.8 (0.6) percentage points and for Frozen Foods 7.6 (7.3) percentage points.

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
Impairments	-	-0.1	-	-0.1
Accumulated depreciation 31 Dec.	-8.5	-3.4	-	-11.9
Book value 31 Dec. 2009	6.9	5.3	0.3	12.5

TANGIBLE ASSETS 2010

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.0 million.

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.4	35.1	38.6	0.5	0.4	**78.0**
Additions	-	0.6	1.4	0.1	0.5	**2.6**
Acquired companies	0.1	0.4	0.4	-	-	**0.8**
Disposals	-	-0.1	-0.6	0.0	-	**-0.8**
Translation differences and other changes	0.0	0.1	0.3	0.0	0.0	**0.5**
Transfers	-	-	0.4	-	-0.4	**-**
Acquisition cost 31 Dec.	3.4	36.1	40.6	0.5	0.5	**81.1**
Accumulated depreciation 1 Jan.	-0.2	-11.8	-27.9	-0.2	-	**-40.1**
Accumulated depreciation on disposals and transfers	-	0.1	0.5	-	-	**0.6**
Acquired companies, accumulated deprecations	-	0.0	-0.2	-	-	**-0.2**
Depreciation for the period	-	-1.8	-2.5	0.0	-	**-4.3**
Impairments	-	-	-0.1	-	-	**-**
Accumulated depreciation 31 Dec.	-0.2	-13.5	-30.2	-0.3	-	**-44.2**
Book value 31 Dec. 2010	3.2	22.6	10.4	0.2	0.5	**37.0**

TANGIBLE ASSETS 2009

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

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**

NOTE 13.
INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2010	2009
Book value 1 Jan.	24.0	25.0
Acquisitions, other additions	8.4	0.2
Share of profits for the period	3.0	2.0
Dividends	-1.5	-3.3
Book value 31 Dec.	33.9	24.0

On 7 June 2010 Apetit Kala Oy acquired a 30% holding in Taimen group specialising in fish farming and fingerling production at a purchase price of EUR 8.1 million. Due to the Apetit Kala Oy and Taimen Oy cross-ownership consolidation of the associated company is done according to 23%. Book value of the associated companies includes a goodwill total of EUR 3.9 (0.0) million.

INFORMATION ON ASSOCIATED COMPANIES AND THEIR ASSETS, LIABILITIES, NET SALES AND PROFIT/LOSS

Associated companies

2010

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	154.8	33.1	132.0	11.9	20.0%
Taimen group	Laukaa	32.3	14.1	30.7	6.4	30.0%
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	26.9%

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%

Joint ventures

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

2010

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	2.4	2.2	20.6	0.0	50.0%

2009

EUR million	Domicil	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	2.4	2.2	27.3	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	2010	2009
Investments in shares of unlisted companies	0.1	0.1
Total	0.1	0.1

NOTE 15.
NON-CURRENT RECEIVABLES

EUR million	2010	2009
Receivables from associated companies	0.1	1.4
Receivables based on derivative instruments, hedge accounting	0.2	0.1
Connection fees	0.4	0.4
Other items	0.0	0.0
Total	0.7	1.8

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

NOTE 16.
CURRENT RECEIVABLES

EUR million	2010	2009
Trade receivables	22.9	19.0
Receivables based on derivative instruments, hedge accounting	0.4	0.3
Accrued income and deferred expenses	6.5	3.2
Other receivables	2.3	0.7
Receivables from associated companies and joint ventures		
Trade receivables	0.9	0.9
Loan receivables	1.4	1.4
Total	34.5	25.5

The substantial items in the accrued income and deferred expenses are related to raw material purchases and accruals of employment benefits. Accrued income and deferred expenses include commercial receivables of the Grains and Oilseeds business totalling EUR 5.4 (1.3) 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 0.0 (0.1) million on trade receivables.

NOTE 17.
INVENTORIES

EUR million	2010	2009
Materials and consumables	16.5	11.5
Work in progress	0.1	0.2
Finished goods	38.4	36.4
Total	55.0	48.1

A write-down of EUR 1.5 (1.8) million in inventory value was booked to correspond the net realisation value.

NOTE 18.
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFITS

EUR million	2010	2009
Receivables based on derivative instruments, no hedge accounting	0.0	0.0
Short-term fixed income funds	7.1	17.2
Total	7.1	17.2

NOTE 19.
CASH AND CASH EQUIVALENTS

EUR million	2010	2009
Cash and bank receivables	7.5	7.9
Short-term investments	-	-
Total	7.5	7.9

NOTE 20.
SHAREHOLDERS' EQUITY

EUR million	Number of shares (1,000 pcs)	Share capital	Share premium account	Total
31.12.2010	6 318	12.6	23.4	36.0
31.12.2009	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

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 0.90 per share to be paid.

NOTE 21.
PROVISIONS

EUR million	2010	2009
Pension provision 1 Jan.	0.1	0.1
Increases, decreases	-0.1	0.0
Pension provision 31 Dec.	0.0	0.1

NOTE 22.
FINANCIAL LIABILITIES

EUR million	2010	2009
NON-CURRENT		
Loans from credit institutions	1.3	1.3
Other loans	0.8	1.0
Finance lease liabilities (note 25)	0.1	0.1
Total	2.1	2.4

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 1.1 (1.0) million and in Norwegian crowns totalling EUR 1.0 (1.4) million. It is assessed that the book values of the liabilities correspond to their fair values.

CURRENT		
Current portion of long-term loans	0.4	0.1
Other interest-bearing liabilities	1.4	0.8
Finance lease liabilities (note 25)	0.0	0.0
Total	1.8	0.9

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

NOTE 23.
TRADE PAYABLES AND OTHER LIABILITIES

EUR million	2010	2009
NON-CURRENT		
Other liabilities	4.6	-

Based on the shareholder agreements on the ownership arrangement between Apetit Kala Oy and Taimen Oy, under certain terms and conditions the contracting parties are entitled to terminate the cross ownership at fair value. The liability in any termination of ownership will, on the basis of IAS 32, be recognised under non-current liabilities. The receivable arising in connection with this may not, under IFRS rules, be recognised.

CURRENT		
Trade payables	23.6	17.5
Payables to associated companies and joint ventures	0.4	0.3
Payables based on derivative instruments, no hedge accounting	0.1	0.0
Payables based on derivative instruments, hedge accounting	1.5	0.1
Accrued expenses and deferred income	9.2	9.0
Other liabilities	4.2	2.8
Total	39.1	29.7

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

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 minimise 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 2010 the most significant net investments to foreign subsidiaries are in Norwegian crownes EUR 7.5 million and Swedish crowns EUR 3.7 million. Lännen Tehtaat Oyj has intra-group loan receivables in Norwegian crownes EUR 7.3 million and in Swedish crowns EUR 3.3 million. Group's policy is not to hedge balances related to subsidiary ownership such as net investments in foreign operations or 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 2010 (31 December 2009) Norwegian crowns would have been 10% stronger/weaker against euro, group's net profit would have increased / decreased by EUR 0.6/-0.5 (0.6/-0.5) 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 2010 (31 December 2009) US dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR 0.1/-0.2 (0.0/-0.1) million and equity decreased/increased by EUR 0.1/-0.1 (0.0/0.0) million. All other variables such as interest rates remain the same on the analyses.

If on 31 December 2010 (31 December 2009) Canadian dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR -0.1/0.1 (-0.1/0.1) 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 2.1 (2.4) million in long-term floating rate loans from financial institutions, EUR 1.8 (0.9) million in other short-term liabilities, EUR 7.5 (7.9) million in liquid cash assets and EUR 7.1 (17.2) million in short-term fixed income funds.

Sensitivity of interest-rate risk arising from financial instruments as required by IFRS 7

With the balance sheet structure on 31 December 2010 (31 December 2009), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR -0.1/0.1 (-0.2/0.2) 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. The most significant single commodity risks concern grains; wheat, barley, oats, soy and rapeseed. It seeks to reduce these risks by using certain quoted commodity futures, forward agreements and options. At the end of the year commodity derivatives totalled to EUR 12.1 million. Frozen Foods and Seafood business do not have commodity derivative markets and commodity risk is mostly controlled by purchase and sales functions' co-operation. 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 and electricity derivatives totalled to EUR 1.8 million at the end of the year.

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

If on 31 December 2010 (31 December 2009) 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 -0.4/0.4 (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. 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.

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.

Ageing of Group's receivables

EUR million	**2010**	2009
Not due or less than a month due	34.5	25.5
1 - 3 months past due	0.1	0.0
4 - 6 months past due	0.0	0.0
Over 6 months past due	0.0	0.0
Total	34.5	25.5

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 2010. Credit facilities expire on June 2012 for EUR 15 million and March 2013 for EUR 10 million. The total amount of commercial papers issued were EUR 0.0 (0.0) 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 2010

EUR million	0–3 months	4–12 months	1–5 years	over 5 years
Loans from financial institutions and other loans	-1.5	-0.3	-2.4	0.0
Finance leases	0.0	0.0	-0.1	-
Derivative liabilities	-1.6	-	-	-
Total	-3.1	-0.3	-2.5	0.0

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
Finance leasing	0.0	0.0	-0.1	-
Derivative liabilities	-0.1	-	-	-
Total	-1.0	-0.5	-1.6	-1.1

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 of the short term. The equity ratio on 31 December 2010 was 72.4% (31 December 2009: 78.0%). 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	2010	2009
Interest bearing liabilities	4.0	3.3
Liquid assets	14.6	25.1
Interest bearing net debt	10.7	21.7
Equity	138.9	137.3
Interest bearing net debt and equity total	149.6	159.0
Gearing	-7.7	-15.8 %
Equity ratio	72.4	78.0 %

NOTE 25.
FINANCE LEASE LIABILITIES

EUR million	2010	2009
Finance lease liabilities, total amount of minimum lease payments	0.1	0.1
Within one year	0.0	0.0
After one year but not more than five years	0.1	0.1
Finance lease liabilities, present value of minimum lease payments	0.1	0.1
Within one year	0.0	0.0
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.
COLLATERAL, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	2010	2009
LIABILITIES SECURED BY PLEDGES		
Loans from financial institutions	1.6	1.4
Other	1.0	1.1
Total	2.6	2.5

EUR million	2010	2009
PLEDGES GIVEN FOR DEBTS		
Real estate mortgages	2.3	2.0
Corporate mortgages	0.5	-
Other securities given	4.5	4.4
Guarantees	7.7	6.8
OTHER LEASES, PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Within one year	2.0	2.1
After one year but not more than five years	4.3	2.6
After more than five years	0.3	0.4
Total	6.6	5.1

The present value of minimum lease payments includes real estate leases a total of EUR 5.9 (4.3) million.

OTHER LIABILITIES

Liability to adjust value added tax on property investments.

The group is liable to adjust value added tax deductions on 2008 - 2010 property investments, if taxable use of the properties decreases. The maximum value of the liability is EUR 1.2 (1.3) million and liability is valid untill 2019.

INVESTMENT COMMITMENTS

Lännen Tehtaat has no material investment commitments on 31 December 2010.

CONTINGENT ASSETS

	2010	2009
The present value of proceeds from the sale of shares in the joint book-entry account.	0.7	0.7

NOTE 27.

FAIR VALUE HIERARCHY ON FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

EUR million	Level 1	Level 2	Level 3	Total
ASSETS 2010				
Commodity derivatives, cash flow hedge accounting	0.6	-	-	0.6
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Fund investments	7.1	-	-	7.1
ASSETS 2009				
Currency derivatives, cash flow hedge accounting	0.3	-	-	0.3
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Fund investments	17.2	-	-	17.2
LIABILITIES 2010				
Currency derivatives, no hedge accounting	-	0.1	-	0.1
Commodity derivatives, cash flow hedge accounting	-	1.5	-	1.5
LIABILITIES 2009				
Commodity derivatives, cash flow hedge accounting	-	0.0	-	0.0
Currency derivatives, no hedge accounting	-	0.0	-	0.0

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

Level 1 fair values are based on prices obtained from active markets.
Level 2 fair values are based on other input data and commonly accepted fair value models. The input data is 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	2010	2009
Currency derivatives, no hedge accounting	5.6	4.0
Currency derivatives, cash flow hedge accounting	1.0	-
Commodity derivatives, cash flow hedge accounting	13.9	9.2

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 emphasised 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 -0.9 (0.8) million. Derivatives affected the profit and loss statement related to net sales EUR -0,3 (0.1) million, purchases and other operating income and expense EUR -1.8 (-2.1) million, financial income and expense EUR 0.0 (0.0) million and taxes EUR 0.5 (0.3) 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	70.0	70.0
Myrskylän Savustamo Oy	Finland	70.0	70.0
Safu Oy	Finland	70.0	70.0
Maritim Food AS	Norway	100.0	100.0
Maritim Food Sweden AB	Sweden	100.0	100.0
Sandanger AS	Norway	100.0	100.0
Avena Nordic Grain Oy	Finland	1) 80.0	1) 80.0
Mildola Oy	Finland	1) 80.0	1) 80.0
ZAO Avena St. Petersburg	Russia	1) 80.0	1) 80.0
UAB Avena Nordic Grain	Lithuania	1) 80.0	1) 80.0
OÜ Avena Nordic Grain	Estonia	1) 80.0	1) 80.0
TOO Avena Astana	Kazakhstan	1) 80.0	1) 80.0
Apetit Suomi Oy	Finland	100.0	100.0
1 non-operative company	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 administrative bodies consist 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 10,500 (11,000), the deputy chairman EUR 8,250 (8,500) and the members EUR 500 to 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 1000	2010	2009
Matti Lappalainen, chairman of the Board since 14 April 2010	32	21
Tom v. Weymarn, chairman of the Board until 13 April 2010	12	36
Hannu Simula, deputy chairman of the Board since 14 April 2010	21	19
Harri Eela, member of the Board	18	18
Heikki Halkilahti, member of the Board	18	18
Aappo Kontu, member of the Board	18	18
Soili Suonoja, member of the Board	18	18
Matti Karppinen, CEO	423	355

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 1000	2010	2009
Matti Karppinen, CEO	96	85

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 2010 nor on 31 December 2009.

Transactions with associated companies and joint ventures

EUR million	2010	2009
Sales to associated companies	1.1	1.0
Sales to joint ventures	7.3	6.7
Purchases from associated companies	6.6	2.2
Long-term receivables from associated companies	-	1.3
Long-term receivables from joint ventures	0.1	0.1
Trade receivables and other receivables from associated companies	1.6	1.6
Trade receivables and other receivables from joint ventures	0.7	0.7
Trade payables and other liabilities to associated companies	0.4	0.2

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

There have been no significant events since the close of the financial year.

NOTE 30.
KEY INDICATORS

CONTINUING OPERATIONS

EUR million	2010	2009	2008	2007	2006
Net sales	**308.7**	266.0	349.1	309.6	244.5
Exports from Finland	**49.0**	31.3	78.6	66.6	38.3
Operating profit	**8.3**	6.8	13.9	5.3	7.1
% of net sales	**2.7**	2.6	4.0	1.7	2.9
R & D expenses	**1.0**	0.9	0.8	0.7	1.1
% of net sales	**0.3**	0.3	0.2	0.2	0.5
Financial income (+)/expenses(-), net	**0.1**	0.5	-3.3	-0.8	3.3
Profit before taxes	**8.4**	7.3	10.7	4.6	10.2
% of net sales	**2.7**	2.7	3.1	1.5	4.2
Profit for the period	**6.5**	5.8	10.0	4.2	7.5
% of net sales	**2.1**	2.2	2.9	1.4	3.1
Gross investments excluding acquisitions	**3.1**	2.7	8.1	6.9	1.9
% of net sales	**1.0**	1.0	2.3	2.2	0.8
Acquisitions and other investments in shares	**10.5**	1.2	0.5	11.6	3.0
% of net sales	**3.4**	0.5	0.1	3.7	1.2
Personnel	**621**	657	755	705	662

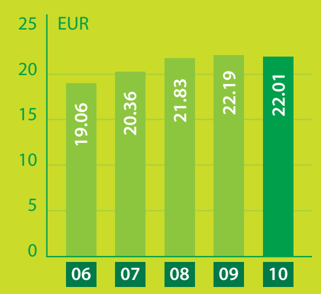
GROUP, CONTINUING AND DISCONTINUED OPERATIONS

FINANCIAL INDICATORS

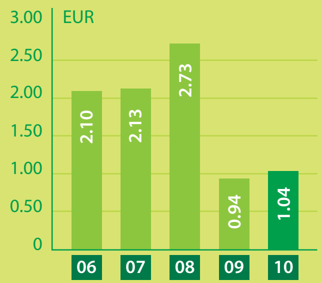
EUR million	**2010**	2009	2008	2007	2006
PROFITABILITY					
Net sales	**308.7**	266.0	349.1	376.8	408.7
Operating profit	**8.3**	6.8	20.5	14.4	16.3
% of net sales	**2.7**	2.6	5.9	3.8	4.0
Profit before taxes	**8.4**	7.3	17.7	14.6	17.8
% of net sales	**2.7**	2.7	5.1	3.9	4.4
Profit for the period	**6.5**	5.8	17.1	13.4	13.1
% of net sales	**2.1**	2.2	4.9	3.6	3.2
Attributable to					
Shareholders of the parent company	**6.5**	5.8	17.0	13.3	13.1
Non-controlling interests	**-**	-	0.1	0.1	-
Return on equity, % (ROE)	**4.7**	4.3	12.9	10.8	10.5
Return on investment, % (ROI)	**6.1**	5.5	13.8	10.0	11.2

EUR million	**2010**	2009	2008	2007	2006
FINANCE AND FINANCIAL POSITION					
Equity ratio, %	**72.4**	78.0	70.5	62.1	50.3
Net gearing, %	**-7.7**	-15.8	1.1	16.0	40.7
Non-current assets	**87.5**	77.4	84.3	99.4	115.6
Inventories	**55.0**	48.1	55.1	64.4	65.3
Other current assets	**49.4**	50.6	52.9	42.1	56.5
Shareholders' equity	**138.9**	137.3	135.6	128.0	119.2
Distributable funds	**84.5**	82.7	78.9	61.6	40.1
Interest-bearing liabilities	**4.0**	3.3	15.2	33.6	56.0
Non-interest-bearing liabilities	**49.0**	35.5	41.6	44.3	62.3
Balance sheet total	**191.9**	176.1	192.3	205.9	237.5
OTHER INDICATORS					
Gross investments excluding acquisitions	**3.1**	2.7	8.1	7.5	7.6
% of net sales	**1.0**	1.0	2.3	2.0	1.9
Acquisitions and other investments in shares	**10.5**	1.2	0.5	11.6	3.0
% of net sales	**3.4**	0.5	0.1	3.1	0.7
Personnel	**621**	657	755	827	849

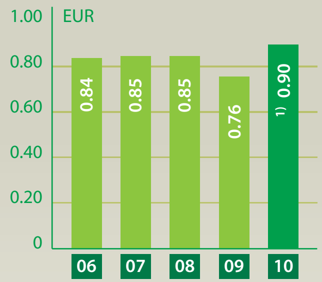
SHAREHOLDERS´ EQUITY PER SHARE



EARNINGS PER SHARE



DIVIDEND PER SHARE



1) Board's proposal

SHARE PERFORMANCE INDICATORS

	2010	2009	2008	2007	2006
EARNINGS AND DIVIDEND					
Earnings per share, EUR	**1.04**	0.94	2.73	2.13	2.10
Dividend per share, EUR	1) **0.90**	0.76	0.85	0.85	0.84
Dividend per earnings, %	**86.5**	80.9	31.1	40.0	40.0
Effective dividend yield, %	**5.1**	4.9	6.3	5.3	3.5
P/E ratio	**16.8**	16.7	4.9	7.6	11.6
Shareholders' equity per share, EUR	**22.01**	22.19	21.83	20.36	19.06
Share performance, EUR					
Lowest price during the year	**15.51**	11.90	13.00	15.65	15.26
Highest price during the year	**20.00**	15.99	17.00	24.50	24.70
Average price during the year	**17.62**	13.71	14.49	20.86	20.21
At the end of the year	**17.50**	15.65	13.49	16.19	24.30
Share turnover					
Share turnover (1,000 pcs)	**1 035**	1 998	963	923	1 622
Turnover ratio, %	**16.4**	31.6	15.2	14.6	25.7
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**110.6**	98.9	85.2	102.3	153.5
Dividends, EUR million	1) **5.6**	4.7	5.3	5.3	5.3
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**	6 187 576	6 220 618	6 252 576	6 252 576
Adjusted number of shares at the end of the period	**6 187 576**	6 187 576	6 187 576	6 252 576	6 252 576

1) Board's proposal

NOTE 31.
CALCULATION OF KEY INDICATORS

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

NOTE 32.
SHARES AND SHAREHOLDERS

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 25,597 shares on 11 February 2011. This corresponds to 0.4% of share capital and voting rights.

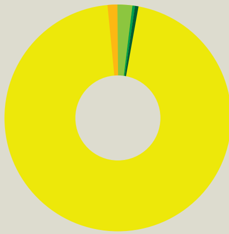
Major shareholders on 11 February 2011

Shareholder	Number of shares	%	Number of votes	%
Scanfil plc	544 229	8.6	544 229	8.8
Valio's Pension Fund	414 390	6.6	414 390	6.7
Skagen Funds, total	402 028	6.4	402 028	6.5
Esko Eela	389 838	6.2	389 838	6.3
Nordea Nordic Small Cap Fund	347 285	5.5	347 285	5.6
EM Group Oy	316 000	5.0	316 000	5.1
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	1.8
10 major shareholders total	2 957 317	46.8	2 957 317	47.8
Nominee-registered shares	182 461	2.9	182 461	2.9
• Nordea Bank Finland Plc	159 260		159 260	
• OMXBS/Skandinaviska Enskilda Banken AB	21 795		21 795	
• Svenska Handelsbanken AB	1 306		1 306	
• Nordnet Bank AB	100		100	
Other shareholders	3 047 798	48.2	3 047 798	49.3
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		

Distribution of ownership on 11 February 2011

	% of shareholders	% of shares
Companies	2.0	24.1
Financial and insurance institutions	0.2	6.8
Public organisations	0.4	13.8
Private households	95.9	40.4
Non-profit organisations	1.3	5.7
Foreign owners	0.1	6.4
Nominee-registered		2.9
Total	100.0	100.0

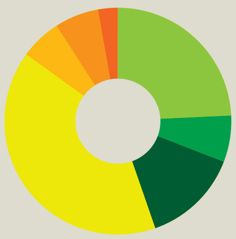
DISTRIBUTION OF OWNERSHIP BY SHAREHOLDERS, %



Distribution of shareholdings on 11 February 2011

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	4 319	48.2	202 595	3.2
101 - 500	3 492	39.0	844 915	13.4
501 - 1 000	695	7.8	509 595	8.1
1 001 - 5 000	379	4.2	691 959	11.0
5 001 – 10 000	31	0.3	215 986	3.4
10 001 – 50 000	18	0.2	362 797	5.7
50 001 – 100 000	5	0.1	329 830	5.2
100 001 – 500 000	12	0.1	2 615 670	41.4
500 001 -	1	0.0	544 229	8.6
Total	8 952	100.0	6 317 576	100.0

DISTRIBUTION OF OWNERSHIP BY SHARES, %



PARENT COMPANY INCOME STATEMENT, FAS

EUR 1000	Note	2010	2009
Other operating income	(1)	1 195	579
Personnel expenses	(2)	-2 277	-2 106
Depreciation and impairments	(3)	-307	-325
Other operating expenses	(4)	-1 133	-6 381
Operating profit/loss		-2 521	-8 233
Financial income and expenses	(5)	6 130	15 601
Profit before extraordinary items		3 608	7 368
Extraordinary items	(6)	3 650	1 900
Profit before appropriations and taxes		7 258	9 268
Appropriations	(7)	-	34
Income taxes	(8)	-708	-266
Net profit		6 550	9 035

PARENT COMPANY BALANCE SHEET, FAS

EUR 1000	Note	31 Dec. 2010	31 Dec. 2009
ASSETS			
Non-current assets			
Intangible assets	(9)	169	78
Tangible assets	(10)	4 854	5 121
Investments in Group companies	(11,12)	33 697	27 779
Investments in associated companies	(11,12)	12 189	12 189
Other investments and receivables	(11,12)	76	76
		50 984	45 241
Current assets			
Long-term receivables	(13)	6 297	7 996
Deferred tax receivables	(14)	-	132
Current receivables	(15)	54 675	45 990
Financial assets at fair value through profits		7 091	17 182
Cash and cash equivalents		6 939	4 374
		75 002	75 674
		125 985	120 915
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(16)		
Share capital		12 635	12 635
Share premium account		23 391	23 391
Contingency reserve		7 232	7 232
Retained earnings		70 730	66 397
Profit for the period		6 550	9 035
		120 538	118 690
Accumulated appropriations	(17)	-	-
Liabilities	(18)		
Long-term liabilities		3 982	1 289
Current liabilities		1 466	936
		5 448	2 225
		125 985	120 915

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1000	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES (A)		
Profit before extraordinary items	3 608	7 368
Adjustments	-6 518	-10 418
Change in working capital		
Change in non-interest-bearing current receivables	2 657	2 773
Change in non-interest-bearing current liabilities	-46	-652
Cash flow from operating activities before financial items and taxes	-299	-929
Dividends received	2 556	9 527
Interests paid	-64	-121
Interests received	1 307	2 114
Taxes paid	-	479
Cash flow from operating activities (A)	3 500	11 070
CASH FLOW FROM INVESTING ACTIVITIES (B)		
Investments in tangible and intangible assets	-132	-
Proceeds from sales of tangible and intangible assets	0	1
Investments in Group companies	-7 711	-
Sales of Group companies	2 491	2 700
Investments in other investments	-32 903	-22 063
Proceeds from sales of other investments	42 994	8 998
Dividends received	1 466	3 347
Cash flow from investing activities (B)	6 205	-7 017
Cash flow before financing	9 705	4 053

EUR 1000	2010	2009
CASH FLOW FROM FINANCING ACTIVITIES (C)		
Change in short-term financing	-	-9 000
Change in long-term financing	1 863	-3 408
Change in subsidiary financing	-6 200	9 746
Dividends paid	-4 703	-5 259
Group contributions, received	1 900	1 465
Cash flow from financing activities (C)	-7 140	-6 456
Net increase/decrease in cash and cash equivalents	2 565	-2 404
Cash and cash equivalents at beginning of financial year	4 374	6 778
Cash and cash equivalents at end of financial year	6 939	4 374

Change in receivables and liabilities of the Group account 2,693 (-244) is included in the change in working capital.

ACCOUNTING PRINCIPLES, FAS

Valuation of fixed assets
Fixed assets have been capitalised 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. Unrealised exchange rate losses of long-term receivables and liabilities have also been charged to the profit and loss account. Likewise, unrealised 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.

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	2010	2009
Gains from sales of non-current assets	698	1
Rental income	365	401
Service fees	132	126
Other	0	50
Total	1 195	579

2. PERSONNEL EXPENSES AND AVERAGE NUMBER OF PERSONNEL

EUR 1000	2010	2009
PERSONNEL EXPENSES		
Wages and salaries	1 709	1 631
Pension expenses	534	359
Other social security expenses	34	116
Total	2 277	2 106

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	13	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. Deprecitions begin from the month that they are available fo use.

Depreciation periods:	
Intangible rights	5 or 10 years
Other capitalised long-term expenses	5 or 10 years
Buildings	20 – 30 years
Other buildings and structures	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciations have not changed.

EUR 1000	2010	2009
DEPRECIATION ACCORDING TO PLAN		
Intangible rights	11	7
Other capitalised long-term expenses	21	39
Buildings and structures	254	255
Machinery and equipment	22	24
Total	307	325

4. OTHER OPERATING EXPENSES

EUR 1000	2010	2009
Losses from sales of investments	-	4 859
Rental expenses	47	89
Expenses of administration	568	1 041
Other operating expenses	517	392
Total	1 133	6 381
Audit fees	89	89

5. FINANCIAL INCOME AND EXPENSES

EUR 1000	2010	2009
DIVIDEND INCOME		
From Group companies	2 543	9 515
From associated companies	1 466	3 346
From others	13	12
Total	4 022	12 873
INTEREST INCOME FROM LONG-TERM INVESTMENTS		
From Group companies	165	129
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	855	963
From associated companies	0	0
Foreign currency gains	865	953
From others	288	805
Total	2 008	2 721
Financial income, total	6 194	15 723
INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES		
To Group companies	0	9
To others	64	112
Financial expenses, total	64	121
Financial income and expenses, total	6 130	15 601

Foreign currency gains include unrealised profits from long-term receivables EUR 167 (128) thousands.

6. EXTRAORDINARY ITEMS

EUR 1000	2010	2009
Group contributions, received	3 650	1 900

7. APPROPRIATIONS

EUR 1000	2010	2009
DEPRECIATION IN EXCESS OF OR LESS THAN PLAN		
Other capitalised long-term expenses	-	8
Buildings and structures	-	66
Machinery and equipment	-	-40
Total	-	34

8. INCOME TAXES

EUR 1000	2010	2009
Income taxes from extraordinary items	949	494
Income taxes for the financial year	-372	-494
Change in deferred tax receivables	132	266
Change in deferred tax liabilities	-	-
Total	708	266

9. NON-CURRENT ASSETS

INTANGIBLE ASSETS 2010

EUR 1000	Intangible rights	Other capitalised long-term expenses	Total
Acquisition cost 1 Jan.	65	244	308
Additions	68	56	124
Disposals	-35	-	-35
Acquisition cost 31 Dec.	98	299	397
Accumulated depreciation 1 Jan.	-41	-190	-231
Disposals and transfers, accumulated depreciation	33	-	33
Depreciation for the period	-11	-21	-31
Accumulated depreciation 31 Dec.	-18	-211	-229
Book value 31 Dec. 2010	80	89	169

INTANGIBLE ASSETS 2009

EUR 1000	Intangible rights	Other capitalised long-term expenses	Total
Acquisition cost 1 Jan.	65	244	308
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Acquisition cost 31 Dec.	65	244	308
Accumulated depreciation 1 Jan.	-33	-152	-185
Disposals and transfers, accumulated depreciation	-	-	-
Depreciation for the period	-8	-38	-46
Accumulated depreciation 31 Dec.	-41	-190	-231
Book value 31 Dec. 2009	24	54	78

10. NON-CURRENT ASSETS

REVALUATION 2010 AND 2009

EUR 1000	Total
Land and water areas 1 Jan. and 31 Dec.	1 850

TANGIBLE ASSETS 2010

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	2 274	5 839	390	63	8 566
Additions	-	8	-	-	8
Disposals	-	-	-	-	-
Acquisition cost 31 Dec.	2 274	5 848	390	63	8 574
Accumulated depreciation 1 Jan.	-	-3 124	-321	-	-3 445
Disposals and transfers, accumulated depreciation	-	-	-	-	-
Depreciation for the period	-	-254	-22	-	-276
Accumulated depreciation 31 Dec.	-	-3 378	-343	-	-3 721
Book value 31 Dec. 2010	2 274	2 470	47	63	4 854

TANGIBLE ASSETS 2009

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	2 274	5 893	580	63	8 810
Additions	-	-	-	-	-
Disposals	-	-54	-190	-	-244
Transfers	-	-	-	-	-
Acquisition cost 31 Dec.	2 274	5 839	390	63	8 566
Accumulated depreciation 1 Jan.	-	-2 923	-486	-	-3 409
Disposals and transfers, accumulated depreciation	-	54	190	-	244
Depreciation for the period	-	-255	-25	-	-280
Accumulated depreciation 31 Dec.	-	-3 124	-321	-	-3 445
Book value 31 Dec. 2009	2 274	2 715	69	63	5 121

11. INVESTMENTS

INVESTMENTS, OTHER INVESTMENTS AND RECEIVABLES 2010

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	27 779	12 189	44	31	40 043
Additions	7 711	-	-	-	7 711
Disposals	-1 793	-	-	-	-1 793
Book value 31 Dec. 2010	33 697	12 189	44	31	45 961

INVESTMENTS, OTHER INVESTMENTS AND RECEIVABLES 2009

EUR 1000	Holdings in Group companies	Holdings in associated 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

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	70.0
Apetit Suomi Oy	Säkylä	100.0
Avena Nordic Grain Oy	Helsinki	80.0
Maritim Food AS	Norway	100.0
1 non-operative company	Säkylä	100.0
ASSOCIATED COMPANIES		
Sucros Ltd	Helsinki	20.0
Foison Oy	Helsinki	26.9

OTHER SHARES, HOLDINGS AND RECEIVABLES	Book value 31 Dec. 2010 EUR 1000
Other	
Shares and holdings	44
Connection fees, long-term receivables	31
Total	75

13. LONG-TERM RECEIVABLES

EUR 1000	2010	2009
Loan receivables from Group companies	6 246	6 478
Other receivables from associated companies	51	1 518
Long-term receivables total	6 297	7 996

14. DEFERRED TAX RECEIVABLES

EUR 1000	2010	2009
From tax calculation of the loss	-	132

15. CURRENT RECEIVABLES

EUR 1000	2010	2009
TRADE RECEIVABLES	23	34
AMOUNTS OWED BY THE GROUP COMPANIES		
Trade receivables	132	150
Loan receivables	46 572	39 674
Group account receivables	2 788	2 691
Group contribution receivables	3 650	1 900
Other receivables	36	2
Total	53 179	44 417
AMOUNTS OWED BY THE ASSOCIATED COMPANIES		
Trade receivables	2	6
Other receivables	1 467	1 468
Total	1 469	1 474
PRE-PAYMENTS AND ACCRUED INCOME		
Pension insurance and other statutory insurances	2	8
Other	1	57
Total	4	65
Current receivables total	54 675	45 990

16. CHANGES IN SHAREHOLDERS' EQUITY

EUR 1000	2010	2009
Share capital 1 Jan.	12 635	12 635
Share capital 31 Dec.	12 635	12 635
Share premium account 1 Jan.	23 391	23 391
Share premium account 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.	66 397	48 060
Transfer from previous year's profit	9 035	23 596
Dividends paid	-4 703	-5 259
Retained earnings 31 Dec.	70 730	66 397
Profit for the financial year	6 550	9 035
Shareholders' equity 31 Dec.	120 538	118 690
DISTRIBUTABLE FUNDS		
Contingency reserve	7 232	7 232
Retained earnings	70 730	66 397
Profit/loss for the financial year	6 550	9 035
Distributable funds 31 Dec.	84 512	82 665

17. ACCUMULATED APPROPRIATIONS

EUR 1000	2010	2009
Accumulated depreciation in excess of plan	-	-

18. LIABILITIES

EUR 1000	2010	2009
CURRENT LIABILITIES		
Trade payables	61	122
AMOUNTS OWED TO GROUP COMPANIES		
Trade payables	14	21
Other liabilities	61	66
Group account liabilities	3 982	1 289
Accruals and deferred income	-	7
Total	4 058	1 383
AMOUNTS OWED TO ASSOCIATED COMPANIES		
Trade payables	8	22
OTHER LIABILITIES		
Tax account payable	40	48
ACCRUED EXPENSES AND DEFERRED INCOME		
Personnel expenses	585	577
Income tax payable	577	-
Accruals of expenses	119	73
Total	1 280	650
Current liabilities, interest-bearing, total	3 982	1 289
Current liabilities, non-interest-bearing, total	1 466	936
Total	5 448	2 225

19. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER LIABILITIES

EUR 1000	2010	2009
LEASE LIABILITIES		
Real estate lease liabilities		
Falling due during the following year	191	335
Falling due at later date	383	-
Other lease liabilities		
Falling due during the following year	22	15
Falling due at later date	15	7
OTHER LIABILITIES		
Guarantees	62	130
CONTINGENT LIABILITIES ON BEHALF OF THE GROUP COMPANIES		
Guarantees	7 610	6 398
Liabilities total	8 283	6 886
CONTINGENT ASSETS		
Proceeds from the sale of shares in the joint book-entry account.	739	787
OUTSTANDING DERIVATIVE INSTRUMENTS		
Commodity derivate instruments		
Market value	596	-14
Value of underlying instruments	1 781	1 507

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds totalled EUR 84,512,088.26 on 31 December 2010, of which EUR 6,550,104.19 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 EUR 0.90 per share i.e. a total of	EUR 5,568,818.40
» retained in shareholders' equity	EUR 78,943,269.86
Total	EUR 84,512,088.26

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 jeopardise the company's solvency.

Signatures to the Board of Directors' report and financial statements

Espoo, 16 February 2011

Matti Lappalainen

Harri Eela

Heikki Halkilahti

Aappo Kontu

Hannu Simula

Soili Suonoja

Matti Karppinen
CEO

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 year ended 31 December, 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 or the Managing Director of the parent company are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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 22, 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannu Pellinen
APA

Tomi Moisio
APA, CPFA

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has today reviewed Lännen Tehtaat plc's financial statements 2010 including the consolidated financial statements, the Board of Directors' report and 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: Mika Leikkonen, Marja-Liisa Mikola-Luoto, Juha Nevavuori, Tuomo Raininko, Esko Suomala, Helena Walldén and Mauno Ylinen.

Säkylä, 24 February 2011

For the Supervisory Board

Helena Walldén Chairman	Asmo Ritala Secretary

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 and the ISIN code FI0009003503.

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

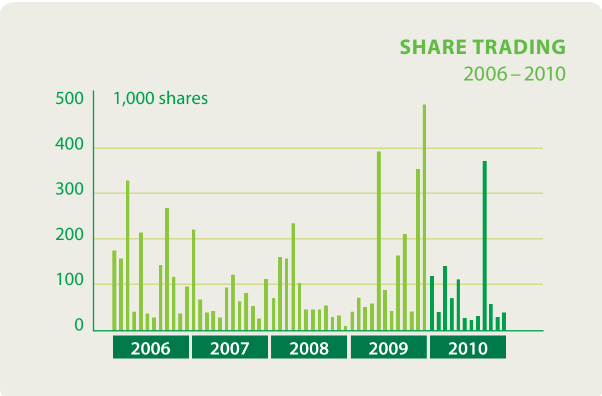
The minimum share capital is EUR 10,000,000 and the maximum EUR 40,000,000. The shares have a nominal value of EUR 2 each. Share capital at the beginning and at the end of the financial year was EUR 12,635,152 and there were 6,317,576 shares.

The Annual General Meeting on 30 March 2010 authorised the Board of Directors to decide on the issuing of new shares and on the transfer of Lännen Tehtaat shares held by the company (share issue) The authorisation covers a maximum total of 761,757 shares, and the maximum number of new share is 631,757, and the number of Lännen Tehtaat shares held by the company 130,000 shares.

The subscription price for each new share must be at least the share's nominal value of EUR 2. The transfer price for Lännen Tehtaat shares held by the company shall be at least the market 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. The Board of Directors will also have the right to issue shares against consideration other tha cash. In the case of share-based incentive systems, shares could also be issued without consideration. The authorisation includes 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 development of the company's capital structure, financing and implementing corporate acquisitions or other arrangements, or implementing a share-based incentive system, and the right to decide on the subscription price of the shares and other conditions and matters related to the share issue.

The authorisation is valid until the next AGM. The authorisation revoked the earlier authorisation to issue shares, given on 2 April 2009.

The Board of Directors has not until 16 February 2011 used the authorisation 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 authorisation to decide on the issuance of options or other special rights entitling to shares.

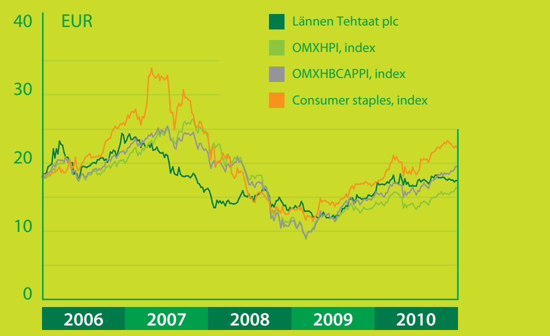
Distribution of shareholdings on 11 February 2011

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	4 319	48.2	202 595	3.2
101 - 500	3 492	39.0	844 915	13.4
501 - 1 000	695	7.8	509 595	8.1
1 001 - 5 000	379	4.2	691 959	11.0
5 001 – 10 000	31	0.3	215 986	3.4
10 001 – 50 000	18	0.2	362 797	5.7
50 001 – 100 000	5	0.1	329 830	5.2
100 001 – 500 000	12	0.1	2 615 670	41.4
500 001 -	1	0.0	544 229	8.6
Total	8 952	100.0	6 317 576	100.0

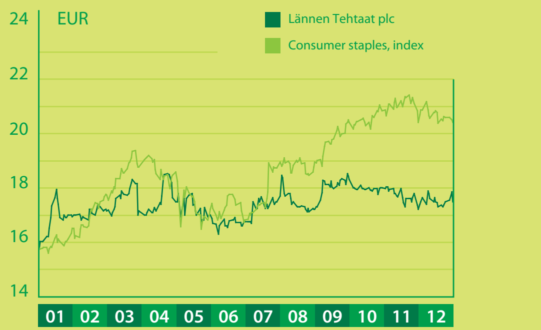
Distribution of ownership on 11 February 2011

	% of shareholders	% of shares
Companies	2.0	24.1
Financial and insurance institutions	0.2	6.8
Public organisations	0.4	13.8
Private households	95.9	40.4
Non-profit organisations	1.3	5.7
Foreign owners	0.1	6.4
Nominee-registered		2.9
Total	100.0	100.0

SHARE PERFORMANCE
2006 – 2010



MONTHLY SHARE PERFORMANCE
2010



MARKET CAPITALISATION
2006 – 2010

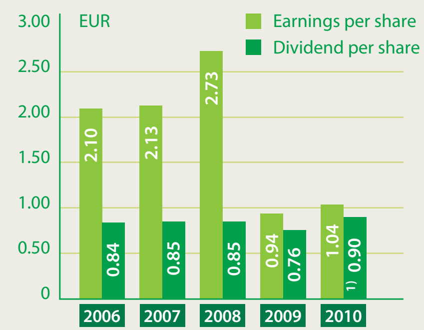
OWN SHARES

At the end of the financial year the company had a total of 130,000 own shares, which have been purchased in previous years. 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.

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



1) Board's proposal

Major shareholders on 11 February 2011

Shareholder	Number of shares	%	Number of votes	%
Scanfil plc	544 229	8.6	544 229	8.8
Valio's Pension Fund	414 390	6.6	414 390	6.7
Skagen Funds, total	402 028	6.4	402 028	6.5
Esko Eela	389 838	6.2	389 838	6.3
Nordea Nordic Small Cap Fund	347 285	5.5	347 285	5.6
EM Group Oy	316 000	5.0	316 000	5.1
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	1.8
Norvestia plc	74 294	1.2	74 294	1.2
Säästöpankki Kotimaa Mutual Fund	61 900	1.0	61 900	1.0
Säkylä municipality	59 822	0.9	59 822	1.0
Beetajuuri Oy	54 386	0.9	54 386	0.9
Sijoitusrahasto Taaleritehdas ArvoMarkka Osake	42 781	0.7	42 781	0.7
Foundation for Economic Education	35 000	0.6	35 000	0.6
Placeringsfonden SEB Gyllenberg Small Firm Fund	34 426	0.5	34 426	0.6
Suomen Outperform Oy	32 587	0.5	32 587	0.5
Köyliö Farmers' Association	22 149	0.4	22 149	0.4
Apteekkien Eläkekassa B-osasto	21 000	0.3	21 000	0.3
Nominee-registered shares	182 461	2.9	182 461	2.9
• Nordea Bank Finland Plc	159 260		159 260	
• OMXBS/Skandinaviska Enskilda Banken AB	21 795		21 795	
• Svenska Handelsbanken AB	1 306		1 306	
• Nordnet Bank AB	100		100	
Other shareholders	2 609 453	41.3	2 609 453	42.2
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		

CORPORATE GOVERNANCE STATEMENT OF LÄNNEN TEHTAAT PLC 2010

This Corporate Governance Statement of Lännen Tehtaat plc has been drawn up in accordance with recommendation 54 of the Finnish Corporate Governance Code. The Corporate Governance Statement has been considered by Lännen Tehtaat plc's Board of Directors and is issued separately from the Board of Directors' report. The company's auditors have confirmed that the Corporate Governance Statement is issued and that the description it contains of the main features of the internal control and risk management systems pertaining to the financial reporting process are consistent with the financial statements.

Lännen Tehtaat plc complies with the Corporate Governance Code published by the Securities Market Association and effective from 1 October 2010.

The company deviates from recommendation 8 of the Code concerning election of the Board of Directors. According to the recommendation the general meeting shall elect the Board of Directors. Under the Lännen Tehtaat plc Articles of Association the company's Supervisory Board, based on proposals prepared by the Nomination Committee, elects the members of the Board of Directors and decides on 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 decides, in accordance with the proposals of the Nomination Committee, on the number of members of the Board of Directors and the remuneration payable to them, and elects the members of the Board of Directors.

Under the Articles of Association, Lännen Tehtaat plc's Board of Directors comprises a minimum of five and a maximum of seven members. Persons who have attained the age of 68 are ineligible for election to the Board of Directors. 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

Until 13 April 2010 Lännen Tehtaat plc's Board of Directors comprised seven members elected by the Supervisory Board on 17 April 2009. The Board members during 1 January - 13 April 2010 were Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula, Soili Suonoja and Tom v. Weymarn.

At a meeting held on 13 April 2010, Lännen Tehtaat plc's Supervisory Board decided to elect six members to Lännen Tehtaat plc's Board of Directors. The Board members elected were Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula and Soili Suonoja.

Information on members of the Board of Directors

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

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

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

Tom v. Weymarn *) b. 1944, M.Sc. (Tech.)
Principal occupation: professional board member

*) Board member until 13 April 2010

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 features 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
- » convenes at least once a year without the operating organisation's management in attendance
- » holds a meeting with the auditors at least once a year
- » assesses the independence of the auditor and of the auditing firm, and 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
- » discusses other matters proposed by the Board of Directors chairman or the CEO for inclusion in the meeting agenda. Members of the Board of Directors are also entitled to have a matter of their choosing discussed by the Board by first notifying the chairman of this.

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 in accordance with the Corporate Governance Code 27 itself.

Board of Directors 2010

Lännen Tehtaat plc's Board of Directors convened 14 times in 2010. The average participation rate of all Board members was 86.7%.

SUPERVISORY BOARD

Composition and term

The Supervisory Board comprises 20 members elected by the Annual 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, in accordance with the proposals of the Nomination Committee, the members of the Board of Directors, a chairman and a deputy chairman from among the members of the Board, and decides on the remuneration payable to them.
- » 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, Board of Directors' report and auditor's report, and other duties that are laid down in the Limited Liability Companies Act.

Information on members of the Supervisory Board

Members of the Supervisory Board in 2010, 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 — Deputy Timo Kaila
Shop steward

Aila Koivuniemi, b. 1944 — Deputy Pia Rantanen
Shop steward

Veijo Kukkonen, b. 1981 — Deputy Maarit Tammelin
Shop steward

Kirsi Roos, b. 1972 — Deputy Pauli Paavola
Chief shop steward

The Supervisory Board convened four times during 2010. The average participation rate of all the members was 87.5%.

Nomination Committee

Composition and tasks

Under the Articles of Association amended on 30 March 2010, the Supervisory Board's Nomination Committee, which prepares the selection of members to the Board of Directors, consists of two members chosen by the Annual General Meeting, the chairman of the Supervisory Board, the deputy chairman of the Supervisory Board and the chairman of the Board of Directors. The Nomination Committee is chaired by the Supervisory Board's chairman, and in his/her absence, by the Supervisory Board's deputy chairman.

The Nomination Committee has the task of preparing proposals for the Supervisory Board on the number of members of the Board of Directors, the names of the members, chairman and deputy chairman of the Board of Directors and the remuneration payable to them. The Committee's tasks also include searching for successor candidates to replace members of the Board of Directors, as necessary. The Committee asks shareholders with significant voting power for their views concerning the proposals being put to the Supervisory Board.

Activity

The Nomination Committee convened twice to discuss matters falling within its sphere of responsibility. The meeting attendance rate of Committee members was 100%.

Information on members of the Nomination Committee
Timo Miettinen, b.1955
M.Sc. (Tech.), Chairman of the Board of EM Group Oy,
member chosen by AGM on 30 March 2010

Antti Rauhamaa, b. 1952
B.Sc. (Nat. Res.), farmer,
member chosen by AGM on 30 March 2010

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

Matti Lappalainen, b. 1948
M.Sc. (Econ. & Bus. Adm.), Senior Adviser,
Chairman of the Board of Directors

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 THE 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. 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 parent company's Board of Directors 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.

SUPERVISORY BOARD

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

As decided by the Annual General Meeting on 30 March 2010, the remuneration paid to the members of the Supervisory Board are

» the yearly remuneration paid to the Supervisory Board's chairman is EUR 7,500
» the yearly remuneration paid to the deputy chairman is EUR 5,000
» the meeting allowance paid to the chairman and the members of the Supervisory Board is EUR 250.

In 2010 the Supervisory Board met four times. The average attendance rate of members was 87.5%. The members of the Supervisory Board were paid a total of EUR 37,750 in remuneration and allowances in 2010.

BOARD OF DIRECTORS

The Supervisory Board decides on the remuneration of the Board of Directors.
As decided by the Supervisory Board on 13 April 2010

» the monthly remuneration paid to the chairman of the Board of Directors is EUR 3,025
» the monthly remuneration paid to the deputy chairman EUR is 1,870
» the monthly remuneration paid to the other Board members is EUR 1,485

In 2009 the Board met 14 times. The average attendance rate of members was 86.7%. In 2010 the members of the Board of Directors received a total of EUR 135.960 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, M.Sc. (Econ.) has been CEO of Lännen Tehtaat plc as of 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 parent company's CEO has been set at 62 years and the retirement pension is 62% of his pensionable salary in accordance with 2004 legislation.

The salary with fringe benefits and bonuses paid to the CEO in 2010 amounted EUR 423.093.

Eero Kinnunen, M.Sc. (Econ.), Chief Financial Officer of the Lännen Tehtaat Group has been deputy CEO as of 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 Supervision Authority (standard 5.3 on declarations of insider holdings and insider registers, 1 September 2005), the Guidelines for Insider Trading approved by the Board of Directors of NASDAQ OMX Helsinki Ltd on 9 October 2009. The regulations include guidelines for 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 position and duties: 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 Seafood business; the Director of Frozen Foods business and the Director of 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 and 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 the Euroclear Finland Ltd. The names and information on shareholdings of those persons listed as public insiders can be viewed on the company web pages at *www.lannen.fi/en*.

Shareholdings of the members of the Board of Directors and the Corporate Management on 11 February 2011 can be viewed in this Annual report on pages 86 and 87.

SUMMARY OF THE STOCK EXCHANGE RELEASES IN 2010

JANUARY

18 January 2010
2009 operating profit, excluding non-recurring items, up on previous year's level

FEBRUARY

17 February 2010
Financial statements release
1 January - 31 December 2009

17 February 2010
Proposals of the Board of Directors to the Annual General Meeting of Lännen Tehtaat plc

25 February 2010
Annual Report to be published earlier than previously notified

MARCH

2 March 2010
Erkki Lepistö appointed Managing Director of Apetit Kala Oy

5 March 2010
Invitation to the Annual General Meeting of Lännen Tehtaat plc

9 March 2010
Lännen Tehtaat plc's Annual Report 2009, Corporate Governance Statement and summary of 2009 stock exchange releases published

30 March 2010
Decisions by the Annual General Meeting of Lännen Tehtaat plc, 30 March 2010

APRIL

13 April 2010
Organization of the Supervisory Board and election of the Board of Directors

MAY

6 May 2010
Interim Report 1 January - 31 March 2010

7 May 2010
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act

AUGUST

12 August 2010
Interim Report 1 January - 30 June 2010

SEPTEMBER

15 September 2010
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act

15 September 2010
Announcement pursuant to chapter 2, section 10 of the Securities Markets Act

OCTOBER

13 October 2010
Apetit Kala Oy's Managing Director to change

NOVEMBER

3 November 2010
Interim Report 1 January - 30 September 2010

DECEMBER

20 December 2010
Lännen Tehtaat's financial information in 2010

The stock exchange releases of Lännen Tehtaat plc are available on the company web pages at *www.lannen.fi/en.*

Some of the information of the releases included in the summary 2010 might be out of date.

SUPERVISORY BOARD

MEMBERS ELECTED BY THE SHAREHOLDERS' MEETING

Helena Walldén, b. 1953
Chairman since 2008,
Member since 1996

Main simultaneous positions of trust:
Chairman of the Board:
Certia Oy
Member of the Board:
Alko Inc., Finnish Fur Sales Ltd, Metsähallitus, Raskone Oy
Membership term expires 2011

Juha Nevavuori, b. 1942
Deputy Chairman since 2008,
Member since 1973
Membership term expires 2011

Heikki Aaltonen, b. 1956
Member since 2007

Matti Eskola, b. 1950
Member since 1991

Jussi Hantula, b. 1955
Member since 1995

Börje Helenelund, b. 1951
Member since 1998

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

Mikko Kurittu, b. 1966
Member since 2007

Mika Leikkonen, b. 1963
Member since 2008
Membership term expires 2011

Markku Länninki, b. 1949
Member since 2003

Ilkka Markkula, b. 1960
Member since 2003

Marja-Liisa Mikola-Luoto,
Member since 2005
Membership term expires 2011

Samu Pere, b. 1968
Member since 1998

Tuomo Raininko, b. 1966
Member since 2005
Membership term expires 2011

Esa Ruohola, b. 1946
Member since 1998

Esko Suomala, b. 1959
Member since 2008
Membership term expires 2011

Mauno Ylinen, b. 1965
Member since 2005
Membership term expires 2011

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

Pricewaterhouse-Coopers Oy
Authorised Public Accountants
Auditor with principal responsibility
Tomi Moisio
APA, CPFA

BOARD OF DIRECTORS

Matti Lappalainen b. 1948, Chairman since 2010,
Deputy Chairman in 2009-2010, 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: 6,100 shares (11 February 2011)

Hannu Simula b. 1947, Deputy Chairman since 2010, Deputy Chairman in 2003-2009, Member since 1998

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 (11 February 2011)

Harri Eela b. 1960, Member since 2004

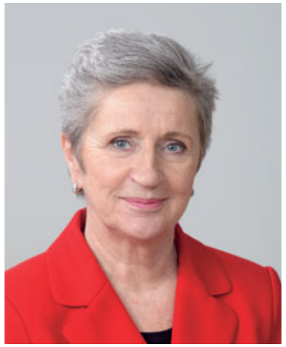
Principal occupation:
DSTP-Engineering Oy, Managing Director
Employment history:
Cursor Oy, Project Manger 2006-2009 • Metso Panelboard Oy, Business Manager 1996-2006 • Tresko Food Oy, Production Manager 1992-1995 • Heilborn GmbH, Germany, Project/Sales Engineer 1991-1992 • Rauma-Repola Loviisa Engineering Works Oy, Development Engineer 1985-1990
Shareholding in Lännen Tehtaat: 800 shares (11 February 2011)

Heikki Halkilahti b. 1947, Member since 2008,
Member of the Supervisory Board in 1990-2008

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
Employment history:
Valio Oy, since 1976 Administrative Director, President and CEO 2006-2007, 2003 • Osuusteurastamo Karjaportti, Administrative Director 1973-76
Shareholding in Lännen Tehtaat: 600 shares (11 February 2011)

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 (11 February 2011)



Soili Suonoja b. 1944, Member since 2003

Main simultaneous positions of trust:
Chairman of the Board: Alko Inc, Finnpilot Pilotage Oy
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, Director 1982-, Karl Fazer confectionery, Shop Manager/Head of Department 1974-82 • Työmaahuolto, Inspector 1971-73 • The Martha Organisation 1970-71
Shareholding in Lännen Tehtaat: 200 shares (11 February 2011)

CEO AND CORPORATE MANAGEMENT

Matti Karppinen b. 1958, CEO of Lännen Tehtaat plc since 2005
Director of Seafood business since 2009
Managing Director of Apetit Kala Oy since 2010

Main simultaneous positions of trust:
Member of the Board:
Finnish Food and Drink Industries' Federation, HKScan Corporation, 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
Shareholding in Lännen Tehtaat: 1,800 shares (11 February 2011)

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: - (11 February 2011)

Antti Kerttula b. 1956, Director of Frozen Foods business since 1994
Managing Director of Apetit Pakaste Oy since 2007

Main simultaneous positions of trust:
Member of the Board: Ateriamestarit Oy, Ruokatieto Yhdistys ry
Chairman of the executive committee: Finnish Food and Drink Industries' Federation, Frozen Food and Potato Industries' Association
Employment history:
Ingman Foods Oy, Factory Manager 1989-1994
Shareholding in Lännen Tehtaat: - (11 February 2011)

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 (11 February 2011)

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: - (11 February 2011)

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
Chairman of the executive committee:
Finnish Food and Drink Industries' Federation, Oil Millers' Association
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: - (11 February 2011)

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