



## LÄNNEN TEHTAAT PLC FINANCIAL STATEMENTS BULLETIN FOR 2011

### **Fourth quarter (October-December):**

- Consolidated fourth-quarter net sales came to EUR 80.4 (87.9) million, which was a year-on-year decrease of almost 9 %.
- Operating profit, excluding non-recurring items, came to EUR 4.6 (5.1) million; non-recurring items totalled EUR 0.6 (0.0) million.
- Profit for the quarter was EUR 4.4 (4.4) million, and earnings per share amounted to EUR 0.69 (0.71).

### **Financial year (January-December):**

- Consolidated net sales for 2011 amounted to EUR 335.5 (308.7) million, which was a year-on-year increase of almost 9 %.
- Operating profit, excluding non-recurring items, came to EUR 9.8 (8.3) million; non-recurring items totalled EUR -1.1 (0.0) million.
- Profit for the year came to EUR 5.7 (6.5) million, and earnings per share amounted to EUR 0.92 (1.04).

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.85 (0.90) per share be paid.

The information in this bulletin has not been audited. The figures in parentheses are the equivalent figures for the same period a year earlier, unless stated otherwise.

Matti Karppinen, CEO:

“The Group’s operating profit, excluding non-recurring items, showed a year-on-year improvement, as anticipated. The final quarter was the strongest, which is typically the case, although it was slightly down on the previous year.

“The full-year result for the Seafood business was particularly gratifying, climbing into profit in the final quarter. Seafood’s improved performance was from its operations in Finland, where the determined efforts to develop the business and improve efficiency bore fruit. The Grains and Oilseeds business posted an extremely good result: it’s best ever full-year profit. The profit in Frozen Foods was almost at the previous year’s level, while Other Operations turned in a result that was significantly down year on year, due to the weak figure for associated company profits. The associated company Sucros performed disappointingly; the associated company profit decreased by over 70%.

“Besides Seafood’s growth and profit improvement, the year’s other successes included the Kotimaiset frozen product range and the frozen vegetable and frozen ready meal ranges sold to the hotel, restaurant and catering sector, sales of which grew considerably, and also the completion and start-up of the packaging plant at the Kirkkonummi vegetable oil mill.”

## KEY FIGURES

EUR million	Q4/ 2011	Q4/ 2010	Change	Q1-Q4/ 2011	Q1-Q4/ 2010	Change
<b>Net sales</b>	80.4	87.9	-9%	335.5	308.7	9%
<b>Operating profit, excluding non-recurring items</b>	4.6	5.1		9.8	8.3	
<b>Operating profit</b>	5.1	5.1		8.7	8.3	
<b>Profit before taxes</b>	5.1	5.1	-	7.5	8.4	
<b>Profit for the period</b>	4.4	4.4	-	5.7	6.5	
<b>Earnings per share</b>	0.69	0.71		0.92	1.04	

### NET SALES AND PROFIT

#### *Fourth quarter (October-December):*

The Group's fourth-quarter net sales amounted to EUR 80.4 (87.9) million, down by almost 9% year on year. Frozen Foods' fourth-quarter net sales were at almost the same level as a year earlier, while net sales in the Seafood and Grains and Oilseeds businesses were down, and those of the Other Operations segment were up, year on year.

The fourth-quarter operating profit, excluding non-recurring items, totalled EUR 4.6 (5.1) million. Non-recurring items totalled EUR 0.6 (0.0) million. Profit was unchanged from the previous year in Seafood, Frozen Foods and Grains and Oilseeds. In Other Operations, profit was down year on year.

Financial income and expenses in the fourth quarter came to EUR 0.0 (0.0) million. Profit before taxes was EUR 5.1 (5.1) million, and taxes on the profit for the quarter came to EUR -0.7 (-0.7) million. The profit for the quarter was EUR 4.4 (4.4) million, and earnings per share amounted to EUR 0.69 (0.71).

#### *Financial year (January-December):*

The Group's net sales for 2011 came to EUR 335.5 (308.7) million, up by almost 9% year on year. Most of this growth was in the Grains and Oilseeds business. Net sales in the Seafood business were up slightly on the previous year, while in Frozen Foods and Other Operations net sales were unchanged.

The operating profit, excluding non-recurring items, was EUR 9.8 (8.3) million. Non-recurring items came to EUR -1.1 (0.0) million and were in the Seafood business. The operating profit includes EUR 1.3 (3.0) million as the share of the profit of associated companies. A total of EUR 0.6 (0.6 in June-December 2010) million of the associated company profits was allocated to the Seafood business, and EUR 0.7 (2.4) million to the Other Operations segment.

Financial income and expenses came to a total of EUR -1.2 (0.1) million. This includes valuation items of EUR -0.1 (0.9) million with no cash flow implications. Financial expenses also include EUR -1.0 (-0.8) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

Profit before taxes was EUR 7.5 (8.4) million. Taxes for the financial year came to EUR -1.8 (-1.9) million. The profit for the year was EUR 5.7 (6.5) million, and earnings per share amounted to EUR 0.92 (1.04).

## CASH FLOWS, FINANCING AND BALANCE SHEET

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

The full-year cash flow from operating activities after interest and taxes was EUR 6.1 (0.6) million. The impact of the change in working capital was EUR -2.2 (-7.4) million, most of this being in the Grains and Oilseeds business.

The net cash flow from investing activities was EUR 4.2 (3.5) million. Deposits and withdrawals of cash assets invested in short-term fixed income funds had an impact of EUR 7.1 (10.1) million on the cash flow from investing activities. The cash flow from financing activities came to EUR -8.4 (-4.4) million, and this included EUR -5.6 (-4.7) million in dividend payments.

At the close of the financial year, the Group had EUR 2.3 (4.0) million in interest-bearing liabilities and EUR 9.3 (14.6) million in liquid assets. Net interest-bearing liabilities totalled EUR -7.0 (-10.7) million. The consolidated balance sheet total stood at EUR 185.8 (191.9) million. At the end of the year, equity totalled EUR 139.2 (138.9) million. The equity ratio was 74.9% (72.4%) and gearing was -5.1% (-7.7%). The Group's liquidity is being secured with committed credit facilities. In the final quarter of the year, a EUR 15 million credit facility was renewed with a validity period of five years. EUR 25 (25) million was available in credit at the end of the year. Credit withdrawn to finance working capital during the year was repaid by the close of the financial year.

## INVESTMENT

The Group's gross investment in non-current assets came to EUR 5.8 (3.1) million.

Investment by Frozen Foods totalled EUR 1.9 (1.2) million, by Seafood EUR 0.7 (1.1) million, by Grains and Oilseeds EUR 3.0 (0.7) million and by Other Operations EUR 0.1 (0.2) million.

Investment in shares during the financial year came to EUR 0.2 (10.5) million. The 2010 figure included the acquisition of shares in Myrskylän Savustamo Oy and Taimen Oy.

## PERSONNEL

The average number of personnel during the financial year was 596 (621). The average number of personnel in Frozen Foods was 204 (199), in Seafood 320 (351), in Grains and Oilseeds 62 (61) and in Other Operations 10 (10).

## 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 the Christmas season. The profit accumulated by the Taimen Group, which reports as an associated company, is normally smaller during the summer months than at other times of the year, due to the growing season for fish. 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.

## OVERVIEW OF OPERATING SEGMENTS

### Frozen Foods

EUR million	Q4/2011	Q4/2010	Change	Q1-Q4/2011	Q1-Q4/2010	Change
<b>Net sales</b>	11.0	11.3	-2%	45.3	45.1	0%
<b>Operating profit, excluding non-recurring items</b>	1.5	1.5		3.3	3.4	
<b>Operating profit</b>	1.5	1.5		3.3	3.4	

#### *Fourth quarter (October-December):*

Fourth-quarter net sales in Frozen Foods were almost unchanged from a year earlier. Sales to the hotel, restaurant and catering sector and the food industry were up, while sales of retail products were down slightly. Exports remained unchanged from the same quarter the previous year.

Retail sales of frozen vegetables and frozen ready meals under the Apetit brand increased. Sales of frozen vegetables and frozen ready meals to the hotel, restaurant and catering sector also grew. Sales of frozen berries were also up year on year.

Frozen Foods' fourth-quarter operating profit was unchanged from the previous year.

#### *Financial year (January-December):*

Frozen Foods' net sales in 2011 were at the previous year's level. Sales to the hotel, restaurant and catering sector were up by more than 10%, this growth coming mainly from frozen vegetables and the redesigned frozen ready meals. Sales to the food industry were unchanged, and exports were down. Sales of retail products were down slightly year on year, especially as a result of the drop in sales of products under retailers' private labels. Frozen vegetable sales were up, boosted particularly by the Kotimaiset range, sales of which grew by almost 20%.

The full-year's operating profit fell slightly short of the previous year's figure. There was a substantial rise in raw material and energy prices, and the sales price increases made in the first part of the year were not able to compensate fully for the rise in costs. Sales price increases due to higher costs were again made in the fourth quarter.

In 2011, the area under contract cultivation for Apetit Pakaste was 1,580 hectares, covering eight vegetable varieties. Spring sowings were successful and in line with plans, and the summer growing season was favourable: the amount of heat accumulated even broke records, and rainfall was adequate. In the summer, a high-quality and ample crop of spinach and peas was harvested, and an adequate volume of potatoes was obtained and frozen. The autumn's abundant rainfall hampered and slowed the harvesting of root vegetables. Despite this, the raw material target of 32 million kilos was reached.

The Apetit Kotimaiset home-grown theme was emphasised in the marketing of Apetit products during the year. Both this and the theme of 'Locally produced food, straight from the freezer' will continue to feature in the marketing material during 2012.

The average number of personnel in Frozen Foods was 204 (199).

Investment in the Frozen Foods business totalled EUR 1.9 (1.2) million. Investment was mainly in property renovations that improve energy efficiency and in replacements to improve product safety and product quality and also enhance the opportunities for diversifying production. The most significant of these investments was the acquisition of new blancher for frozen vegetable production.

## Seafood

EUR million	Q4/2011	Q4/2010	Change	Q1-Q4/2011	Q1-Q4/2010	Change
<b>Net sales</b>	22.1	23.9	-7%	84.2	80.9	4%
<b>Operating profit, excluding non-recurring items</b>	0.5	0.4		0.2	-1.8	
<b>Operating profit</b>	1.0	0.4		-1.0	-1.8	

### *Fourth quarter (October-December):*

Fourth-quarter net sales in the Seafood business were down by little over 7% year on year. Net sales decreased in both the Finnish and the Norwegian and Swedish Seafood businesses.

In the Finnish Seafood business, the drop in net sales was attributable to the lower prices of salmon and rainbow trout, the reduced number of service counters and Myrskylän Savustamo's lower export volume compared with the same quarter the previous year. The Christmas sales period was very successful.

In the Norwegian and Swedish Seafood business, the decrease in net sales was caused particularly by the removal of smoked fish from the product range, and by the fall in the sales prices of fish balls and burgers in the fourth quarter, compared with a year earlier. In contrast, the strong growth in sales of pizza sauces and salad dressings continued. Sales on the Swedish market were unchanged from the previous year.

Seafood's fourth-quarter operating profit, excluding non-recurring items, was at the level of a year earlier. Non-recurring items totalled EUR 0.6 (0.0) million. The fourth-quarter profit in the Finnish Seafood business improved significantly, while profit in the Norwegian and Swedish Seafood business, excluding non-recurring items, weakened. The fourth-quarter profit impact of the associated company Taimen Oy was EUR 0.2 (0.3) million.

In the Finnish Seafood business, profit was boosted by improvements in productivity and cost-efficiency and by the successful Christmas season sales.

The weakened result in the Norwegian and Swedish Seafood business was attributable to the fall in net sales and the substantial rise in raw material prices. Some of the sales price increases to compensate for higher costs were postponed to 2012.

The non-recurring costs arising from the closure of the Stabburveien plant in Norway were EUR 0.6 million less than anticipated, because an agreement was reached on transferring the leased premises more speedily to the lessor. The plant's closure costs were thus reduced from EUR 1.6 million down to EUR 1.0 million, and a positive non-recurring item of EUR 0.6 (0.0) million was recognised in the fourth quarter as an adjustment to an earlier non-recurring cost entry.

*Financial year (January-December):*

Seafood net sales for 2011 were up year on year. This growth came from the Finnish Seafood business, where net sales were up by about 9%.

This increase was attributable to the sales price increases made during the year and the volume growth in sales of fresh fillets and fresh salmon. The net sales growth was also adversely affected by the reduced number of service counters compared with the previous year.

Net sales of Seafood's Norwegian and Swedish operations in euros fell by about 3% year on year. Measured in local currencies, net sales were down by a little over 5%. This drop in net sales was a consequence of the removal of smoked fish from the product range. Sales of fish balls and burgers performed well, shellfish sales remained unchanged and sales of pizza sauces and salad dressings grew substantially from the previous year.

The full-year Seafood operating profit, excluding non-recurring items, was up by EUR 2.0 million year on year, ensuring that the operating result, excluding non-recurring items, was slightly positive for the year. Non-recurring items totalled EUR -1.1 (0.0) million. Profit was up in the Finnish Seafood business and was down slightly in the Norwegian and Swedish Seafood business. The operating result included a change in the fair value of currency hedges amounting to EUR 0.5 (-0.1) million. The share of the profits of associated company Taimen Oy was EUR 0.6 million (June-December 2010: EUR 0.6 million).

The profit improvement in the Finnish Seafood business was due to the price increases made, the growth in sales to the wholesale trade and to retail service counters, and the determined efforts to improve cost-efficiency and productivity.

Fluctuations in raw material prices and demand were exceptionally strong, affecting the entire seafood sector in Norway during the year. Shrimp price continued to rise, and the prices of crayfish tails rose very sharply in the second six months of the year. Mackerel prices also rose by a record amount towards the end of the year. This led to cost pressures on the industry, as the rise in raw material prices could not be transferred to sales prices at the same rate as the rise in costs.

To improve cost-effectiveness and productivity, Maritim Food decided to shut down its Stabburveien plant in Fredrikstad, Norway, and concentrate the production of fish puddings and dressings at its Råbekksvingen plant, also in Fredrikstad. The decision also meant an end to the production of smoked fish. The transfer of production was carried out in the autumn and according to plan. The measures associated with the closure of the Stabburveien plant were completed mainly during 2011.

The average number of personnel in the Seafood business was 320 (351).

Investment in the Seafood business totalled EUR 0.7 (1.1) million. This was mainly replacement investments at different production plants in Finland, Norway and Sweden.

## Grains and Oilseeds

EUR million	Q4/2011	Q4/2010	Change	Q1-Q4/2011	Q1-Q4/2010	Change
Net sales	46.4	52.2	-11%	204.9	181.9	13%
Operating profit, excluding non-recurring items	1.5	1.6		8.4	7.2	
Operating profit	1.5	1.6		8.4	7.2	

### *Fourth quarter (October-December):*

Fourth-quarter net sales in the Grains and Oilseeds business were lower than in the same quarter a year earlier. Domestic sales and exports were up, while trading abroad was down year on year. Fourth-quarter sales volumes were down, but sales prices were a little above the level of a year earlier.

Operating profit, excluding non-recurring items, was at almost the previous year's level.

### *Financial year (January-December):*

Grains and Oilseeds' net sales in 2011 were up year on year. Exports from Finland grew, while domestic trading and sales abroad fell in comparison with a year earlier. Sales volumes declined, but the price level was significantly higher than in 2010.

In 2011, trading was affected considerably by the previous year's poor grain crop worldwide. This was attributable especially to the drought-related crop problems in Russia, Ukraine and Kazakhstan. To avoid a grain shortage, both Russia and Ukraine restricted grain exports. The insufficient supply kept grain and oilseed market prices generally at a high level in the early part of the year. The increase in supply during the new crop season turned the market price trend downwards. Grain exports from the entire EU, including Finland, were high. For instance, almost all the barley in Finland's intervention stores was sold to other markets during the spring and early summer. The area under cultivation in Finland was greater and the per-hectare yields higher than a year earlier. Together with the favourable weather conditions, this led to a high quality grain crop of 3.75 million tonnes. Finland has an exportable surplus of high quality milling wheat, barley, malting barley and oats. A certain amount of milling rye will be imported.

November saw the completion and start-up of the company's own vegetable oil packaging plant, next to Mildola's oil milling plant. This allows vegetable oil deliveries to be tailored to customer needs, and also gives more precise control of quality. Export capacity was expanded by the opening of a port warehouse at Tolkkinen in Porvoo, Finland. A new subsidiary, OOO Avena-Ukraina, was established in Ukraine in the latter part of the year for the purposes of local grain procurement.

In addition to Ukraine, Avena has foreign subsidiaries in Russia, Lithuania, Estonia and Kazakhstan.

The full-year operating profit in the Grains and Oilseeds business, excluding non-recurring items, came to EUR 8.4 (7.2) million, which was an all-time record for the segment.

Grains and Oilseeds employed an average of 62 (61) people.

Investment totalled EUR 3.0 (0.7) million in 2011 and was mainly on the construction of the packaging plant at the Kirkkonummi vegetable oil mill.

## Other Operations

EUR million	Q4/2011	Q4/2010	Change	Q1-Q4/2011	Q1-Q4/2010	Change
Net sales	1.3	1.2	13%	2.7	2.6	6%
Operating profit, excluding non-recurring items	1.1	1.5		-2.0	-0.5	
Operating profit	1.1	1.5		-2.0	-0.5	

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 of services produced by *Apetit Suomi Oy* is an encumbrance on the operating profit of the Group's businesses in proportion to their use of the services.

### *Fourth quarter (October-December):*

Fourth-quarter net sales from the sale of services in the Other Operations segment were up slightly on the previous year's level.

The operating profit came to EUR 1.1 (1.5) million, which includes EUR 1.2 (1.8) million as the share of the profits of associated companies.

### *Financial year (January-December):*

Net sales in Other Operations amounted to EUR 2.7 (2.6) million for the year.

The operating result was EUR -2.0 (-0.5) million. The year-on-year drop in the operating result was due to the fall in the share of profits of the associated company *Sucros*, which suffered from the high cost of imported raw materials in the second half of the year. The share in the profit of associated companies was EUR 0.7 (2.4) million.

In October, *Lännen Tehtaat* decided to take its dispute with *Nordic Sugar* concerning breaches of shareholder agreement to arbitration. In regard to *Sucros Ltd*'s operations, *Lännen Tehtaat* and *Nordic Sugar* are now in a situation where *Lännen Tehtaat plc* is of the opinion that its minority rights have been repeatedly violated by the decision-making and actions of the majority owner. Despite the objections made, the majority owner has not rectified its practices which are in breach of the shareholder agreement, and therefore *Lännen Tehtaat plc* decided to submit the issue to arbitration. In its rejoinder to *Lännen Tehtaat*, *Nordic Sugar* denied the breaches of agreement.

According to *Lännen Tehtaat*, *Nordic Sugar* has committed a total of three breaches of agreement. Under the terms and conditions of the shareholder agreement, one proven breach will incur a contractual penalty totalling about EUR 8.9 million. Therefore the penalty could total a maximum of nearly EUR 27 million.

## USE OF AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

The company's Board of Directors has not exercised the authorisation granted to it to issue new shares or to transfer *Lännen Tehtaat plc* shares held by the company.



## SHARE TURNOVER

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 687,163 (1,035,276), representing 10.9% (16.4%) of the total number of shares. The highest share price quoted was EUR 18.80 (20.00) and the lowest EUR 12.95 (15.51). The average price of shares traded was EUR 15.77 (17.62). The share turnover for the year was EUR 10.8 (18.2) million. The year-end share price was EUR 14.71 (17.50), and the market capitalisation was EUR 92.9 (110.6) million.

## TREASURY 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 treasury shares represent 2.1% of the company's total number of shares and total number of votes. The company's own shares in its possession carry no voting or dividend rights.

## SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Lännen Tehtaat Group concern the following: the management of raw material price changes and currency risks; the impact of the rise in energy prices; availability of raw materials; the solvency of customers and the delivery performance of suppliers and service providers; changes in the Group's business sectors and customer relationships; the arbitration court case; and the integration processes following corporate acquisitions.

## EVENTS SINCE THE END OF THE FINANCIAL YEAR

SKAGEN AS made a flagging announcement on 16 January 2012. The funds managed by SKAGEN AS announced that on 13 January 2012 they had sold a number of Lännen Tehtaat plc shares and as a result SKAGEN AS's holding of Lännen Tehtaat's share capital fell below 5%. Following the share transaction made on 13 January 2012, the funds managed by SKAGEN AS owned 314,236 Lännen Tehtaat plc shares, corresponding to 4.97% of the total number of Lännen Tehtaat plc shares and 5.08% of the votes.

Lännen Tehtaat has requested the Arbitration Institute of the Central Chamber of Commerce of Finland to appoint a chairman to the arbitration court in the dispute concerning Nordic Sugar's breaches of shareholder agreement. In Nordic Sugar's response to Lännen Tehtaat's application, which Nordic Sugar submitted to the Central Chamber of Commerce's Arbitration Tribunal on 3 February 2012, Nordic Sugar expressed the view that Lännen Tehtaat committed a breach of shareholder agreement in connection with the dismissal of Sucros Ltd's managing director, and requested the arbitration court to confirm the breach of shareholder agreement and order Lännen Tehtaat to pay a contractual penalty of EUR 4.5 million. Lännen Tehtaat's view is that the shareholder agreement was complied with in the dismissal of Sucros Ltd's managing director, and so the compensation claim is unfounded. Under the shareholder agreement, both shareholders are entitled to demand the managing director's dismissal if confidence in the managing director has been lost and cannot be restored.

## ASSESSMENT OF EXPECTED FUTURE DEVELOPMENTS

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

Thanks to the measures taken to develop the Group's different businesses, the full-year operating profit, excluding non-recurring items, is expected to be higher than the previous year.

The accrual of Lännen Tehtaat's annual profit is typically weighted towards the end of the year, due to the nature of operations in the Frozen Foods business, the Seafood business and the associated company

Sucros. The accrual of profit in 2012 is expected to be weighted more strongly towards the end of the year than it was in 2011. During the first six months of 2012, the Grains and Oilseeds business is not expected to reach the record high profit level of 2011. Profit performance in the Seafood and Frozen Foods businesses is expected to continue its steady improvement, although the result in the Norwegian and Swedish Seafood business will be burdened by high raw material costs in the early part of the year.

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

The aim of the Board of Directors of Lännen Tehtaat plc is that the company's shares should 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 87,683,571.91 on 31 December 2011, of which EUR 8,740,302.05 is profit for the financial year.

The Board of Directors will propose that a dividend of EUR 0.85 per share be paid for 2011. The Board will propose that a total of EUR 5,259,439.60 be distributed in dividends and that EUR 82,424,132.31 be left in equity. The proposed dividend is 92.4% 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 jeopardized by the proposed distribution of dividends.

#### PUBLICATION OF ANNUAL REPORT AND ANNUAL GENERAL MEETING

Lännen Tehtaat's 2011 Annual Report, containing the Board of Directors' Report and Financial Statements for 2011 and a separate Lännen Tehtaat's Corporate Governance Statement 2011, will be published on its website at [www.lannen.fi/en/investor\\_information](http://www.lannen.fi/en/investor_information) in the week beginning 5 March 2012. The printed version of the Annual Report will be published during the week beginning 12 March.

The Annual General Meeting is planned for 28 March 2012, and will be held at Säskylä.

The company will publish the Interim Report for Q1/2012, on Friday 4 May 2012 at 8.30 a.m.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
	<b>2011</b>	2010	<b>2011</b>	2010
Net sales	<b>80,4</b>	87,9	<b>335,5</b>	308,7
Other operating income	<b>0,6</b>	0,6	<b>1,8</b>	1.4
Operating expenses	<b>-75.8</b>	-84.2	<b>-324.1</b>	-299.4
Depreciation	<b>-1.5</b>	-1.3	<b>-5.8</b>	-5.3
Impairments	<b>0.0</b>	-0.1	<b>0.0</b>	-0.1
Share of profits of associated companies	<b>1.4</b>	2.2	<b>1.3</b>	3.0
<b>Operating profit</b>	<b>5.1</b>	5.1	<b>8.7</b>	8.3
Financial income and expenses	<b>0.0</b>	0.0	<b>-1.2</b>	0.1
Profit before taxes	<b>5.1</b>	5.1	<b>7.5</b>	8.4
Income taxes	<b>-0.7</b>	-0.7	<b>-1.8</b>	-1.9
<b>Profit for the period</b>	<b>4.4</b>	4.4	<b>5.7</b>	6.5
Attributable to				
Equity holders of the parent	<b>4.3</b>	4.4	<b>5.7</b>	6.5
Non-controlling interests	<b>0.2</b>		<b>0.0</b>	
Basic and diluted earnings per share. calculated of the profit attributable to the shareholders of the parent company, EUR	<b>0.69</b>	0.71	<b>0.92</b>	1.04

## STATEMENT OF COMPREHENSIVE INCOME

EUR million

	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
	<b>2011</b>	2010	<b>2011</b>	2010
Profit for the period	<b>4.4</b>	4.4	<b>5.7</b>	6.5
Other comprehensive income				
Cash flow hedges	<b>-0.4</b>	1.7	<b>0.5</b>	1.1
Taxes related to cash flow hedges	<b>0.1</b>	-0.4	<b>-0.1</b>	-0.3
Translation differences	<b>0.3</b>	0.2	<b>0.1</b>	0.8
<b>Total comprehensive income</b>	<b>4.4</b>	5.9	<b>6.1</b>	8.1
Attributable to				
Equity holders of the parent	<b>4.3</b>	5.9	<b>6.1</b>	8.1
Non-controlling interests	<b>0.2</b>		<b>0.0</b>	

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>		
Non-current assets		
Intangible assets	5.2	6.0
Goodwill	8.7	8.6
Tangible assets	37.5	37.0
Investment in associated companies	32.9	33.9
Available-for-sale investments	0.1	0.1
Receivables	0.4	0.7
Deferred tax assets	1.5	1.4
<b>Non-current assets total</b>	<b>86.3</b>	87.5
Current assets		
Inventories	62.3	55.0
Receivables	27.8	34.5
Income tax receivable	0.1	0.2
Financial assets at fair value through profits		7.1
Cash and cash equivalents	9.3	7.5
<b>Current assets total</b>	<b>99.5</b>	104.4
<b>Total assets</b>	<b>185.8</b>	191.9

	31 Dec 2011	31 Dec 2010
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to the equity holders of the parent		
Equity attributable to the equity holders of the parent	136.5	136.2
Non-controlling interests	2.7	2.7
<b>Total equity</b>	<b>139.2</b>	138.9
Non-current liabilities		
Deferred tax liabilities	4.0	4.4
Long-term financial liabilities	1.9	2.1
Non-current provisions	0.1	0.0
Other non-current liabilities	4.7	4.6
<b>Non-current liabilities total</b>	<b>10.8</b>	11.1
Current liabilities		
Short-term financial liabilities	0.4	1.8
Income tax payable	0.3	1.0
Trade payables and other liabilities	35.0	39.1
Current provisions	0.2	
<b>Current liabilities total</b>	<b>35.8</b>	41.9
<b>Total liabilities</b>	<b>46.6</b>	53.0
<b>Total equity and liabilities</b>	<b>185.8</b>	191.9

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q4 2011	Q1-Q4 2010
Net profit for the period	5.7	6.5
Adjustments, total	7.1	4.9
Change in net working capital	-2.2	-7.4
Interests paid	-1.7	-1.1
Interests received	0.3	0.3
Taxes paid	-3.1	-2.6
<b>Net cash flow from operating activities</b>	<b>6.1</b>	<b>0.6</b>
Investments in tangible and intangible assets	-5.8	-3.1
Proceeds from sales of tangible and intangible assets	0.1	0.5
Acquisition of associated companies	-0.2	-8.1
Proceeds from sales of associated companies	0.5	
Transactions with non-controlling interests		2.7
Purchases of other investments	-22.0	-32.9
Proceeds from sales of other investments	29.1	43.0
Dividends received from investing activities	2.5	1.5
<b>Net cash flow from investing activities</b>	<b>4.2</b>	<b>3.5</b>
Proceeds from and repayments of short-term loans	-2.9	0.6
Proceeds from and repayments of long-term loans	0.0	-0.3
Dividends paid	-5.6	-4.7
<b>Cash flows from financing activities</b>	<b>-8.4</b>	<b>-4.4</b>
<b>Net change in cash and cash equivalents</b>	<b>1.8</b>	<b>-0.3</b>
Cash and cash equivalents at the beginning of the period	7.5	7.9
Cash and cash equivalents at the end of the period	9.3	7.5

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

A = Shareholders' equity at 1 January

B = Dividend distribution

C = Transactions with NCI

D = Other changes

E = Total comprehensive income

F = Shareholders' equity at 31 December

### January - December 2011

EUR million	A	B	C	D	E	F
Share capital	12.6					12.6
Share premium account	23.4					23.4
Net unrealised gains	-0.8				0.4	-0.4
Other reserves	7.2					7.2
Own shares	-1.8					-1.8
Translation differences	0.3				0.1	0.4
Retained earnings	95.3	-5.6	-0.3	-0.1	5.6	95.0
Attributable to equity holders of the parent	136.2	-5.6	-0.3	-0.1	6.1	136.5
Non-controlling interests (NCI)	2.7				0.0	2.7
<b>Total equity</b>	<b>138.9</b>	<b>-5.6</b>	<b>-0.3</b>	<b>-0.1</b>	<b>6.1</b>	<b>139.2</b>

### January - December 2010

EUR million	A	B	C	D	E	F
Share capital	12.6					12.6
Share premium account	23.4					23.4
Net unrealised gains	0.0				-0.9	-0.8
Other reserves	7.2				0.0	7.2
Own shares	-1.8					-1.8
Translation differences	-0.5				0.8	0.3
Retained earnings	96.4	-4.7	-2.9	0.1	6.5	95.3
Attributable to equity holders of the parent	137.3	-4.7	-2.9	0.1	6.5	136.2
Non-controlling interests (NCI)			2.7			2.7
<b>Total equity</b>	<b>137.3</b>	<b>-4.7</b>	<b>-0.2</b>	<b>0.1</b>	<b>6.5</b>	<b>138.9</b>

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Financial Statements Bulletin has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's Annual Financial Statements for the year ended 31 December 2010. New standards and interpretations adopted in 2011 did not have any material effect to this Financial Statements Bulletin.

## SEGMENT INFORMATION

A = Frozen Foods  
 B = Seafood  
 C = Grains and Oilseeds  
 D = Other Operations  
 E = Total

### Operating segments, January - December 2011 EUR million

	A	B	C	D	E
Total segment sales	45.3	84.3	204.9	2.7	337.1
Intra-group sales	0.0	0.0	0.0	-1.7	-1.7
Net sales	45.3	84.3	204.9	1.1	335.5
Share of profits of associated companies included in operating profit		0.6		0.7	1.3
Operating profit	3.3	-1.0	8.4	-2.0	8.7
Gross investments in non-current assets	1.9	0.7	3.0	0.1	5.8
Corporate acquisitions and other share purchases				0.2	0.2
Depreciations	2.2	1.9	0.7	0.9	5.8
Impairments	0.0	0.0		0.0	0.0
Personnel	204	320	62	10	596

### Operating segments. January - December 2010 EUR million

	A	B	C	D	E
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
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

## KEY INDICATORS

	<b>31 Dec 2011</b>	31 Dec 2010
Shareholders' equity per share, EUR	<b>22.06</b>	22.01
Equity ratio, %	<b>74.9</b>	72.4
Gearing, %	<b>-5.1</b>	-7.7
Gross investments in non-current assets, EUR million	<b>5.8</b>	3.1
Corporate acquisitions and other share purchases, EUR million	<b>0.2</b>	10.5
Average number of personnel	<b>596</b>	621
Average number of shares, 1,000 pcs	<b>6188</b>	6188

The key figures in this Financial Statements Bulletin calculated with same accounting principles than presented in the 2010 Annual Financial Statement.

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## CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	31 Dec 2011	31 Dec 2010
<b>Mortgages given for debts</b>		
Real estate and corporate mortgages	2.7	2.8
Guarantees	10.7	12.1
<b>Non-cancellable other leases, minimum lease payments</b>		
Real estate leases	3.9	5.9
Other leases	0.8	0.7
<b>DERIVATIVE INSTRUMENTS</b>		
Outstanding nominal values of derivative instruments		
Forward currency contracts	14.3	6.6
Commodity derivative instruments	14.1	13.9
<b>CONTINGENT ASSETS</b>		
The present value of proceeds from the sale of shares in the joint entry account	0.7	0.7

In October, Lännen Tehtaat decided to take its dispute with Nordic Sugar concerning breaches of Shareholder Agreement to arbitration. In regard to Sucros Ltd's operations, Lännen Tehtaat and Nordic Sugar are now in a situation where Lännen Tehtaat plc is of the opinion that its minority rights have been repeatedly violated by the decision-making and actions of the majority owner. Despite the objections made, the majority owner has not rectified its practices which are in breach of the Shareholder Agreement, and therefore Lännen Tehtaat plc decided to submit the issue to arbitration. In its rejoinder to Lännen Tehtaat, Nordic Sugar denied the breaches of agreement.

According to Lännen Tehtaat, Nordic Sugar has committed a total of three breaches of agreement. Under the Terms and Conditions of the Shareholder Agreement, one proven breach will incur a contractual penalty totaling about EUR 8.9 million. Therefore the penalty could total a maximum of nearly EUR 27 million. The compensation demand in regard to these breaches of agreement has not been entered as income, and the costs of the legal process will be recognized under expenses on an accrual basis.

## INVESTMENT COMMITMENTS

Lännen Tehtaat has no material investment commitment on 31 December 2011 or 31 December 2010.

## OTHER COMMITMENTS

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

## CHANGES IN TANGIBLE ASSETS

EUR million

	<b>31 Dec 2011</b>	31 Dec 2010
Book value at the beginning of the period	<b>37.0</b>	37.9
Additions	<b>5.5</b>	2.6
Additions through acquisitions		0.7
Disposals	<b>-0.3</b>	-0.3
Depreciations and impairments	<b>-4.7</b>	-4.4
Other changes	<b>0.0</b>	0.5
<b>Book value at the end of the period</b>	<b>37.5</b>	37.0

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## TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR MILLION	<b>Q1-Q4 2011</b>	Q1-Q4 2010
Sales to associated companies	<b>1.5</b>	1.1
Sales to joint ventures	<b>8.5</b>	7.3
Purchases from associated companies	<b>13.9</b>	6.6
Purchases from joint ventures	<b>0.0</b>	
Long-term receivables from joint ventures	<b>0.0</b>	0.1
Trade receivables and other receivables from associated companies	<b>0.8</b>	1.6
Trade receivables and other receivables from joint ventures	<b>0.8</b>	0.7
Trade payables and other liabilities to associated companies	<b>0.2</b>	0.4
Trade payables and other liabilities joint ventures	<b>0.0</b>	

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Espoo, 16 February 2012

LÄNNEN TEHTAAT PLC

Board of Directors