LÄNNEN TEHTAAT

ANNUAL REPORT 2011

Information for shareholders

Annual General Meeting

Lännen Tehtaat plc's Annual General Meeting will be held on Wednesday 28 March 2012 at 2.00 pm in Lännen Tehtaat plc's Myllynkivi staff restaurant in Säkylä.

Shareholders who, on 16 March 2012, are registered in the company's register of shareholders kept by Euroclear Finland Ltd shall have the right to attend the Annual General Meeting. Shareholders wishing to attend the Annual General Meeting must notify the company of this no later than 4.00 p.m. on Friday 23 March 2012 via the website (*www.lannen.fi/en*), in writing (address: Lännen Tehtaat plc, PO Box 100, FI-27801 Säkylä, Finland) or by fax (+358 10 402 4023), phone (+358 10 402 4044/Maija Lipasti) or e-mail *maija.lipasti@lannen.fi*).

Holders of nominee registered shares must be registered in the company's temporary shareholder register by 10.00 am on 23 March 2012.

Divident payment

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.85 per share be paid for the financial year 2011. The dividend will be paid to shareholders who are registered in the company's shareholder register kept by Euroclear Finland Ltd on 2 April 2012, which is the record date for the dividend payment. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 11 April 2012.

Financial reporting in 2012

Lännen Tehtaat plc published its Financial Statements Bulletin for 2011 at 8.30 am on Thursday 16 February 2012. The Annual Report will be published on the company's website in the week beginning 5 March.

Interim Reports for 2012 will be published as follows:

Interim Report, 1 January - 31 March - 8.30 am on Friday 4 May 2012
Interim Report, 1 January - 30 June - 8.30 am on Wednesday 15 August 2012
Interim Report, 1 January - 30 September - 8.30 am on Friday 9 November 2012

The Annual Report, Financial Statements Bulletin and Interim reports will be published in Finnish and English. These will be available on the Lännen Tehtaat website (*www.lannen.fi/en/investor_information*) and can also be downloaded as PDF versions.

Regarding the printed version of the Annual Report, we shall be following a new practice as of the beginning of 2012. We shall send the printed version of the Annual Report, from the beginning of the week 11, to those who have ordered it via the company's website at the internet address stated above.

Changes in personal details

Shareholders are requested to give notification of any changes in their personal details to the bank that holds their book-entry account.

Contents

Lännen Tehtaat Group

CEO´s review ... 4
Lännen Tehtaat in brief ... 6
Key indicators ... 8
Mission, vision, targets and values ... 9
Personnel ... 10

Business operations

Key indicators by business operation ... 13
Frozen Foods ... 14
Seafood ... 18
Grains and Oilseeds ... 22

Board of Directors´ report and financial statements 2011

Board of Directors´ report ... 26
Consolidated financial statements ... 32
Parent company financial statements ... 64
Proposal of the Board of Directors ... 73

Auditor´s report ... 74
Statement by Supervisory Board ... 75

Investor information

Shares, share capital and dividend policy ... 76
Summary of the stock exchange releases in 2011 ... 77

Governance

Corporate Governance Statement 2011 ... 78
Remuneration, insider issues ... 84
Supervisory Board and auditors ... 85
Board of Directors ... 86
CEO and Corporate Management ... 87

Contact information ... 88

CEO's review

For Lännen Tehtaat, 2011 went according to plan, and our operating profit, excluding non-recurring items, showed a year-on-year increase, as anticipated. It was especially gratifying that the result for the Seafood business climbed into profit. Grains and Oilseeds also performed well, achieving its best ever profit. In Frozen Foods, the profit was firmly at a good level. The associated company Sucros performed disappointingly, its profit suffering the effects of the substantial rise in imported raw material prices.

There was lively and enthusiastic public debate about food products during the year. Calls for food that tastes good, is free of impurities and additives, and is locally produced seem have gathered strength as consumer trends. These trends have risen increasingly to the fore, despite the considerable attention also given to the price of food. This ties in very well with the operating models and raw material choices of the Group's different businesses.

The cornerstones of success in Frozen Foods are its range of great-tasting, impurity-free, locally produced, high-quality products. The Apetit brand promises consumers enjoyment and wellbeing. In Frozen Foods we will continue to expand the Kotimaiset product range and to convey the message about the domestic content of these products. The consistent development of these success factors has brought excellent results for a number of years already, and we will continue on the same track.

The emphasis in the Seafood business is on the great taste of the products, our role as leader in a range of seafood expertise, convenience and ease in cooking, good nutritional properties and corporate responsibility. For the consumer buying fish, the main criterion is freshness, which is a major factor in ensuring a great taste. In Finland we launched our 'unbeatably fresh' rainbow trout fillets towards the end of the year, allowing consumers to buy fish that was caught in the sea that same morning. At the same time we are working even more closely with our customers, offering a partnership that supports profitable growth in the customer's seafood sales and service counter sales. The determined efforts to focus on selected success factors and the improved efficiency of operations have turned Seafood's profitability around, onto a distinctly better track. The choice has proved to be right, but there is still considerable room for improving profitability.

In Grains and Oilseeds, the key strengths brought to the market have been the ability to support the customer's success, the best know-how and understanding in the business, and efficiency in performance and production. Operations have been expanded on a coherent basis and profitably by enlarging the procurement organisation in Finland and establishing subsidiaries in Russia, Kazakhstan, Ukraine, Estonia and Lithuania. In vegetable oil sales, profitable growth is being sought through the packaging plant investment, which will enable us to supply customers with higher value added special vegetable oils. New service models supporting customer success have also been developed at the same time. Excellent results from customer satisfaction surveys together with the good financial performance demonstrate the success achieved in positive differentiation.

The successful strategic choices made in the businesses and the strong financial position of the Lännen Tehtaat Group give us the right conditions for profitable growth. Leading this growth is the most important area for us strategically. We aim to achieve our growth target by pursuing both organic and external growth.

Let's move forward together!

Matti Karppinen

Lännen Tehtaat in brief

Lännen Tehtaat plc is a food industry company whose mission is to offer consumers food products that are healthy, tasty and based on locally sourced raw materials. The Group's business segments are the Frozen Foods business, the Seafood business, the Grains and Oilseeds business and Other Operations. Lännen Tehtaat operates in the northern Baltic region and the Group's shares are quoted on NASDAQ OMX Helsinki Ltd.

In 2011, the Group's net sales came to EUR 335 million. It employs approximately 600 people.

Frozen Foods

Frozen Foods segment consists of Apetit Pakaste Oy. Apetit Pakaste Oy is the leading Finnish producer of frozen vegetables and frozen ready meals. Under its Apetit brand, it develops, produces, markets and sells frozen foods that are mainly produced using Finnish raw materials.

Seafood

Lännen Tehtaat's Seafood business operates in Finland, Norway and Sweden. Apetit Kala Oy and its subsidiary Myrskylän Savustamo are Finland's leading seafood companies. The companies develop, produce, market and sell fresh fish and fresh fish products under the Apetit and Safu brands and retailers' private labels. In addition, Apetit Kala sells fish, fish products and other fresh products through its own managed Service Counters under the shop-in-shop principle. The associated company Taimen Oy is the leading company in fish farming and fry and fingerling production. Maritim Food AS and its subsidiaries develop, produce, market and sell shellfish and fish products under their own brands Maritim, Fader Martin and Sunnmöre, and retailer's private labels, in Norway and Sweden.

Grains and Oilseeds

Grains and Oilseeds segment consists of Avena Nordic Grain Oy and its subsidiaries. Avena Nordic Grain is active in the trading of grains, oilseeds and animal feedstuffs in Finland and internationally. It also markets and sells vegetable oils and expeller, which are produced at its Mildola oil milling plant in Kirkkonummi.

Other Operations

The parent company, Lännen Tehtaat plc, is responsible for Group administration, development of the Group structure and management of shareholdings and real estate. Apetit Suomi Oy is responsible for marketing Apetit products. In addition, Apetit Suomi produces personnel, IT and financial administration services for the companies of the Lännen Tehtaat Group, and environmental administration services for all operators at the Säkylä industrial estate.

- Apetit's expertise covers the entire chain, from field to table. Vegetable raw materials are mainly sourced from Apetit's contract growers, which are committed to Apetit's quality targets.
- Apetit also offers consumers its Kotimaiset range of 100 per cent Finnish-grown vegetable products.
- Apetit is the best-known frozen foods brand in Finland.

FROZEN FOODS

	2011	2010	2009
Net sales, EUR million	**45.3**	45.1	46.0
Operating profit excluding non-recurring items, EUR million	**3.3**	3.4	3.4
Operating profit, EUR million	**3.3**	3.4	3.4
Investment in non-current assets, EUR million	**1.9**	1.2	1.9
Average number of personnel	**204**	199	205

- Seafood segment offers fish, fish products and shellfish that are fresh and tasty.
- In fish products, focus is on developing fresh fish products and meal components, since the consumers favour healthy and convenient choices.

SEAFOOD

	2011	2010	2009
Net sales, EUR million	**84.3**	80.9	75.9
Operating profit excluding non-recurring items, EUR million	**0.2**	-1.8	-1.8
Operating profit, EUR million	**-1.0**	-1.8	-2.5
Investment in non-current assets, EUR million	**0.7**	1.1	0.6
Average number of personnel	**320**	351	379

- Avena is a grain trading expert in quickly changing markets.
- Mildola's new vegetable oil packaging plant enables customer-tailored solutions and ensures effective quality management.

GRAINS AND OILSEEDS

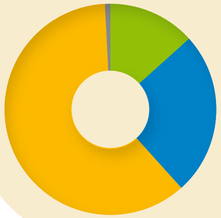
	2011	2010	2009
Net sales, EUR million	**204.9**	181.9	143.4
Operating profit excluding non-recurring items, EUR million	**8.4**	7.2	7.4
Operating profit, EUR million	**8.4**	7.2	7.3
Investment in non-current assets, EUR million	**3.0**	0.7	0.3
Average number of personnel	**62**	61	62

The associated company Sucros Ltd (20%) produces, sells and markets sugar products for the food industry, the retail trade and for exports. The joint venture Ateriamestarit Oy (50%) is responsible for selling and marketing of Apetit Pakaste's products for food service sector. It also offers complete food solutions and expertise for its partners.

OTHER OPERATIONS

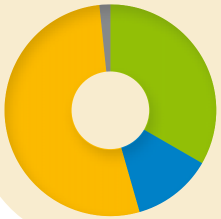
	2011	2010	2009
Net sales, EUR million	**2.7**	2.6	2.4
Operating profit excluding non-recurring items, EUR million	**-2.0**	-0.5	-1.3
Operating profit, EUR million	**-2.0**	-0.5	-1.3
Investment in non-current assets, EUR million	**0.1**	0.2	0.0
Average number of personnel	**10**	10	11

NET SALES | 2011
EUR million



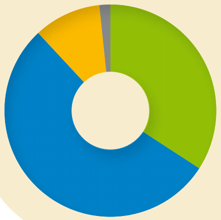
Frozen Foods	**45.3**
Seafood	**84.3**
Grain and Oilseeds	**204.9**
Other Operations	**2.7**

INVESTMENT IN NON-CURRENT ASSETS | 2011
EUR million



Frozen Foods	**1.9**
Seafood	**0.7**
Grain and Oilseeds	**3.0**
Other Operations	**0.1**

PERSONNEL | 2011
average number



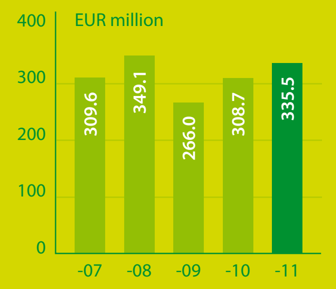
Frozen Foods	**204**
Seafood	**320**
Grain and Oilseeds	**62**
Other Operations	**10**

Key indicators

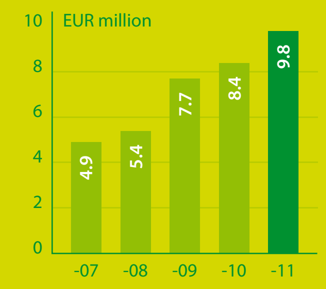
		2011	2010	2009
Net sales	EUR million	**335.5**	308.7	266.0
Operating profit	EUR million	**8.7**	8.3	6.8
Operating profit	%	**2.6**	2.7	2.6
Operating profit excluding non-recurring items	EUR million	**9.8**	8.4	7.7
Operating profit excluding non-recurring items	%	**2.9**	2.7	2.9
Profit before taxes	EUR million	**7.5**	8.4	7.3
Profit for the period	EUR million	**5.7**	6.5	5.8
Return on investment	%	**6.3**	6.1	5.5
Return on equity	%	**4.1**	4.7	4.3
Equity ratio	%	**74.9**	72.4	78.0
Gearing	%	**-5.1**	-7.7	-15.8
Equity per share	EUR	**22.06**	22.01	22.19
Earnings per share	EUR	**0.92**	1.04	0.94
Dividend per share	EUR	[1] **0.85**	0.90	0.76
Investment in non-current items	EUR million	**5.8**	3.1	2.7
Investment in shares	EUR million	**0.2**	10.5	1.2
Average number of personnel		**596**	621	657

1) Board´s proposal

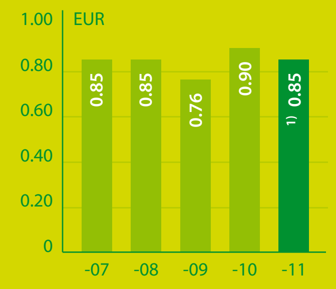
NET SALES



OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS



DIVIDEND PER SHARE



1) Board´s proposal

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.

Personnel

Key themes in human resources management in 2011 were employee wellbeing and renewal. In employee wellbeing the emphasis was on each individual's wellbeing, and in renewal the focus was on innovation and supervisory tasks. These themes were present in all operations as well as in the various activation campaigns, personnel training and everyday actions.

Key events

Three-year employee wellbeing project

A three-year employee wellbeing project covering the entire Group was begun during the year. In 2011, the focus was on individual wellbeing, while in 2012 the focus will be on wellbeing in the work community and the atmosphere in the workplace. In 2013, the spotlight will be on the work environment and occupational safety.

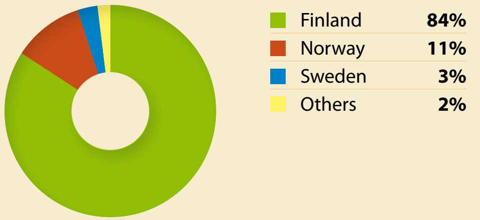
During spring 2011, almost all employees took part in a wellbeing survey. The aim was to use this to identify possible risk groups and risk factors and thereby enable employee wellbeing services to be better and more cost-efficiently targeted.

Each of the survey respondents was given personal feedback on health and wellbeing issues, which was designed to help in promoting personal health and well-being, also offering the possibility of embarking on a life-style change. In the survey, the respondents also assessed their desire to change and meet personal challenges.

The employer was provided with the overall results for each company and location. Based on the results, various campaigns, competitions and draws were arranged on a tailored basis for each workplace, and these were used, for instance, to encourage personnel to exercise more, lose weight or stop smoking. Employees actively took part in the planning of activities and events.

The survey also tightened cooperation with the occupational health service. Based on the wellbeing survey those employees categorised as being in risk group were offered the opportunity to talk to the nurse and to attend testing by a physiotherapist.

NUMBER OF PERSONNEL BY COUNTRY
on 31 Dec. 2011



Early attention promotes ability to cope at work

Managers and supervisors were provided support and guidance in the more active use of the early intervention approach. The aim is to prevent the occurrence of occupational illnesses at the earliest possible stage, and

Developing expertise

To ensure that goals can be met, we will systematically develop the personnel's skills and expertise through training, recruitment, the deputising system and skills transfer.

Developing management

We will develop management skills through supervisor training, joint Management Days events and supervisor assessments based on business unit targets derived from the business strategy.

Promoting employee wellbeing

We respect each other as individuals and we emphasise supervisor and employee skills and the responsibility of everyone for the atmosphere in the workplace. We seek to make tasks more diverse and improve working conditions. We will identify areas for improvement with the aid of personal development discussions and workplace atmosphere surveys. We will operate actively and systematically to reduce sickness absences and occupational accidents.

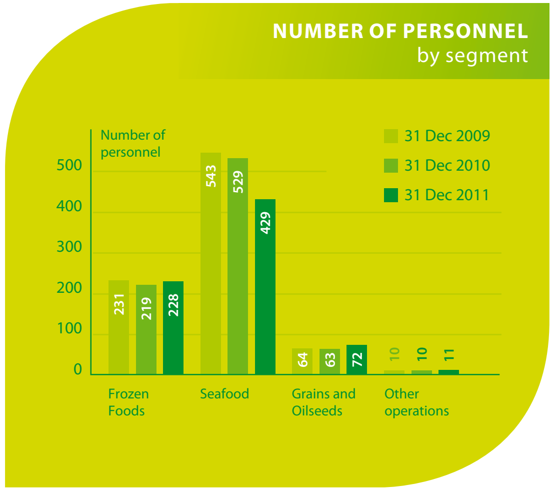
to promote employees' wellbeing at work and their ability to cope.

Leadership skills and supervisory work were developed through supervisor training, key personnel surveys and discussions, and training events. The theme of Apetit Pakaste's Managers' Days event in the autumn was "Innovation as part of renewal and growth".

Outlook

In 2012, the theme of the employee wellbeing project will be the wellbeing in the work community and the atmosphere in the workplace. A follow-up survey will be arranged for respondents to the individual wellbeing survey. Development projects concerning renewal, innovation and growth will continue in the Group's different businesses.

Agreement was reached with personnel groups that Apetit Pakaste's production plants at Säkylä and Pudasjärvi will become no-smoking workplaces as of spring 2012. To support employees' efforts to stop smoking, the Company will offer the chance to take part in a no-smoking group designed to help participants to stop smoking and will reimburse a proportion of the nicotine addiction medical treatment.




FUMEX
TERFU

Key indicators by business operation

NET SALES

EUR million	**2011**	2010	2009
Frozen Foods	**45.3**	45.1	46.0
Seafood	**84.3**	80.9	75.9
Grains and Oilseeds	**204.9**	181.9	143.4
Other Operations	**2.7**	2.6	2.4
Intra-group sales	**-1.7**	-1.8	-1.7
Total	**335.5**	308.7	266.0

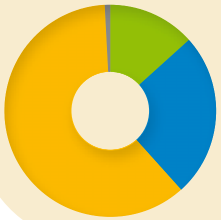
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	**2011**	2010	2009
Frozen Foods	**3.3**	3.4	3.4
Seafood	**0.2**	-1.8	-1.8
Grains and Oilseeds	**8.4**	7.2	7.4
Other Operations	**-2.0**	-0.5	-1.3
Total	**9.8**	8.4	7.7

OPERATING PROFIT

EUR million	**2011**	2010	2009
Frozen Foods	**3.3**	3.4	3.4
Seafood	**-1.0**	-1.8	-2.5
Grains and Oilseeds	**8.4**	7.2	7.3
Other Operations	**-2.0**	-0.5	-1.3
Total	**8.7**	8.3	6.8

DISTRIBUTION OF NET SALES | 2011



Frozen Foods	**13%**
Seafood	**25%**
Grains and Oilseeds	**61%**
Other Operations	**1%**

INVESTMENT IN NON-CURRENT ASSETS

EUR million	**2011**	2010	2009
Frozen Foods	**1.9**	1.2	1.9
Seafood	**0.7**	1.1	0.6
Grains and Oilseeds	**3.0**	0.7	0.3
Other Operations	**0.1**	0.2	0.0
Total	**5.8**	3.1	2.7

AVERAGE NUMBER OF PERSONNEL

	2011	2010	2009
Frozen Foods	**204**	199	205
Seafood	**320**	351	379
Grains and Oilseeds	**62**	61	62
Other Operations	**10**	10	11
Total	**596**	621	657

Frozen Foods

Frozen Foods' net sales and profit were at the previous year's level. Net sales came to EUR 45 million and operating profit was EUR 3.3 million. Apetit's market share in frozen vegetables grew, especially the Kotimaiset product range had a very good development.

Market

According to estimates, the overall market for frozen foods in the retail trade in 2011 was unchanged from the previous year's level. The biggest growth was in frozen berries and the most significant decline was in the various frozen bakery products.

Apetit Pakaste's retail sales were down slightly year on year, especially as a result of the fall in sales of retailers' private labels. Sales of Apetit frozen vegetables were up slightly, and Apetit's market share in frozen vegetables increased significantly. Sales of the Kotimaiset range grew the most, by almost 20 per cent. There was a decline in the sales of frozen potato products and frozen ready meals as well as frozen pizzas. Although overall sales of frozen potato products were down, the potato products in

FROZEN FOODS IN BRIEF

Apetit Pakaste is the leading Finnish producer of frozen vegetables and frozen ready meals. Under its Apetit brand, it develops, produces, markets and sells frozen foods produced by using mainly Finnish raw materials. The Finnish-grown raw material content in Apetit's frozen vegetables and frozen potato products is more than 80%, and in the Kotimaiset range 100%.

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

The quality criteria for raw materials are strictly defined. The Finnish raw materials are purchased from contract growers which follow Integrated Production (IP) guidelines that are constantly being developed and refined. The aim of IP growing is to minimise the adverse environmental impact of cultivation and to observe the principles of sustainable development.

The most important domestic raw materials used by Apetit Pakaste are potatoes, carrots, peas, spinach and swede. Important raw materials acquired from foreign suppliers are maize and sweet peppers. They are imported in frozen form from long-term contract suppliers, most of whom are located in the European Union.

Apetit Pakaste's customers comprise the retail trade, the hotel, restaurant and catering sector (HoReCa) and food industry companies. Apetit Pakaste also produces frozen ready meals and frozen vegetables for export.

the Kotimaiset range sold well, as did sales of oven-ready frozen meals.

Sales in the hotel, restaurant and catering sector were up by more than 10 per cent. Sales of frozen vegetables were boosted by the frozen mixed vegetables developed to meet customer needs, and by a number of Finnish-grown vegetables. Sales of frozen ready meals were up by over 20 per cent, due to the renewed vegetable burgers and fish burgers and the successful new product launches.

Sales to the food industry were at the previous year's level. Exports were slightly lower than a year earlier as a result of the poor pea crop in 2010.

Key events

New flavours and alternatives

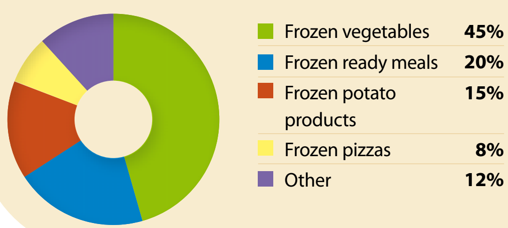
New alternatives were added to the Kotimaiset range during the year. Supplementing the product selection in the retail sector were various new frozen ready meals, such as fresh pasta & vegetables, and whole grain pasta & vegetables, both with a high vegetable content and designed for quick and easy meal preparation. New Apetit products, including whitefish burgers, carrot patties, veggie balls, potato & sweet potato mini rostis, and cream potatoes with sweet potato, boosted the range of meal components. Meal components - burgers, fish balls, veggie balls and other similar products - are ready for use as they are or as part of a larger meal.

New products in the hotel, restaurant and catering sector included Apetit's whitefish burgers, vegetable & bean croquettes, spinach & cottage cheese patties, and vegetable & quinoa burgers.

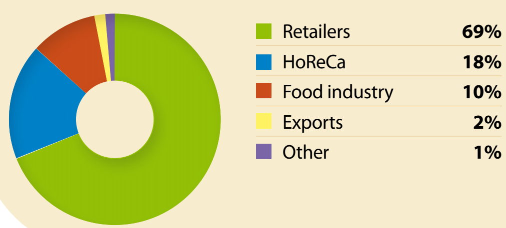
Cultivation targets reached

In 2011, the area under contract cultivation for Apetit Pakaste was 1,580 hectares, covering 120 contract growers and 8 vegetable varieties. Spring sowings were successful and in line with plans, and the summer growing season was favourable: the heat accumulated during the growing season

DISTRIBUTION OF NET SALES | 2011
by product group



DISTRIBUTION OF NET SALES | 2011
by distribution channel



APETIT AND ITS CONTRACT GROWERS ARE ACTIVE SUPPORTERS OF QUALITY FINNISH VEGETABLES

Apetit aims to increase awareness of the Kotimaiset product range among consumers. Kotimaiset sales picked up during the year in response to the television and radio advertising that focused on three contract growers close to the Säkylä factory.

Follow-up studies show that the advertising increased awareness of the Apetit brand and promoted a positive view of the brand. Of those who remembered the advertising, more than 60% had purchased or intended to purchase Apetit frozen foods. The advertising was felt to have strengthened the image of Apetit's wholesomeness, freshness and safety.

was record breaking, 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 the root vegetables. However, the raw material target of 32 million kilos was achieved.

The efficiency of frozen vegetable production was improved in collaboration with contract growers, by developing delivery schedules and farm storage arrangements.

Apetit Pakaste's food safety management system was granted the international ISO 22000 certification in 2011. Key elements of the standard include openness of communications, management of food safety risks, and efficiency improvements in managing internal processes.

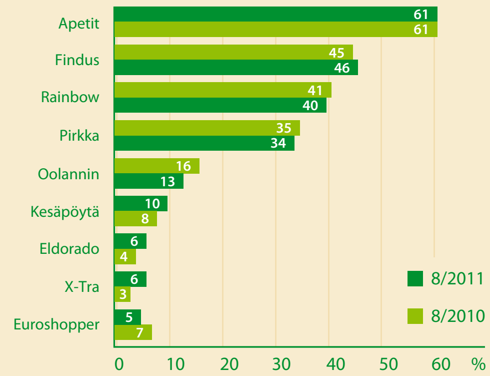
Investment in 2011 was mainly in property renovations that improve energy efficiency and in replacements to ensure product safety and product quality and also enhance the opportunities for diversifying production. The most significant of these were the acquisition of a new blancher for frozen vegetable production.

Outlook

The conditions are good for continued demand growth for vegetables in Finland, as Finns consume vegetables per capita only 350 grams per day. The emphasis in today's nutritional recommendations and in the prevailing trends is on healthy and light eating, where vegetables play a key role. The recommendations stress that we should eat about half a kilo of vegetables and fruit every day. Apetit Pakaste will continue the marketing campaign for its Kotimaiset product range and will launch new additions to the range.

To improve Apetit Pakaste's delivery performance, the company focused on developing the order-delivery process during 2011 and the targets were achieved .The project will continue in 2012-2014 via management projects focusing on cooperation with customers and innovation. The aim of the various development projects is to strongly differentiate Apetit Pakaste from its competitors.

FROZEN FOOD BRANDS
Overall spontaneous awareness



Source: IROResearch, Brandflow

SURVEYS SHOW THAT APETIT IS BY FAR THE BEST KNOWN AND MOST PREFERRED FROZEN FOOD BRAND IN FINLAND

The market position of the Apetit brand in its product categories and the consumer awareness and impressions of the brand are assessed in annual surveys.

Consumer awareness and impressions are assessed in Brandflow survey. In spontaneous responses, Apetit was by far the best known brand in the frozen foods category. More than one in three respondents mentioned Apetit first when asked to name a frozen foods brand. The second-ranked brand was mentioned by one in five consumers. Among women respondents the Apetit brand is significantly better known than other brands. Apetit was the number one brand in all positive characteristics measured. The characteristics in which Apetit differed most from its competitors can be summed up as follows: Apetit is light, feels fresh and promotes wellbeing.

FINNISH, LOCALLY PRODUCED FOOD, STRAIGHT FROM THE FREEZER: FRESH AND HEALTHY

Apetit's Kotimaiset products are made with 100 per cent Finnish raw materials. The vegetables, including potatoes and other root vegetables, are grown on contract growers' farms, where their cultivation and growth are monitored closely. The contract farms are located within a range of 100 kilometres from Säkylä, where, after harvesting, the vegetables are processed into tasty products.

The vegetables' journey from field to freezer is quick and efficient, guaranteeing that they retain their flavour and nutritional content as well as possible all the way to the consumer's table. After harvesting, the processing stage includes washing, peeling, blanching and freezing, all within hours of being harvested. The selection of varieties pays close attention to flavour and colour.

Almost all of Apetit's vegetables are blanched, which means they are briefly heat-treated. This prevents further enzyme activity in the vegetables, allows frozen vegetables to stay fresh for longer and to cook quickly. The processing and freezer storage of frozen vegetables mean that they retain their health-promoting properties very well. Apetit also supplies vegetables for processing as baby and infant food, which demonstrates well the extremely high quality of the vegetables.

PRODUCT ORIGIN AND QUALITY KNOWN PRECISELY

Apetit Pakaste closely examines the origin of the raw materials it uses and the farming methods employed. Using the ViRe contract grower data system, contract growers supply Apetit with farming information such as soil data, nutrient conditions, fertilisers and pesticide use. Before the raw material batch is processed at the factory, the data system verifies whether information on all the farm's key procedures has been registered in the system. The raw materials' reception weigh-in is interrupted if this data has not been supplied. Throughout a product's entire journey from field to freezer, Apetit knows which farmer supplied the raw materials.

The data collected benefits not only the Apetit´s various functions, but also the researchers of MTT Agrifood Research Finland. The research information is used for improving cultivation methods further together with contract growers.

Seafood

The Seafood business has been developed with great determination. In 2011, thanks to Finnish Seafood's result improvement, its operating profit, excluding non-recurring items, turned positive. Net sales amounted to EUR 84 million and operating profit, excluding non-recurring items, was EUR 0.2 million.

Market

Salmon and rainbow trout are the most popular fish in Finland

Fish is very well suited to today's consumer trends that favour light and healthy choices. In the retail trade, about two thirds of fresh fish is purchased from retail service counters, and about one third is purchased form self-service shelves as consumer packaged fish.

The competition in the seafood sector is intense. The sector is very fragmented, with a great many operators, despite the corporate acquisitions of recent years. Most companies are small or medium sized. Apetit Kala is the leading operator in the fresh fish market in Finland.

Salmon and rainbow trout have retained their position as the most popular fish. Together they account for about 75 per cent of all fish sold. To the consumer, salmon and rainbow trout are familiar and safe choices: they have a

The Lännen Tehtaat Groups's Seafood business in Finland is handled by Apetit Kala. Apetit Kala Oy and its subsidiary Myrskylän Savustamo Oy develop, produce, market and sell fresh fish and fresh fish products under the Apetit and Safu brands and retailers' private labels. Fresh fish, fish products and other fresh products are also sold at Apetit Kala's Service Counters around Finland. 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 farming, procurement and processing to the wholesale and retail trade. Most of the fish used as raw materials is Finnish farmed rainbow trout and whitefish, and Norwegian salmon. The company also procures fish raw materials from carefully selected suppliers in different parts of the world.

The product range is aimed at consumers via retail service counters, retail self-service shelves and the hotel, restaurant and catering sector. 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 shellfish in brine.

Apetit Kala's production units locate in Kuopio, Kustavi and Myrskylä. The Taimen companies have about 30 fish farms in mainland Finland, the Turku and Åland archipelagos and Sweden.

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 Maritim Food Group has two production facilities in Norway and one in Sweden.

Maritim Food operates as a procurer, processor and supplier of fish products and shellfish. Its major customers include the retail chains and the food service sector. The company's main product groups are shellfish in brine, minced fish products, canned mackerel and other canned fish products, and pizza and salad dressings.

Maritim Food's own brands are Maritim, Fader Martin and Sunnmöre. Besides these own brand products the Maritim Food Group's companies produce a significant share of the products under retailer's own labels.

delicious and familiar flavour, are widely available and convenient to use. The popularity of these red-fleshed fish is likely to remain high in Finland in the future too, but alongside these, some of the new globally farmed white-fleshed fish will probably gain in popularity.

Challenging year for Norway

The year 2011 proved to be challenging for Norway's entire seafood sector on account of the exceptionally strong fluctuations in demand and in raw material prices. The rise in the price of shrimps continued and the raw material prices for crawfish tails rose dramatically during the second half of the year. At the end of the year, a record increase was seen in the prices of mackerel. These fluctuations led to cost pressures in seafood-processing industry and it was not possible to transfer the higher raw material costs to the prices of end products at the same rate as the rise in costs.

A change is also occurring in the composition of Norway's retail sector. The discount retail chains have been diversifying their product selections and are taking market share from the traditional shops and supermarkets that stock a wider range of products. At the same time consumers have also been showing greater interest in higher quality and higher priced seafood products. This will give an opportunity for renewal and introduction of new products in higher price category.

Key events

Profitability improved significantly in Finland

The determined development of the business in 2011 turned Apetit Kala around, from a heavily loss-making operation to one that is on a better track, with a significantly improved result. Profitability was improved by raising sales prices, cutting overheads, improving productivity and renewing the organisation. To make better use of the Group's synergies Apetit Kala's sales were concentrated at Espoo and the financial

administration unit was merged with the Group's financial administration in Säkylä. The procurement and logistics functions are in Kuopio and production is at Kuopio, Myrskylä and Kustavi.

For Service Counters, a new consumer-focused strategy was drawn up. Its key elements are the freshness, taste and display of products, and excellent service. Sales and marketing to the hotel, restaurant and catering sector were carried out in collaboration with Saarioinen.

Finland's freshest rainbow trout

Close cooperation with the associated company Taimen Oy, a fry and fingerling producer and fish farmer, has enabled development of the delivery chain and the supply of even fresher fish to consumers.

Apetit Kala launched sales of the market's freshest rainbow trout to retail stores in autumn 2011. The rainbow trout caught in the sea early in the morning, then gutted and filleted, is already on sale in retail stores the same day. This extremely fresh rainbow trout has been well received by consumers.

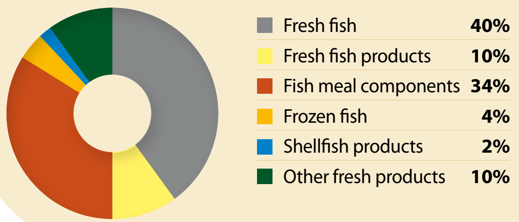
New products launched and redesign of packaging in Norway

Maritim Food launched a number of completely new products during the year. These included a range of assorted shellfish in modified atmosphere packaging and a ready-sliced minced fish pudding. The recipes for fishballs and fish burgers were also renewed, and the right to use Nøkkelhull, Norway's healthy food symbol, on the packaging for these products was obtained. In the development of canned products the focus was on renewing and improving the quality in mackerel in tomato products. Work on the redesign of Maritim Food's product packaging continued. The packaging is now clearer and more attractive. The aim is to increase the visibility of the products in stores and thus ensure that more consumers choose Maritim Food products. The share of products in modified atmosphere package will be increased due to its advantages in terms of shelf-life, appearance and convenience.

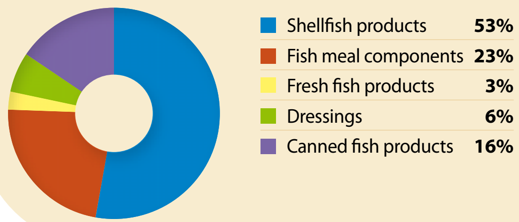
Production concentrated at single plant in Norway

To improve cost-effectiveness, Maritim Food decided to shut down its Stabburveien plant in Fredrikstad, Norway, and concentrate the production of minced 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 and the measures associated with the closure of the Stabburveien plant were completed mostly by the end of the year 2011.

DISTRIBUTION OF NET SALES | 2011
Seafood business in Finland



DISTRIBUTION OF NET SALES | 2011
Seafood business in Norway and Sweden



Outlook

Fish consumption is expected to continue growing on account of its beneficial fatty acids and protein. According to current nutritional recommendations fish is a recommended form of nutrition and we should eat more of it. Fish contains healthy fatty acids, a range of vitamins and minerals and an abundance of protein. Fish is especially good as a source of essential Omega-3 fatty acids and vitamin D. The beneficial fatty acids in fish have been shown to reduce the risk of cardiovascular diseases. According to the National Nutrition Council's recommendations, we ought to eat fish at least twice a week, and try different fish varieties.

Finland's annual per capita consumption of fish amounts to about 16 kilos, measured as fillets. Finland ranks fifth in the EU in fish consumption, behind Portugal, Spain, Lithuania and France. About one third of the fish consumed in Finland is Finnish origin.

In Norway, retailer's private labels are dominant in the fish market. Maritim Food is primarily a manufacturer of retailer's private label products. Maritim will continue measures to secure its position as preferred partner for retailer's private label products, in keeping with its vision. The company will focus on the launch of new and tasty products in particular.

Alongside minced fish, shellfish and canned products, pizza and salad dressings will also be a key focus area for development at Maritim Food. Sales of the relaunched pizza and salad dressings grew during the year by more than 10 per cent, and the positive trend is expected to continue in 2012.

SEAFOOD SALES CAMPAIGN

In autumn 2011 Apetit Kala launched a seafood sales campaign in online media, service sales and other sales points. The regularly changing communications material focuses on different fish according to season, explains the responsibilities and certification involved, and offers consumers new and interesting recipes for preparing seafood dishes.

SERVICE COUNTERS OFFER FLAVOUR EXPERIENCES AND TOP SERVICE

Apetit Kala manages a number of Service Counters based on the shop-in-shop principle at locations around the country. At these counters Apetit Kala is responsible for the service sales operation, the product range and in-store staffing. Each Service Counter offers among others fish, fish products, shellfish, meat, meat products, convenience foods and salads.

In 2011, the Service Counters were developed with a special focus on the range and display of products. In addition, counter staff received training to equip them to further improve the customer service they offer. To offer the best service experience, improvements to the product range, product display and service will continue in 2012 at the Service Counters.

PROTEIN FROM SHELLFISH

Shellfish, especially shrimps, are very high in protein. Shrimps are also rich in vital antioxidants, vitamin E and selenium, as well as beneficial minerals such as calcium and potassium. In Finland, shrimps and other shellfish are mainly for parties and special occasions, whereas in Norway and Sweden they are used in everyday salads, in sandwiches and in cooking. Maritim Food's shellfish are packaged in brine, which guarantees that they retain their flavour and makes them easy to use.

Grains and Oilseeds

Avena's net sales grew to EUR 205 million. Although 2011 was challenging in many markets, Avena managed to achieve its best ever operating profit EUR 8.4 million.

Market

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 inadequate supply kept grain and oilseed market prices high in general at the start of the year, but the additional supply in the new crop year subsequently produced a downward trend in market prices. Grain exports from the entire EU, including Finland, were high.

Good grain crop in Europe

In 2011, the grain crop of the EU-27 member states came to 284 million tonnes, which is slightly above the previous year's figure. The increase was attributable to maize, as maize planting was up and the per-hectare yield was high. The yields of other crops, and in part their

Leading expertise in grain trading and vegetable oil production.

GRAINS AND OILSEEDS IN BRIEF

Avena Nordic Grain Oy is Finland's leading trader in grains, oilseeds and animal feedstuffs, and manufacturer and supplier of vegetable oils and expeller. Avena's principal market is the European Union, but it also trades in many other markets. Avena is particularly active in Finland and in the Baltic countries, its home markets.

The company's headquarters are in Espoo, Finland, and it has branch offices around the country, in Vaasa, Pori, Salo, Kouvola and Porvoo. Its subsidiary Mildola Oy, based in Kirkkonummi, Finland, develops and produces vegetable oils and expeller from rapeseed and soybeans.

For the local purposes of grain procurement Avena has foreign subsidiaries: ZAO Avena St. Petersburg in Russia, UAB Avena Nordic Grain in Lithuania, OÜ Avena Nordic Grain in Estonia, TOO Avena Astana in Kazakhstan and OOO Avena-Ukraine in Ukraine.

quality too, suffered as a result of the prolonged cool and wet weather. Grain production was up in both Russia and Ukraine. Russia removed its export ban in August and made a pronounced return to the export market immediately, at the start of the autumn. Ukraine also permitted exports, but retained state control through licensing and variable export duties.

The 2011 world wheat crop is expected to be 689 million tonnes, and consumption is expected to be up, to 680 million tonnes. This would mean an increase in stocks to a good level, even though about one third of these are in China and in other countries where they are not freely accessible to the international trade.

World coarse grain production in 2011 is anticipated to be 1,151 million tonnes, which is a little more than in 2010. End of season stocks are expected to be down to the equivalent of only one and a half months' consumption.

Favourable weather conditions during Finland's growing and harvest seasons

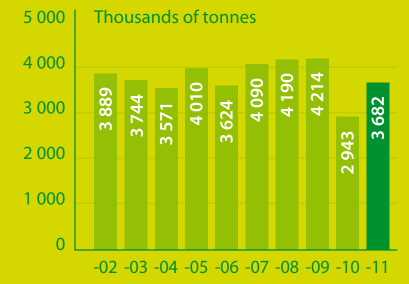
Compared with a year earlier, 2011 saw an expanded area under grain cultivation in Finland and improved per-hectare yields. Together with the favourable weather conditions, this led to a good quality grain crop of 3.7 million tonnes for 2011. Finland has an exportable surplus of high quality milling wheat, barley, malting barley and oats. A certain amount of milling rye will have to be imported.

Moderate growth in oilseed production

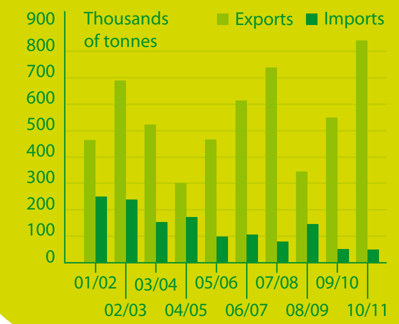
World production of the major oilseeds grew slightly in 2011, reaching 458 million tonnes. The consumption of vegetable oils has increased steadily and is anticipated to total 150 million tonnes for 2011.

The combined oilseed production of the EU-27 countries was 28 million tonnes in 2011, which is the same as in 2010. There were considerable differences in planting, yields and crop quality across the EU. In Finland, the area

CROPS IN FINLAND
2002 - 2011



GRAIN EXPORTS AND IMPORTS DURING CROP SEASONS 2001/2002 - 2010/2011



of rapeseed cultivation was only 91,000 hectares and crop 116,000 tonnes, which is less than in two previous years. The seed oil content proved to be below average in both Finland and the Baltic countries.

Key events

New vegetable oil packaging plant for Kirkkonummi

High-quality operations and close attention to customer needs have always been key objectives for Avena. A natural next step was to construct a vegetable oil packaging plant for the company, next to Mildola's oil milling plant. The new packaging plant was completed and started up in November. It is fully integrated with the production side and highly automated. It allows vegetable oil deliveries in different sized packages and containers in accordance with customer needs, ensuring the highest quality standard. Mildola's products also meet today's demands for healthiness and locally produced foods very well. By investing in new facilities and processes Avena intends to remain a strong partner for the food industry and culinary professionals.

New vegetable oils launched

Avena responded to customer needs by developing a new palm-oil-free deep frying oil, deliveries of which began at the end of the year. The Neito special rapeseed oils are Avena's consumer brand, and two new varieties were added during the year: garlic and black pepper.

Operations developed to improve quick response capability

In a highly specialised organisation such as Avena, the ability to respond quickly is a major asset and one that requires the right set of information systems. The new packaging plant was integrated with the existing systems, and development of the process control systems continued. Avena's redesigned website was opened at the end of the year, and online information is now available on Mildola's oils and other topical issues.

Avena's grain trading activities were further developed on various markets. Its Finnish operations were strengthened with additional personnel during the year, which provides a good foundation for continued growth in future years. Export capacity was expanded by the opening of a port warehouse at Tolkkinen in Porvoo, Finland. A new subsidiary, OOO Avena-Ukraine, was established in Ukraine in the latter part of the year for the purposes of local grain procurement.

Outlook

The process technology at the new vegetable oils packaging plant will allow advances in product development and thereby raise the value added in processing in the future. The increased amount of oil tanks brings further opportunities for manufacturing different oils and has improved Avena's ability to respond to customer needs.

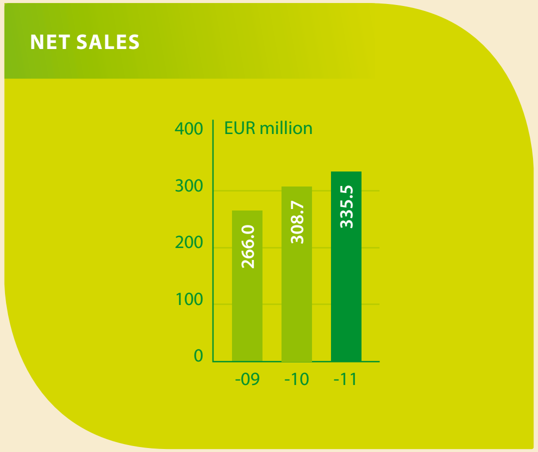
In 2012, Avena will further increase its sales of packaged vegetable oils. Avena will also actively develop and launch new vegetable oil products. In 2012, the company plans to increase the Neito vegetable oils' share of total net sales through measures such as raising the profile of these products in Finland and in other markets.

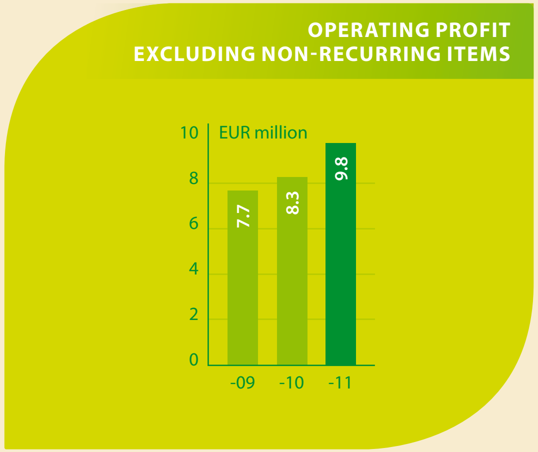
Trade flows, price structures and markets in grain trading during 2012 will be affected by demand and supply changes, exchange rates, economic trends and numerous other factors, and this will ensure an abundance of trading opportunities for Avena.

Board of Directors´ report and financial statements 2011

Board of Directors´ report 26
Consolidated financial statements 32
Parent company financial statements 64
Proposal of the Board of Directors 73

Board of Directors´ report 2011





Group management and reporting structure

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

Frozen Foods consists of Apetit Pakaste Oy. Seafood comprises the Apetit Kala companies Apetit Kala Oy, 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

	2011	2010	Change,%	2009
Net sales, EUR million	**335.5**	308.7	9	266.0
Operating profit, EUR million	**8.7**	8.3	5	6.8
Operating profit, %	**2.6**	2.7		2.6
Operating profit, excluding non-recurring items, EUR million	**9.8**	8.3	19	7.7
Operating profit, excluding non-recurring items, %	**2.9**	2.7		2.9
Profit before taxes, EUR million	**7.5**	8.4	-10	7.3
Profit for the period, EUR million	**5.7**	6.5	-12	5.8
Earnings per share, EUR	**0.92**	1.04	-12	0.94
Equity per share, EUR	**22.06**	22.01	0	22.19
Equity ratio, %	**74.9**	72.4		78.0
Return on equity (ROE), %	**4.1**	4.7		4.3
Return on investment (ROI), %	**6.3**	6.1		5.5

Other key indicators are presented in Note 30 of the Notes to the Consolidated Financial Statements. The calculation of key indicators is presented in Note 31 of the Notes to the Consolidated Financial Statements.

Net sales and profit

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 Group's 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 million (June-December 2010: EUR 0.6 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).

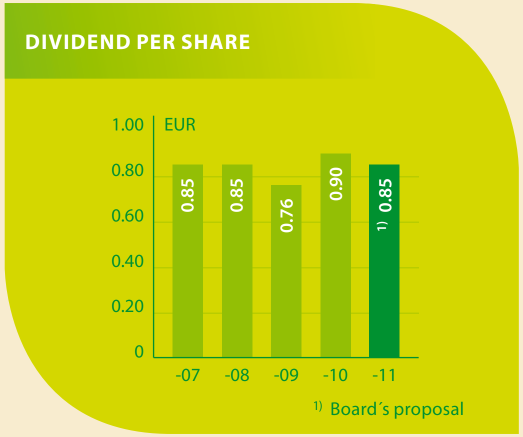
Cash flows, financing and balance sheet

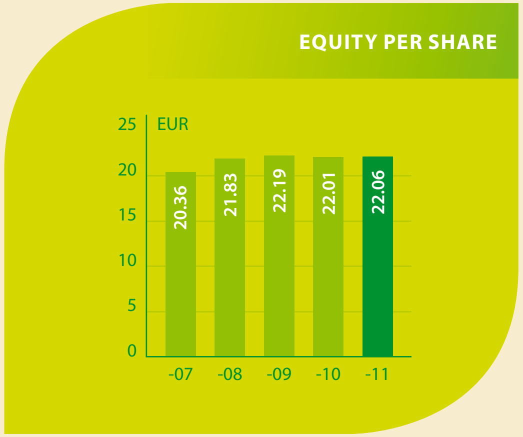
The Group's liquidity was good and its financial position is strong.

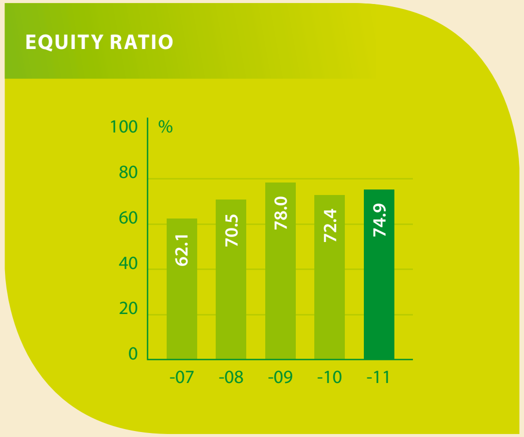
The full-year cash flow from operating activities after interest and taxes was EUR 6.1 (0.6) million. The impact of the change in working capital was EUR -2.2 (-7.4) million, most of this being in the Grains and Oilseeds business.

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 before 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

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

Key themes in human resources management in 2011 were employee wellbeing and renewal. In employee wellbeing the emphasis was on each individual's wellbeing, and in renewal the focus was on innovation and supervisory tasks. These themes were present in all operations as well as in the various activation campaigns, personnel training and everyday actions.

In 2011, the Group employed an average of 596 (2010: 621 and 2009: 657) people. The distribution of personnel across the different businesses was as follows:

NUMBER OF PERSONNEL, average	**2011**	2010	Change, %	2009
Frozen Foods	**204**	199	3	205
Seafood	**320**	351	-9	379
Grains and Oilseeds	**62**	61	2	62
Other Operations	**10**	10	0	11
Group, total	**596**	621	-4	657

The reduction in personnel in the Seafood business was due to the decreased number of service counters in Finland in 2011 compared with 2010, the personnel reductions associated with Apetit Kala's cost-efficiency programme in Finland, and the personnel adjustment measures arising from the closure of the Stabburveien production plant in Norway. The Seafood average personnel figure was also boosted by the personnel from Myrskylän Savustamo Oy and Safu Oy, which joined the Group in June 2010, and the personnel at the Kustavi fish processing plant, which started operations at the beginning of November 2010.

	2011	2010	Change, %	2009
Salaries and other remuneration paid, EUR million	**23.9**	24.9	-4	25.2

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 45.3 (45.1) million in 2011. 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 was EUR 3.3 (3.4) million, falling 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.

Seafood

Net sales in the Seafood business in 2011 came to EUR 84.3 (80.9) million, up by 4% 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 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 fishballs and fishburgers performed well, shellfish sales remained unchanged and sales of pizza sauces and salad dressings grew substantially from the previous year.

Seafood's operating profit, excluding non-recurring items, amounted to EUR 0.2 (-1.8) million, which was EUR 2 million higher than a year earlier. 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. Shellfish prices continued to rise, and the prices of crawfish 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 during 2011.

Grains and Oilseeds

Full-year net sales in the Grains and Oilseeds business came to EUR 204.9 (181.9) million, a year-on-year increase of 13%. 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 areas under cultivation in

Finland were 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.

Other Operations

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 six months 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.

Research and development

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

In Frozen Foods, Apetit is constantly developing its product selection in order to be able to offer consumers more Finnish vegetables and convenient products for everyday use. During the year, new additions were brought to the Apetit Kotimainen range of retail products, such as the Apetit Kotimainen potato & root vegetable mix. New product launches in frozen ready meals included fresh pasta & vegetables, carrot patties, veggie balls, potato & sweet potato mini rostis, and oven-ready cream potatoes with sweet potato. New launches in 2012 will include potato & oven-roast root vegetables, Muurikka pan-fry vegetables with chilli, Triple pizza Americana and Kotimaiset lingonberries. A new selection of Apetit Finnish-grown frozen vegetables and frozen ready meals has also been developed for the hotel, restaurant and catering sector.

Development measures in the Finnish Seafood business have focused on completing the cost-efficiency programme, organising operations and developing new operating models. In Norway, the main development measures were the planning of the production plant structure and the subsequent decision to close the Stabburveien plant and transfer production. The renewal of the product range begun in 2010 was continued in the first half of 2011, with the launch of innovative new snack, lunch and sandwich-topping products. The ingredients of the fish balls and fish burgers in modified atmosphere packaging were revised, and unwanted food additives were removed. Development of the mackerel-in-tomato canned range continued.

In Grains and Oilseeds, processes and systems are constantly being developed. During the year, Avena focused especially on further processing of packaged vegetable oils and continued development of the enterprise resource planning (ERP) system.

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 processes, and water 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, the principal causes of environmental costs are the combustion of odorous gases and the waste costs related to weed separation at raw material reception and the bleaching clay used in processing. A certain amount of packaging waste is also produced during manufacturing in all the businesses.

Lännen Tehtaat's management has defined the company's environmental goals as part of its overall operating policy. All production units that are required to have an environmental permit have a current permit. The currently valid environmental permit conditions that apply to food manufacture, waste management and the wastewater treatment plant at the Säkylä industrial estate are due to be reviewed at the end of 2012.

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 2011 came to EUR 0.9 million, representing 0.3% of net sales. No environmental investments were made during the year.

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 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.

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 areas and in its customer relationships. There are significant concentrations of customers in the Group's 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 the market prices of raw materials.

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; 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 areas and customer relationships; the arbitration court case; and the integration processes following corporate acquisitions.

Corporate Governance Statement

The 2011 Corporate Governance Statement for Lännen Tehtaat plc 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 14 April 2011, Lännen Tehtaat plc's Supervisory Board elected Timo Miettinen as Chairman of the Supervisory Board and Marja-Liisa Mikola-Luoto as Deputy Chairman.

On 14 April 2011, the Supervisory Board elected the following as members of the company's Board of Directors: Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula, Jorma J. Takanen and Helena Walldén. The Supervisory Board elected Matti Lappalainen as Chairman of the Board of Directors and Hannu Simula as Deputy Chairman. Harri Eela and Soili Suonoja were members of the Board of Directors until 14 April 2011.

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 PricewaterhouseCoopers Oy Authorized Public Accountants, with Tomi Moisio, APA, CPFA as responsible auditor, were appointed as auditors for Lännen Tehtaat plc by the Annual General Meeting on 31 March 2011.

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 arranged by 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 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.

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 and paid share capital totalled EUR 12,635,152. The minimum amount of share capital is EUR 10 million, and the maximum amount EUR 40 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. Treasury shares 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 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.

Other key indicators per share 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

Flagging announcement

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.

Nordic Sugar's compensation claim

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, 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 nonrecurring 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 proposes that a dividend of EUR 0.85 per share be distributed for 2011. Under the Board's proposal a total of EUR 5,259,439.60 would be distributed in dividends and EUR 82,424,132.31 would 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.

Consolidated financial statements, IFRS

Consolidated income statement

EUR million	Note	2011	2010
Net sales	(2)	**335.5**	308.7
Other operating income	(4)	**1.8**	1.4
Materials and services	(7)	**-261.2**	-235.4
Employee benefit expenses	(5,28)	**-29.2**	-30.1
Depreciation	(2,8)	**-5.8**	-5.3
Impairments	(2,8)	**0.0**	-0.1
Other operating expenses	(4,6)	**-33.7**	-33.8
Share of profits of associated companies	(2)	**1.3**	3.0
Operating profit	(2)	**8.7**	8.3
Financial income	(9)	**0.3**	1.3
Financial expenses	(9)	**-1.5**	-1.3
Profit before taxes		**7.5**	8.4
Income taxes	(10)	**-1.8**	-1.9
Profit for the period		**5.7**	6.5
Attributable to			
Equity holders of the parent	(11)	**5.7**	6.5
Non-controlling interests		**0.0**	-
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR		**0.92**	1.04

Statement of comprehensive income

EUR million	2011	2010
Profit for the period	**5.7**	6.5
Other comprehensive income		
Cash flow hedges	**0.5**	1.1
Taxes related to cash flow hedges	**-0.1**	-0.3
Translation differences	**0.1**	0.8
Total comprehensive income	**6.1**	8.1
Attributable to		
Equity holders of the parent	**6.1**	8.1
Non-controlling interests	**0.0**	-

Consolidated statement of financial position

EUR million	Note	**31 Dec 2011**	31 Dec 2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(12)	**5.2**	6.0
Goodwill	(12)	**8.7**	8.6
Tangible assets	(12)	**37.5**	37.0
Investment in associated companies	(13)	**32.9**	33.9
Available-for-sale investments	(14)	**0.1**	0.1
Receivables	(15)	**0.4**	0.7
Deferred tax assets	(10)	**1.5**	1.4
Total non-current assets		**86.3**	87.5
CURRENT ASSETS			
Inventories	(17)	**62.3**	55.0
Income tax receivable		**0.1**	0.2
Receivables	(16)	**27.8**	34.5
Financial assets at fair value through profits	(18)	**-**	7.1
Cash and cash equivalents	(19)	**9.3**	7.5
Total current assets		**99.5**	104.4
Total assets	(2)	**185.8**	191.9

EUR million	Note	**31 Dec 2011**	31 Dec 2010
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		**6.8**	6.5
Retained earnings		**89.7**	89.1
Net profit for the period		**5.7**	6.5
Total equity attributable to the equity holders of the parent		**136.5**	136.2
Non-controlling interests		**2.7**	2.7
Total equity	**(20)**	**139.2**	138.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(10)	**4.0**	4.4
Long-term financial liabilities	(22)	**1.9**	2.1
Non-current provisions	(21)	**0.1**	0.0
Other non-current liabilities	(23)	**4.7**	4.6
Total non-current liabilities		**10.8**	11.1
CURRENT LIABILITIES			
Short-term financial liabilities	(22)	**0.4**	1.8
Income tax payable		**0.3**	1.0
Current provisions	(21)	**0.2**	-
Trade payables and other liabilities	(23,25)	**35.0**	39.1
Total current liabilities		**35.8**	41.9
Total liabilities	(2)	**46.6**	53.0
Total equity and liabilities		**185.8**	191.9

Consolidated financial statements, IFRS

Consolidated statement of cash flows

EUR million	2011	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
Net cash flow from operating activities	**6.1**	0.6
Investments in tangible and intangible assets	**-5.8**	-3.1
Proceeds from sales of tangible and intangible assets	**0.1**	0.5
Transactions with non-controlling interests	**-**	2.7
Acquisition of associated companies	**-0.2**	-8.1
Proceeds from sales of non-controlling interests	**0.5**	-
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
Net cash flow from investing activities	**4.2**	3.5
Proceeds from/repayments of short-term loans	**-2.9**	0.6
Repayments of long-term loans	**0.0**	-0.3
Dividends paid	**-5.6**	-4.7
Cash flows from financing activities	**-8.4**	-4.4
Net change in cash and cash equivalents	**1.8**	-0.3
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

EUR million	2011	2010
***) Adjustments to cash flow from operating activities:**		
Depreciation and impairments	**6.0**	5.5
Gains and losses on sales of fixed assets and shares	**-0.1**	0.0
Share of profits of associated companies	**-1.3**	-3.0
Financial income and expenses	**1.2**	-0.1
Income taxes	**1.8**	1.9
Other adjustments	**-0.5**	0.6
Total	**7.1**	4.9

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. 2011	**12.6**	**23.4**	**-0.8**	**7.2**	**-1.8**	**0.3**	**95.3**	**136.2**	**2.7**	**138.9**
Dividend distribution	-	-	-	-	-	-	**-5.6**	**-5.6**	-	**-5.6**
Transactions with NCI	-	-	-	-	-	-	**-0.3**	**-0.3**	-	**-0.3**
Other changes	-	-	-	-	-	-	**-0.1**	**-0.1**	-	**-0.1**
Total comprehensive income	-	-	**0.4**		-	**0.1**	**5.6**	**6.1**	**0.0**	**6.1**
Shareholders' equity 31 Dec. 2011	**12.6**	**23.4**	**-0.4**	**7.2**	**-1.8**	**0.4**	**95.0**	**136.5**	**2.7**	**139.2**
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

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 15 February 2012, the Lännen Tehtaat plc Board of Directors approved the financial statements for publication.

Main operations

Lännen Tehtaat plc is a food industry company listed on the 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
Maritim Food AS, Norway		Shellfish and fish products
Maritim Food Sweden AB, Sweden		Shellfish
Sandanger AS, Norway		Fish products
Associated company:	Taimen group	Fish farming and fingerling production
Grains and Oilseeds		
Avena Nordic Grain Oy		Trade in grains, oil seeds and animal feedstuff
ZAO Avena St. Petersburg, Russia		Trade in grains, oil seeds and animal feedstuff
UAB Avena Nordic Grain, Lithuania		Trade in grains, oil seeds and animal feedstuff
OÜ Avena Nordic Grain, Estonia		Trade in grains, oil seeds and animal feedstuff
TOO Avena Astana, Kazakhstan		Trade in grains, oil seeds and animal feedstuff
OOO Avena-Ukraine, Ukraine		Trade in grains, oil seeds and animal feedstuff
Mildola Oy		Manufacture of vegetable oils and protein feed
Other Operations		
Lännen Tehtaat plc		Group administration, business structure development and holdings of shares and properties
Apetit Suomi Oy		Apetit-marketing, IT, HR, financial and environmental administration services
Associated companies:	Sucros group	Manufacture, marketing and sales of sugar
	Foison Oy	Holding in Avena Nordic Grain Oy
Joint venture:	Ateriamestarit Oy	HoReCa sales

Accounting principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The IAS and IFRS standards and the SIC and IFRIC interpretations complied with are those valid on 31 December 2011. 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. Unrealized losses are not eliminated if the loss is due to impairment.

Net income for the period is disclosed in the income statement as 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. Unrealized gains between the Group companies and associates have been eliminated according to the share of ownership. Any goodwill arising from the acquisition of an investment in an associate is included in the investment.

Joint ventures 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.

Obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognised as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by the companies as the discount rate, or if these are not available the interest rate of government debt obligations. The maturity of debenture bonds and debt obligations corresponds in essential aspects to the maturity of the pension obligation being considered. The pension plan assets measured at fair value at the measurement date, the portion of unrecognised actuarial gains and losses and the non-vested past service costs are deducted from the present value of the pension obligation recorded in the statement of financial position. The Group's obligation with respect to a plan is calculated by identifying the extent to which the cumulative unrecognised actuarial gain or loss exceeds by more than 10% the greater of the present value of the defined benefit obligation and the fair value of the plan assets. The excess is recognised in the statement of income over the expected average remaining working lives of employees participating in the plan.

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 utilized 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 categorized under IAS 17 as the lessor of a finance lease asset.

Leases in which risks and rewards incident to ownership are not transferred to the lessee are classified as operating leases. Lease payments related to them are 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. 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.

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 and the use of deferred tax assets against future taxable profits.

Application of new and updated IFRS

From Group's perspective 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 2012 will not have material effects to the Group's financial statements:

- Amendment to IFRS 7 'Financial Instruments: Disclosures'
- Amendment to IAS 12 'Income Taxes'
- Annual improvements of different standards by IASB

The Group will adopt 2013 or later the following standards and interpretations:

- Amendment to IFRS 7 'Financial Instruments: Disclosures'
- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IFRS 13 'Fair Value Measurement'
- Amendment to IAS 1, 'Presentation of Financial Statements'
- Amendment to IAS 19, 'Employee Benefits´
- Amendment to IAS 27, 'Consolidated and Separate Financial Statements'
- Amendment to IAS 28, 'Investments in Associates'
- Amendment to IAS 32 'Financial Instruments: presentation'
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Management is assessing the impact of the revisions and interpretations of 2013 or later years 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.

Geographical information

EUR million	**Revenue 2011**	Revenue 2010	**Non-current assets 2011**	Non-current assets 2010
Finland	**195.6**	202.5	**69.9**	70.6
Norway	**29.8**	30.0	**13.7**	14.2
Germany	**27.6**	21.0	**-**	-
Sweden	**21.5**	16.2	**1.2**	1.3
Other countries	**61.0**	39.1	**0.0**	0.0
Total	**335.5**	308.7	**84.7**	86.2

Revenues from one customer were EUR 61.2 (63.6) million or 18% (21%) of the net sales. Revenues from this customer were from all operating segments except Other Operations.

Operating segments 1-12/2011

EUR million	Frozen Foods	Seafood	Grains and Oilseeds	Other operations	**Total**
Total segment sales	45.3	84.3	204.9	2.7	**337.1**
Intra-group sales	0.0	0.0	0.0	-1.6	**-1.7**
Net sales	45.3	84.2	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**
Assets	33.3	53.6	57.2	30.9	**174.8**
Unallocated					**11.0**
Total assets					**185.8**
Liabilities	6.6	10.0	14.2	4.3	**35.1**
Unallocated					**11.5**
Total liabilities					**46.6**
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**
Average number of personnel	204	320	62	10	**596**

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
Average number of personnel	199	351	61	10	621

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 in 2010 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 2010 were EUR 4.3 million and net profit EUR 0.2 million.

NOTE 4. Other operating income and expenses

EUR million	**2011**	2010
OTHER OPERATING INCOME		
Government grants received	**0.2**	0.3
Gains from sales of non-current assets	**0.1**	0.1
Rental income	**0.4**	0.5
Fair value change based on derivative instruments, no hedge accounting	**0.5**	0.0
Other	**0.6**	0.5
Total	**1.8**	1.4
OTHER OPERATING EXPENSES		
Rental expenses	**2.9**	3.0
Other	**30.8**	30.8
Total	**33.7**	33.8

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	**2011**	2010
Audit fees	**0.2**	0.2
Non-audit fees	**0.0**	0.0
Total	**0.2**	0.2

NOTE 5. Employee benefits expense

EUR million	**2011**	2010
Wages and salaries	**23.8**	24.8
Termination benefits	**0.1**	0.1
Pensions, defined contribution plans	**4.1**	4.0
Pensions, defined benefit plans	**0.1**	0.1
Other personnel costs	**1.0**	1.1
Total	**29.2**	30.1

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. The disability component of Finnish statutory pension system ("TyEL") is recognised in Finland as defined contribution plan. Lännen Tehtaat plc and Apetit Pakaste Oy have defined contribution plans.

NOTE 6. R & D expenses

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

NOTE 7. Materials and services

EUR million	**2011**	2010
Raw materials and consumables	**259.3**	229.6
Change in stocks	**-8.6**	-4.7
External services	**10.5**	10.5
Total	**261.2**	235.4

Materials and services include foreign currency gains and losses a total of EUR 0.2 (0.1) million.

Net sales include foreign currency losses and gains a total of EUR -1.0 (0.0) million.

The ineffective portion of the change in fair value of hedge instruments totalled EUR -0.1 (0.0) million.

NOTE 8. Depreciations and impairments

EUR million	**2011**	2010
DEPRECIATIONS		
Intangible assets	**1.1**	1.0
Buildings	**2.2**	1.8
Machinery and equipment	**2.4**	2.5
Other tangible assets	**0.1**	0.0
Total	**5.8**	5.3
IMPAIRMENTS		
Intangible assets	-	0.0
Machinery and equipment	**0.0**	0.1
Total	**0.0**	0.1

NOTE 9. Financial income and expenses

EUR million	**2011**	2010
FINANCIAL INCOME		
Interest income	**0.1**	0.1
Foreign currency gains	**0.1**	0.9
Financial assets at fair value through profits	**0.0**	0.0
Other financial income	**0.1**	0.3
Total	**0.3**	1.3
FINANCIAL EXPENSES		
Interest expenses	**-0.4**	-0.3
Foreign currency losses	**0.0**	-0.1
Dividend right of employee shareholders in Avena Nordic Grain Oy	**-1.0**	-0.8
Other financial expenses	**-0.1**	-0.1
Total	**-1.5**	-1.3

NOTE 10. Income taxes

EUR million	2011	2010
Current period taxes	**2.4**	2.3
Previous periods' taxes	**0.0**	0.0
Deferred taxes	**-0.6**	-0.4
Total	**1.8**	1.9

RECONCILIATION OF INCOME TAXES

	2011	2010
Profit before taxes	**7.5**	8.4
Tax calculated at the tax rate of the parent company 26%	**2.0**	2.2
Effect of dividend right of employee shareholders in Avena Nordic Grain Oy	**0.3**	0.2
Effect of associated companies	**-0.3**	-0.8
Expenses not deductible for tax purposes	**0.1**	0.3
Change in corporate tax rate in Finland	**-0.2**	-
Other items	**0.0**	0.0
Tax expenses in the income statement	**1.8**	1.9

Reconciliation of deferred tax assets and liabilities to balance sheet 2011

EUR million	1 Jan. 2011	Charge in income statement	Charged to equity	31 Dec. 2011
DEFERRED TAX ASSETS				
Carry forward of unused tax losses	0.9	0.5	-	**1.4**
Derivative instruments	0.5	0.0	-0.3	**0.1**
Other	0.0	0.0	0.1	**0.1**
Total	1.4	0.4	-0.3	**1.5**
DEFERRED TAX LIABILITIES				
Accumulated depreciation difference	-2.4	0.3	-	**-2.1**
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.0	-0.1	-	**0.9**
Valuation of assets in acquisition cost allocation calculations	-1.4	0.0	-	**-1.3**
Inventories	-0.9	0.0	-	**-0.8**
Derivative instruments	-0.2	-0.1	0.2	**-0.1**
Goodwill	-0.1	-	-	**-0.1**
Tangible assets	-0.4	0.0	-	**-0.5**
Other	-0.1	0.0	0.0	**0.0**
Total	-4.4	0.2	0.2	**-4.0**

The Group has unused taxable losses total of EUR 0.5 million at 31 December 2011 where deferred tax assets have not been recognised. These taxable losses expire in 2020 and 2021. Recognised deferred tax assets on unused taxable losses EUR 0.3 million will expire in 2020. Other unused taxable losses do not expire.

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	-	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

The Group has unused taxable losses total of EUR 0.3 million at 31 December 2010 where deferred tax assets have not been recognised. These taxable losses expire in 2020. Recognised deferred tax assets on unused taxable losses EUR 0.3 million will expire in 2020. 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	**2011**	2010
Profit attributable to the shareholders of the parent company, basic and diluted	**5.7**	6.5
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)	**0.92**	1.04

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 2011

EUR million	Goodwill	Intangible rights	Advance payments	**Total**
Acquisition cost 1 Jan.	17.1	10.3	-	**27.4**
Additions	-	0.3	-	**0.3**
Acquired companies	-	-	-	**-**
Disposals	-	-	-	**-**
Translation difference and other changes	0.1	0.0	-	**0.1**
Transfers	0.0	-	-	**0.0**
Acquisition cost 31 Dec.	17.2	10.6	-	**27.9**
Accumulated depreciation 1 Jan.	-8.5	-4.4	-	**-12.9**
Disposals, accumulated depreciation	-	-	-	**-**
Acquired companies, accumulated depreciations	-	-	-	**-**
Depreciation for the period	-	-1.1	-	**-1.1**
Impairments	-	-	-	**-**
Accumulated depreciation 31 Dec.	-8.5	-5.5	-	**-14.0**
Book value 31 Dec. 2011	8.7	5.2	-	**13.9**

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	-	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	-	14.5

Goodwill impairment testing

Impairment test for cash-generating-units containing goodwill

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

EUR million	2011	2010
Apetit Pakaste - Frozen Foods	**0.4**	0.4
Apetit Kala - Finnish Seafood Business	**1.5**	1.5
Maritim companies - Seafood	**6.9**	6.8
Total	**8.7**	8.6

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 8.6% (8.8%), Maritim companies 8.4% (8.8%) and Frozen Foods 7.8% (8.1%).

In the Maritim companies the value in use exceeded by 23% the carrying amount of the tested assets, which was EUR 14.8 million. In Frozen Foods and in the Finnish Seafood business the value in use 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 forecast 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 1.6% (1.0%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 0.6% (0.9%) and for Frozen Foods 4.3% (5.3%).

The Finnish Seafood business's forecast 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 8.4% (5.8%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 3.5% (5.5%) and for Frozen Foods 11.2% (13.7%).

The Finnish Seafood business's forecast 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 6.1% (4.5%) higher, with the other variables remaining unaltered. An equivalent change in the case of the Maritim companies would be 0.7% (1.5%) and for Frozen Foods 6.1% (7.2%).

Tangible assets 2011

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	36.1	40.6	0.5	0.5	**81.1**
Additions	-	2.3	2.9	0.2	0.1	**5.5**
Acquired companies	-	-	-	-	-	**-**
Disposals	-	0.0	-1.7	0.0	-	**-1.8**
Translation differences and other changes	0.0	0.0	0.0	0.0	0.0	**0.0**
Transfers	0.0	-	0.0	-	0.0	**0.0**
Acquisition cost 31 Dec.	3.4	38.4	41.8	0.7	0.6	**84.8**
Accumulated depreciation 1 Jan.	-0.2	-13.5	-30.2	-0.3	-	**-44.2**
Accumulated depreciation on disposals and transfers	-	0.0	0.0	-	-	**0.0**
Acquired companies, accumulated deprecations	-	0.0	1.5	-	-	**1.5**
Depreciation for the period	-	-2.2	-2.4	0.0	-	**-4.7**
Impairments	-	0.0	0.0	-	-	**0.0**
Accumulated depreciation 31 Dec.	-0.2	-15.7	-31.1	-0.3	-	**-47.3**
Book value 31 Dec. 2011	3.2	22.7	10.6	0.4	0.6	**37.5**

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	-	-	-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

NOTE 13. Investment in associated companies and joint ventures

EUR million	2011	2010
Book value 1 Jan.	**33.9**	24.0
Acquisitions, other additions	**0.2**	8.4
Share of profits for the period	**1.3**	3.0
Dividends	**-2.5**	-1.5
Book value 31 Dec.	**32.9**	33.9

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%. At 31 December 2011 book value of the associated companies includes a goodwill total of EUR 3.9 (3.9) million.

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

Associated companies

2011 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	159.0	43.1	153.0	3.7	20.0 %
Taimen group	Laukaa	34.9	15.3	25.3	2.7	30.0 %
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	20.6 %

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 %

Joint ventures

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

2011 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	2.3	2.1	21.3	0.0	50.0 %

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 %

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	2011	2010
Investments in shares of unlisted companies	**0.1**	0.1
Total	**0.1**	0.1

NOTE 15. Non-current receivables

EUR million	2011	2010
Receivables from associated companies	**0.0**	0.1
Receivables based on derivative instruments, hedge accounting	-	0.2
Connection fees	**0.4**	0.4
Other items	**0.0**	0.0
Total	**0.4**	0.7

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

NOTE 16. Current receivables

EUR million	2011	2010
Trade receivables	**24.4**	22.9
Receivables based on derivative instruments, hedge accounting	-	0.4
Receivables based on derivative instruments, no hedge accounting	**0.4**	-
Accrued income and deferred expenses	**0.2**	6.5
Other receivables	**1.2**	2.3
Receivables from associated companies and joint ventures		
Trade receivables	**1.6**	0.9
Loan receivables	**0.0**	1.4
Total	**27.8**	34.5

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 0.0 (5.4) 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 0.2 (0.0) million on trade receivables.

NOTE 17. Inventories

EUR million	2011	2010
Materials and consumables	**10.5**	16.5
Work in progress	**0.0**	0.1
Finished goods	**51.8**	38.4
Total	**62.3**	55.0

A write-down of EUR 1.8 (2.3) million in inventory value was booked to correspond the net realisation value.

NOTE 18. Financial assets at fair value through profits

EUR million	2011	2010
Short-term fixed income funds	-	7.1
Total	-	7.1

NOTE 19. Cash and cash equivalents

EUR million	2011	2010
Cash and bank receivables	**9.3**	7.5
Total	**9.3**	7.5

NOTE 20. Shareholders' equity

EUR million	Number of shares (1,000 pcs)	Share capital	Share premium account	Total
31 Dec. 2011	**6 318**	**12.6**	**23.4**	**36.0**
31 Dec. 2010	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 the 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 0.85 per share to be paid.

NOTE 21. Provisions

EUR million	**2011**	2010
NON-CURRENT		
Defined benefit plan 1 Jan.	**0.0**	0.1
Increases, decreases	**0.1**	-0.1
Pension provision 31 Dec.	**0.1**	0.0
CURRENT		
Defined benefit plan 1 Jan.	**-**	-
Increases, decreases	**0.1**	-
Pension provision 31 Dec.	**0.1**	-

NOTE 22. Financial liabilities

EUR million	**2011**	2010
NON-CURRENT		
Loans from credit institutions	**1.1**	1.3
Other loans	**0.7**	0.8
Finance lease liabilities (note 25)	**-**	0.1
Total	**1.9**	2.1

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 0.8 (1.1) million and in Norwegian crowns totalling EUR 1.0 (1.0) million. It is assessed that the book values of the liabilities correspond to their fair values.

EUR million	**2011**	2010
CURRENT		
Current portion of long-term loans	**0.4**	0.4
Other interest-bearing liabilities	**0.0**	1.4
Finance lease liabilities (note 25)	**0.0**	0.0
Total	**0.4**	1.8

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

NOTE 23. Trade payables and other liabilities

EUR million	2011	2010
NON-CURRENT		
Payables based on derivative instruments, hedge accounting	0.1	-
Other liabilities	4.7	4.6
Total	4.7	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.

EUR million	2011	2010
CURRENT		
Trade payables	24.4	23.6
Payables to associated companies and joint ventures	0.2	0.4
Payables based on derivative instruments, no hedge accounting	0.0	0.1
Payables based on derivative instruments, hedge accounting	0.3	1.5
Accrued expenses and deferred income	6.4	9.2
Other liabilities	3.7	4.2
Total	35.0	39.1

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 crown. Other currencies causing some currency risk is mainly Swedish crown. 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 2011 the most significant net investments to foreign subsidiaries are in Norwegian crowns EUR 7.0 million and Swedish crowns EUR 3.5 million. Lännen Tehtaat plc has intra-group loan receivables in Norwegian crowns EUR 7.5 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. Currency hedging is guided by the 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 2011 (31 December 2010) Norwegian crown 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 2011 (31 December 2010) US dollar would have been 10% stronger/weaker against euro, Group's net profit would have increased/decreased by EUR 0.2/-0.2 (0.1/-0.2) million and equity decreased/increased by EUR 0.0/-0.0 (0.1/-0.1) million. All other variables such as interest rates remain the same on the analyses.

If on 31 December 2011 (31 December 2010) 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 1.9 (2.1) million in long-term floating rate loans from financial institutions, EUR 0.4 (1.8) million in other short-term liabilities, EUR 9.3 (7.5) million in liquid cash assets and EUR 0.0 (7.1) million in short-term fixed income funds.

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

With the balance sheet structure on 31 December 2011 (31 December 2010), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR -0.1/0.1 (-0.1/0.1) 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 and Oil Seeds; 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 12.4 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 EUR 1.7 million at the end of the year.

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

If on 31 December 2011 (31 December 2010) 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 -0.2/0.2 (-0.4/0.4) 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 minimise the operational credit risk, the business units endeavour to obtain collateral security, as credit insurance, in the event that a customer's credit rating so requires.

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

Aging of Group's receivables

EUR million	2011	2010
Not due or less than a month due	**27.5**	34.5
1 - 3 months past due	**0.2**	0.1
4 - 6 months past due	**0.1**	0.0
Over 6 months past due	**0.0**	0.0
Total	**27.8**	34.5

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 2011. Credit facilities expire on December 2016 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 2011

EUR million	0-3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	**-0.1**	**-0.4**	**-1.2**	**-0.8**
Finance leases	**0.0**	**0.0**	-	-
Derivative liabilities	**-0.4**	-	-	-
Total	**-0.5**	**-0.4**	**-1.2**	**-0.8**

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	-1.5	-0.9
Finance leasing	0.0	0.0	-0.1	-
Derivative liabilities	-1.6	-	-	-
Total	-3.1	-0.3	-1.6	-0.9

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 2011 was 74.9% (31 December 2010: 72.4%). 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	**2011**	2010
Interest bearing liabilities	**2.3**	4.0
Liquid assets	**9.3**	14.6
Interest bearing net debt	**7.0**	10.7
Equity	**139.2**	138.9
Interest bearing net debt and equity total	**146.3**	149.6
Gearing, %	**-5.1**	-7.7
Equity ratio, %	**74.9**	72.4

NOTE 25. Finance lease liabilities

EUR million	2011	2010
Finance lease liabilities,		
Total amount of minimum lease payments	**0.0**	0.1
Within one year due	**0.0**	0.0
After one year but not more than five years	**-**	0.1
Finance lease liabilities,		
Present value of minimum lease payments	**0.0**	0.1
Within one year due	**0.0**	0.0
After one year but not more than five years	**-**	0.1
Finance charges accruing in the future	**0.0**	0.0

NOTE 26. Collateral, contingent liabilities, contingent assets and other commitments

EUR million	2011	2010
LIABILITIES SECURED BY PLEDGES		
Loans from financial institutions	**1.3**	1.6
Other	**0.8**	1.0
Total	**2.1**	2.6
PLEDGES GIVEN FOR DEBTS		
Real estate mortgages	**2.2**	2.3
Corporate mortgages	**0.5**	0.5
Other securities given	**3.5**	4.5
Guarantees	**7.2**	7.7
OTHER LEASES, PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Within one year	**1.7**	2.0
After one year but not more than five years	**2.7**	4.3
After more than five years	**0.3**	0.3
Total	**4.7**	6.6

The present value of minimum lease payments includes real estate leases a total of EUR 3.9 (5.9) million.

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

In October 2011, 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 recognised as income, and the costs of the legal process will be recognised under expenses on an accrual basis.

OTHER LIABILITIES

Liability to adjust value added tax on property investments
The group is liable to adjust value added tax deductions on 2008 - 2011 property investments, if taxable use of the properties decreases. The maximum value of the liability is EUR 1.6 (1.2) million and liability is valid untill 2021.

INVESTMENT COMMITMENTS

Lännen Tehtaat has no material investment commitments on 31 December 2011.

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

EUR million	Level 1	Level 2	Level 3	**Total**
ASSETS 2011				
Currency derivatives, no hedge accounting	-	**0.4**	-	**0.4**
ASSETS 2010				
Commodity derivatives, hedge accounting	0.6	-	-	0.6
Currency derivatives, no hedge accounting	-	0.0	-	0.0
Fund investments	7.1	-	-	7.1
LIABILITIES 2011				
Currency derivatives, no hedge accounting	-	**0.0**	-	**0.0**
Commodity derivatives, hedge accounting	**0.4**	-	-	**0.4**
LIABILITIES 2010				
Currency derivatives, hedge accounting	-	0.1	-	0.1
Currency derivatives, no hedge accounting	-	1.5	-	1.5

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	**2011**	2010
Currency derivatives, no hedge accounting	**14.3**	5.6
Currency derivatives, cash flow hedge accounting	-	1.0
Commodity derivatives, cash flow hedge accounting	**14.1**	13.9

Other information related to cash flow hedge

The Group applies cash flow hedge accounting to commodity and currency derivatives. Electricity derivatives expire in three years being more emphasized to the two subsequent years from the balance sheet date. Other derivatives become due within one year. Due to cash flow hedge accounting equity was increased/decreased by EUR 0.5 (-0.9) million. Derivatives affected the profit and loss statement related to net sales EUR -0.9 (-0.3) million, purchases and other operating income and expense EUR -0.5 (-1.8) million, financial income and expenses EUR 0.0 (0.0) million and taxes EUR 0.4 (0.5) 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
OOO Avena-Ukraine	Ukraine	[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 4.1% of the shares in Avena Nordic Grain Oy.

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

The administrative bodies consists of the members of the Supervisory Board, the Board of Directors and the CEO of the parent company.

The chairmen of the Supervisory Board were paid EUR 13,125 (10,500), the deputy chairmen EUR 10,083 (8,250) and the members EUR 250 to 1,000 (500 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	2011	2010
Matti Lappalainen, chairman of the Board	**42**	32
Hannu Simula, deputy chairman of the Board	**24**	21
Harri Eela, member of the Board until 14 April 2011	**6**	18
Heikki Halkilahti, member of the Board	**20**	18
Aappo Kontu, member of the Board	**20**	18
Soili Suonoja, member of the Board until 14 April 2011	**6**	18
Jorma J. Takanen, member of the Board since 14 April 2011	**14**	-
Helena Walldén, member of the Board since 14 April 2011	**14**	-
Tom v. Weymarn, chairman of the Board until 13 April 2010	**-**	12
Matti Karppinen, CEO	**377**	423

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	2011	2010
Matti Karppinen, CEO	**98**	96

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 2011 nor on 31 December 2010.

Transactions with associated companies and joint ventures

EUR million	2011	2010
Sales to associated companies	**1.5**	1.1
Sales to joint ventures	**8.5**	7.3
Purchases from associated companies	**13.9**	6.6
Purchases from joint ventures	**0.0**	-
Long-term receivables from joint ventures at the end of the year	**0.0**	0.1
Trade receivables and other receivables from associated companies at the end of the year	**0.8**	1.6
Trade receivables and other receivables from joint ventures at the end of the year	**0.8**	0.7
Trade payables and other liabilities to associated companies at the end of the year	**0.2**	0.4
Trade payables and other liabilities to joint ventures at the end of the year	**0.0**	-

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

NOTE 29. Events since the end of the financial year

Lännen Tehtaat has requested the Arbitration Institute of the Central Chamber of Commerce of Finland to appoint a chairman to the arbitration court in a dispute concerning Nordic Sugar's breaches of shareholder agreement.

In Nordic Sugar's response to Lännen Tehtaat's application, which was submitted to the Central Chamber of Commerce's Arbitration Tribunal by Nordic Sugar, 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.

Consolidated financial statements, IFRS

NOTE 30. Key indicators

Continuing operations

EUR million	**2011**	2010	2009	2008	2007
Net sales	**335.5**	308.7	266.0	349.1	309.6
Exports from Finland	**90.8**	49.0	31.3	78.6	66.6
Operating profit	**8.7**	8.3	6.8	13.9	5.3
% of net sales	**2.6**	2.7	2.6	4.0	1.7
R & D expenses	**0.9**	1.0	0.9	0.8	0.7
% of net sales	**0.3**	0.3	0.3	0.2	0.2
Financial income (+)/ expenses (-), net	**-1.2**	0.1	0.5	-3.3	-0.8
Profit before taxes	**7.5**	8.4	7.3	10.7	4.6
% of net sales	**2.2**	2.7	2.7	3.1	1.5
Profit for the period	**5.7**	6.5	5.8	10.0	4.2
% of net sales	**1.7**	2.1	2.2	2.9	1.4
Gross investments excluding acquisitions	**5.8**	3.1	2.7	8.1	6.9
% of net sales	**1.7**	1.0	1.0	2.3	2.2
Acquisitions and other investments in shares	**0.2**	10.5	1.2	0.5	11.6
% of net sales	**0.1**	3.4	0.5	0.1	3.7
Average number of personnel	**596**	621	657	755	705

Group, continuing and discontinued operations

Financial indicators

EUR million	**2011**	2010	2009	2008	2007
PROFITABILITY					
Net sales	**335.5**	308.7	266.0	349.1	376.8
Operating profit	**8.7**	8.3	6.8	20.5	14.4
% of net sales	**2.6**	2.7	2.6	5.9	3.8
Profit before taxes	**7.5**	8.4	7.3	17.7	14.6
% of net sales	**2.2**	2.7	2.7	5.1	3.9
Profit for the period	**5.7**	6.5	5.8	17.1	13.4
% of net sales	**1.7**	2.1	2.2	4.9	3.6
Attributable to					
Shareholders of the parent company	**5.7**	6.5	5.8	17.0	13.3
Non-controlling interests	**0.0**	-	-	0.1	0.1
Return on equity (ROE), %	**4.1**	4.7	4.3	12.9	10.8
Return on investment (ROI), %	**6.3**	6.1	5.5	13.8	10.0

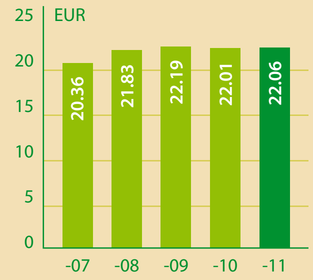
EUR million	**2011**	2010	2009	2008	2007
FINANCE AND FINANCIAL POSITION					
Equity ratio, %	**74.9**	72.4	78.0	70.5	62.1
Gearing, %	**-5.1**	-7.7	-15.8	1.1	16.0
Non-current assets	**86.3**	87.5	77.4	84.3	99.4
Inventories	**62.3**	55.0	48.1	55.1	64.4
Other current assets	**37.2**	49.4	50.6	52.9	42.1
Shareholders' equity	**139.2**	138.9	137.3	135.6	128.0
Distributable funds	**87.7**	84.5	82.7	78.9	61.6
Interest-bearing liabilities	**2.3**	4.0	3.3	15.2	33.6
Non-interest-bearing liabilities	**44.3**	49.0	35.5	41.6	44.3
Balance sheet total	**185.8**	191.9	176.1	192.3	205.9

Share indicators

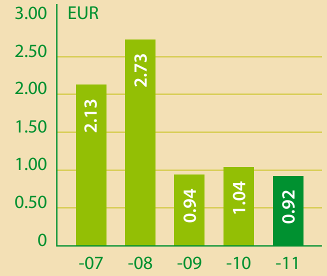
	2011	2010	2009	2008	2007
Earnings and dividend					
Earnings per share, EUR	**0.92**	1.04	0.94	2.73	2.13
Dividend per share, EUR	[1] **0.85**	0.90	0.76	0.85	0.85
Dividend per earnings, %	**92.4**	86.5	80.9	31.1	40.0
Effective dividend yield, %	**5.8**	5.1	4.9	6.3	5.3
P/E ratio	**16.0**	16.8	16.7	4.9	7.6
Shareholders' equity per share, EUR	**22.06**	22.01	22.19	21.83	20.36
Share performance, EUR					
Lowest price during the year	**12.95**	15.51	11.90	13.00	15.65
Highest price during the year	**18.80**	20.00	15.99	17.00	24.50
Average price during the year	**15.77**	17.62	13.71	14.49	20.86
Share price at the end of the year	**14.71**	17.50	15.65	13.49	16.19
Share turnover					
Share turnover (1,000 pcs)	**687**	1 035	1 998	963	923
Turnover ratio, %	**10.9**	16.4	31.6	15.2	14.6
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	**92.9**	110.6	98.9	85.2	102.3
Dividend distribution, EUR million	[1] **5.3**	5.6	4.7	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	6 187 576	6 220 618	6 252 576
Adjusted number of shares at the end of the period	**6 187 576**	6 187 576	6 187 576	6 187 576	6 252 576

[1] Board's proposal

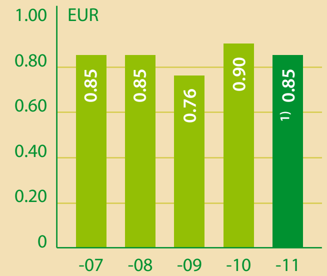
SHAREHOLDERS' EQUITY PER SHARE



EARNINGS PER SHARE



DIVIDEND PER SHARE



NOTE 31. Calculation of key indicators

Return on equity (ROE), % $= \dfrac{\text{Profit/loss}}{\text{Total equity, average for the year}} \times 100$

Return on investment (ROI), % $= \dfrac{\text{Profit/loss before taxes + interests and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities, average for the year}} \times 100$

Equity ratio, % $= \dfrac{\text{Total equity}}{\text{Total assets - advance payments received}} \times 100$

Gearing, % $= \dfrac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$

Interest-bearing net liabilities = Interest-bearing liabilities - cash and cash equivalents - short-term investments

Earnings per share $= \dfrac{\text{Profit/loss for the year attributable to the shareholders of the parent}}{\text{Weighted average number of outstanding shares}}$

Dividend per share $= \dfrac{\text{Dividend for the period}}{\text{Basic number of outstanding shares on 31 December}}$

Dividend per earnings, % $= \dfrac{\text{Dividend per share, \%}}{\text{Earnings per share}} \times 100$

Effective dividend yield, % $= \dfrac{\text{Dividend per share}}{\text{Share price at the end of the period}} \times 100$

Price/earnings ratio (P/E) $= \dfrac{\text{Share price at the end of the period}}{\text{Earnings per share}}$

Shareholders' equity per share $= \dfrac{\text{Equity attributable to the equity holders of the parent company}}{\text{Basic number of outstanding shares on 31 December}}$

Market capitalisation = Basic number of outstanding shares x share price at the end of the period

NOTE 32. | Shares and shareholders

Major Shareholders on 10 February 2012

Shareholder	Number of shares	%	Number of votes	%
Sievi Capital plc	544 229	8.6	544 229	8.8
Valio's Pension Fund	414 390	6.6	414 390	6.7
Eela Esko	389 838	6.2	389 838	6.3
Nordea Nordic Small Cap Fund	347 860	5.5	347 860	5.6
EM Group Oy	316 000	5.0	316 000	5.1
Skagen Funds	296 353	4.7	296 353	4.8
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
Norvestia plc	74 294	1.2	74 294	1.2
10 major shareholders total	2 817 249	44.6	2 817 249	45.5
Nominee-registered shares	191 776	3.0	191 776	3.1
Other shareholders	3 178 551	50.3	3 178 551	51.4
External ownership total	6 187 576	97.9	6 187 576	100.0
Shares owned by the company	130 000	2.1		
Total	6 317 576	100.0		

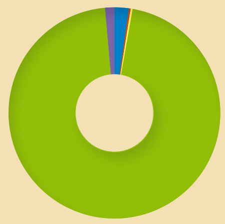
Shares own by the Group administration

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 345,545 shares on 10 February 2012. This corresponds to 5.5% of the share capital and voting rights.

Distribution of ownership on 10 February 2012

	% of shareholders	% of shares
Companies	2.1	22.3
Financial and insurance institutions	0.3	6.9
Public organisations	0.4	13.6
Private households	95.9	43.6
Non-profit organisations	1.3	5.9
Foreign owners	0.1	4.7
Nominee-registered		3.0
Total	100.0	100.0

DISTRIBUTION OF OWNERSHIP

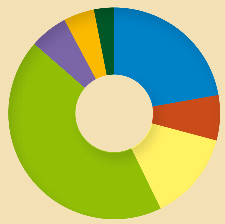


by shareholders, %

Distribution of shareholdings on 10 February 2012

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	4 456	47.6	211 713	3.4
101 - 500	3 713	39.6	904 593	14.3
501 - 1 000	726	7.8	532 470	8.4
1 001 - 5 000	406	4.3	752 175	12.0
5 001 – 10 000	32	0.3	216 169	3.4
10 001 – 50 000	18	0.2	406 269	6.4
50 001 – 100 000	5	0.1	332 844	5.3
100 001 – 500 000	10	0.1	2 417 114	38.3
500 001 -	1	0.0	544 229	8.6
Total	9 367	100.0	6 317 576	100.0

DISTRIBUTION OF OWNERSHIP



by shares, %

Parent company financial statements, FAS

Parent company income statement, FAS

EUR 1000	Note	2011	2010
Other operating income	(1)	**695**	1 195
Personnel expenses	(2)	**-1 786**	-2 277
Depreciation and impairments	(3)	**-322**	-307
Other operating expenses	(4)	**-1 076**	-1 133
Operating profit/loss		**-2 488**	-2 521
Financial income and expenses	(5)	**8 610**	6 130
Profit before extraordinary items		**6 121**	3 608
Extraordinary items	(6)	**3 200**	3 650
Profit before appropriations and taxes		**9 321**	7 258
Income taxes	(7)	**-581**	-708
Net profit		**8 740**	6 550

Parent company balance sheet, FAS

EUR 1000	Note	31 Dec. 2011	31 Dec. 2010
ASSETS			
Non-current assets			
Intangible assets	(8)	**129**	169
Tangible assets	(9)	**4 659**	4 854
Investments in Group companies	(10,11)	**34 729**	33 697
Investments in associated companies	(10,11)	**12 095**	12 189
Other investments and receivables	(10,11)	**76**	76
		51 688	50 984
Current assets			
Long-term receivables	(12)	**13 350**	6 297
Current receivables	(13)	**54 349**	54 675
Financial assets at fair value through profits		**-**	7 091
Cash and cash equivalents		**8 096**	6 939
		75 795	75 002
		127 483	125 985
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(14)		
Share capital		**12 635**	12 635
Share premium account		**23 391**	23 391
Contingency reserve		**7 232**	7 232
Retained earnings		**71 711**	70 730
Profit for the period		**8 740**	6 550
		123 709	120 538
Current liabilities	(15)		
Interest bearing		**3 148**	3 982
Non-interest bearing		**625**	1 466
		3 773	5 448
		127 483	125 985

Parent company statement of cash flows, FAS

EUR 1000	**2011**	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extraordinary items	**6 121**	3 608
Adjustments	**-8 525**	-6 518
Change in working capital		
Change in non-interest-bearing current receivables	**-2 306**	2 657
Change in non-interest-bearing current liabilities	**-269**	-46
Cash flow from operating activities before financial items and taxes	**-4 978**	-299
Dividends received	**4 774**	2 556
Interests paid	**-131**	-64
Interests received	**1 699**	1 307
Taxes paid	**-1 152**	-
Cash flow from operating activities (A)	**212**	3 500
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-128**	-132
Proceeds from sales of tangible and intangible assets	**46**	0
Investments in Group companies	**-1 032**	-7 711
Sales of Group companies	**-**	2 491
Investments in associated companies	**-197**	-
Sales of associated companies	**525**	-
Investments in other investments	**-22 005**	-32 903
Proceeds from sales of other investments	**29 095**	42 994
Dividends received	**2 209**	1 466
Cash flow from investing activities (B)	**8 512**	6 205
Cash flow before financing	**8 724**	9 705

EUR 1000	**2011**	2010
CASH FLOW FROM FINANCING ACTIVITIES		
Change in long-term financing	**-**	1 863
Change in subsidiary financing	**-5 649**	-6 200
Dividends paid	**-5 569**	-4 703
Group contributions, received	**3 650**	1 900
Cash flow from financing activities (C)	**-7 568**	-7 140
Net increase/decrease in cash and cash equivalents	**1 156**	2 565
Cash and cash equivalents at beginning of financial year	**6 939**	4 374
Cash and cash equivalents at end of financial year	**8 096**	6 939

Change in receivables and liabilities of the Group account -834 (2,693) is included in the change of the 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.

NOTE 1. Other operating income

EUR 1000	2011	2010
Gains from sales of non-current assets	**240**	698
Rental income	**305**	365
Service fees	**135**	132
Other	**15**	0
Total	**695**	1 195

NOTE 2. Personnel expenses and average number of personnel

EUR 1000	2011	2010
PERSONNEL EXPENSES		
Wages and salaries	**1 345**	1 709
Pension expenses	**400**	534
Other social security expenses	**41**	34
Total	**1 786**	2 277

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	**11**	13

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

The retirement age of the CEO is 62 years.

NOTE 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 and structure	20-30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciations have not changed.

EUR 1000	2011	2010
DEPRECIATION ACCORDING TO PLAN		
Intangible rights	**21**	11
Other capitalised long-term expenses	**29**	21
Buildings and structure	**253**	254
Machinery and equipment	**19**	22
Total	**322**	307

NOTE 4. Other operating expenses

EUR 1000	2011	2010
Rental expenses	**78**	47
Expenses of administration	**578**	568
Other operating expenses	**420**	517
Total	**1 076**	1 133
Audit fees	**90**	89

NOTE 5. Financial income and expenses

EUR 1000	**2011**	2010
DIVIDEND INCOME		
From Group companies	**4 755**	2 543
From associated companies	**2 209**	1 466
From others	**19**	13
Total	**6 983**	4 022
INTEREST INCOME FROM LONG-TERM INVESTMENTS		
From Group companies	**188**	165
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	**1 389**	855
From associated companies	**2**	0
Foreign currency gains	**58**	865
From others	**120**	288
Total	**1 570**	2 008
Financial income, total	**8 741**	6 194
INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES		
To Group companies	**10**	0
To others	**121**	64
Financial expenses total	**131**	64
Financial income and expenses, total	**8 610**	6 130

Foreign currency gains include unrealised profits from long-term receivables EUR 50 (167) thousands.

NOTE 6. Extraordinary items

EUR 1000	**2011**	2010
Group contributions, received	**3 200**	3 650

NOTE 7. Income taxes

EUR 1000	**2011**	2010
Income taxes from extraordinary items	**832**	949
Income taxes for the financial year	**-251**	-372
Change in deferred tax receivables	**-**	132
Total	**581**	708

NOTE 8. Intangible assets

Intangible assets 2011

EUR 1000	Intangible rights	Other capitalised long-term expenses	**Total**
Acquisition cost 1 Jan.	98	299	**397**
Additions	8	2	**11**
Disposals	-	-	**-**
Acquisition cost 31 Dec.	106	302	**408**
Accumulated depreciation 1 Jan.	-18	-211	**-229**
Disposals and transfers, accumulated depreciation	-	-	**-**
Depreciation for the period	-21	-29	**-50**
Accumulated depreciation 31 Dec.	-39	-240	**-279**
Book value 31 Dec. 2011	67	62	**129**

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

NOTE 9. | Tangible assets

Tangible assets 2011

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	**Total**
Acquisition cost 1 Jan.	2 274	5 848	390	63	**8 574**
Additions	-	-	117	-	**117**
Disposals	-5	-	-87	-	**-91**
Acquisition cost 31 Dec.	2 269	5 848	421	63	**8 601**
Accumulated depreciation 1 Jan.	-	-3 378	-343	-	**-3 721**
Disposals and transfers, accumulated depreciation	-	-	52	-	**52**
Depreciation for the period	-	-253	-19	-	**-272**
Accumulated depreciation 31 Dec.	-	-3 631	-310	-	**-3 941**
Book value 31 Dec. 2011	2 269	2 217	110	63	**4 659**

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

Revaluation 2011 and 2010

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

NOTE 10. Investments

Investments, other investments and receivables 2011

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	**Total**
Acquisition cost 1 Jan.	33 697	12 189	44	31	**45 961**
Additions	1 032	197	-	-	**1 229**
Disposals	-	-292	-	-	**-292**
Book value 31 Dec. 2011	34 729	12 095	44	31	**46 899**

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

NOTE 11. 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	20,6

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

NOTE 12. Long-term receivables

EUR 1000	**2011**	2010
Loans receivables from		
Group companies	**13 316**	6 246
Other receivables from		
associated companies	**34**	51
Long-term receivables total	**13 350**	6 297

NOTE 13. Current receivables

EUR 1000	**2011**	2010
ACCOUNTS RECEIVABLE	**69**	23
AMOUNTS OWED BY THE GROUP COMPANIES		
Accounts receivable	**146**	132
Loans receivable	**47 920**	46 572
Group account receivables	**2 846**	2 788
Group contribution receivables	**3 200**	3 650
Other receivables	**49**	36
Total	**54 161**	53 179
AMOUNTS OWED BY THE ASSOCIATED COMPANIES		
Accounts receivable	**21**	2
Other receivables	**17**	1 467
Total	**38**	1 469
PRE-PAYMENTS AND ACCRUED INCOME		
Pension insurance and other statutory insurances	**76**	2
Other	**5**	1
Total	**81**	4
Current receivables total	**54 349**	54 675

NOTE 14. Changes in shareholders' equity

EUR 1000	**2011**	2010
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.	**70 730**	66 397
Transfer from previous year's profit	**6 550**	9 035
Dividends paid	**-5 569**	-4 703
Purchase of own shares	**-**	-
Retained earnings 31 Dec.	**71 711**	70 730
Profit for the financial year	**8 740**	6 550
Shareholders' equity 31 Dec.	**123 709**	120 538
DISTRIBUTABLE FUNDS		
Contingency reserve	**7 232**	7 232
Retained earnings	**71 711**	70 730
Profit/loss for the financial year	**8 740**	6 550
Distributable funds 31 Dec.	**87 684**	84 512

NOTE 15. Liabilities

EUR 1000	2011	2010
CURRENT LIABILITIES		
Trade payables	**109**	61
AMOUNTS OWED TO GROUP COMPANIES		
Trade payables	**19**	14
Other liabilities	**61**	61
Group account liabilities	**3 148**	3 982
Total	**3 228**	4 058
AMOUNTS OWED TO ASSOCIATED COMPANIES		
Trade payables	**2**	8
OTHER LIABILITIES		
Tax account payable	**26**	40
ACCRUED EXPENSES AND DEFERRED INCOME		
Personnel expenses	**218**	585
Income tax payable	**6**	577
Accruals of expenses	**184**	119
Total	**407**	1 280
Current liabilities, interest-bearing, total	**3 148**	3 982
Current liabilities, non-interest-bearing, total	**625**	1 466
Total	**3 773**	5 448

NOTE 16. Collateral, contingent liabilities, contingent assets and other commitments

1 000 euroa	2011	2010
LEASE LIABILITIES		
Real estate lease liabilities		
Falling due during the following year	**192**	191
Falling due at later date	**191**	383
Other lease liabilities		
Falling due during the following year	**10**	22
Falling due at later date	**13**	15
OTHER LIABILITIES		
Guarantees	**62**	62
CONTINGENT LIABILITIES ON BEHALF OF THE GROUP COMPANIES		
Guarantees	**7 168**	7 610
Liabilities total	**7 637**	8 283
OUTSTANDING DERIVATIVE INSTRUMENTS		
Commodity derivate instruments		
Market value	**-200**	596
Value of underlying instruments	**1 662**	1 781
CONTINGENT ASSETS		
Proceeds from the sale of shares in the joint book-entry account.	**723**	739

In October 2011, 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.

The compensation demand in regard to these breaches of agreement has not been recognised as income, and the costs of the legal process will be recognised under expenses on an accrual basis.

Proposal of the Board of Directors for the distribution of profits

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 proposes to the Annual General Meeting that the distributable funds be used as follows:

• distributed as a dividend of EUR 0.85 per share i.e. a total of	EUR 5,259,439.60
• retained in shareholders' equity	EUR 82,424,132.31
Total	EUR 87,683,571.91

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, 15 February 2012

Matti Lappalainen
Heikki Halkilahti
Aappo Kontu

Hannu Simula
Jorma J. Takanen
Helena Walldén

Matti Karppinen
CEO

Auditor's Report

To the Annual General Meeting of Lännen Tehtaat plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Lännen Tehtaat plc for the year ended 31 December, 2011. 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 of the parent company or the Managing Director 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 23, 2012

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 2011 including the consolidated financial statements, the Board of Directors' report 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: Matti Eskola, Laura Hämäläinen, Pasi Jaakkola, Timo Kaunisto, Markku Länninki and Ilkka Markkula.

Säkylä, 29 February 2012

For the Supervisory Board

Timo Miettinen Chairman	Asmo Ritala Secretary

Shares, share capital and dividend policy

Registration and share quotation

Lännen Tehtaat plc's shares are in the book-entry system and have been quoted on NASDAQ OMX Helsinki Ltd since 1989. The symbol for the shares is LTE1S 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 million and the maximum EUR 40 million. 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.

Authorisation of the Board of Directors

The Annual General Meeting on 31 March 2011 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.

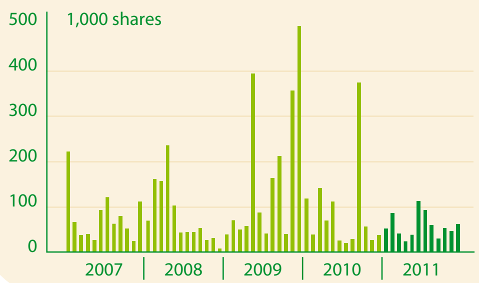
The subscription price for each new share must be at least the share's nominal value of EUR 2. The transfer price for Lännen Tehtaat shares held by the company shall be at least the market value of the share at the time of transfer, which is determined by the price quoted in public trading on the NASDAQ OMX Helsinki Ltd. The Board of Directors will also have the right to issue shares against consideration other than cash. In the case of share-based incentive systems, shares could also be issued without consideration.

The authorization 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 authorization revoked the earlier authorisation to issue shares, given on 30 March 2010.

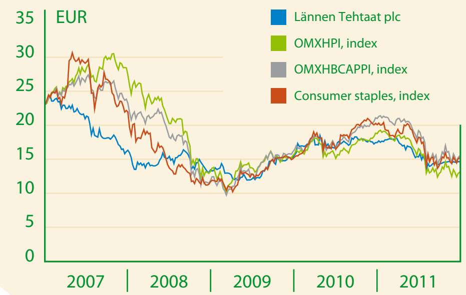
The Board of Directors has not until 15 February 2012 used the authorisation granted to it for issuing new shares or for transferring Lännen Tehtaat shares held by the company.

SHARE TRADING
2007 - 2011



MARKET CAPITALISATION
2007 - 2011

SHARE PERFORMANCE
2007 - 2011



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.

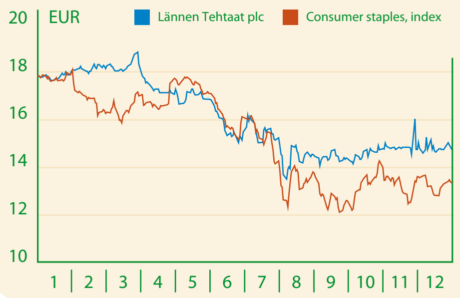
Treasury shares

At the end of the fi nancial 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.

MONTHLY SHARE PERFORMANCE
2011



Summary of the stock exchange releases in 2011

Lännen Tehtaat plc has published the following stock exchange releases and announcements during the year 2011.

The releases can be found in full at the release archive at the company's Internet site *www.lannen.fi/en*.

Since the releases apply to events in 2011, some of the information given in the releases may be outdated.

February

17 February, 2011
Financial Statements Release 1 January - 31 December 2010

17 February, 2011
Proposals of the Board of Directors to the Annual General Meeting of Lännen Tehtaat plc

17 February, 2011
Apetit Kala Oy commences cost-efficiency programme

17 February, 2011
Maritim Food AS planning to improve production efficiency in Norway

March

8 March, 2011
Invitation to the Annual General Meeting of Lännen Tehtaat plc

9 March, 2011
Lännen Tehtaat plc's Annual Report 2010, Corporate Governance Statement and Summary of 2010 Stock Exchange Releases published

31 March, 2011
Decisions by the Annual General Meeting of Lännen Tehtaat plc, 31 March 2011

April

6 April, 2011
Apetit Kala Oy's cost-efficiency programme has reached the implementation stage

14 April, 2011
Organisation of the Supervisory Board and election of the Board of Directors

15 April, 2011
Maritim Food AS has decided to concentrate production at one plant in Fredrikstad, Norway

May

5 May, 2011
Interim Report, 1 January - 31 March 2011

August

11 August, 2011
Interim Report, 1 January - 30 June 2011

October

14 October, 2011
Lännen Tehtaat plc takes the breach of shareholder agreement dispute between Lännen Tehtaat and Nordic Sugar to arbitration

November

2 November, 2011
Interim Report, 1 January - 30 September 2011

December

21 December, 2011
Lännen Tehtaat's financial information in 2012

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 elects, in accordance with the proposals of the Nomination Committee, 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*.

Corporate Governance Statement 2011

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 14 April 2011 Lännen Tehtaat plc's Board of Directors comprised six members elected by the Supervisory Board on 13 April 2010. The Board members during 1 January - 14 April 2011 were Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula and Soili Suonoja.

At a meeting held on 14 April 2011, Lännen Tehtaat plc's Supervisory Board decided further to elect six members to Lännen Tehtaat plc's Board of Directors. The Board members elected were Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula, Jorma J. Takanen and Helena Walldén.

Information on members of the Board of Directors

Matti Lappalainen, b. 1948, M.Sc. (Econ. & Bus. Adm.)
Senior Advisor
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
Board member until 14 April 2011

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
Board member until 14 April 2011

Jorma J. Takanen, b. 1946, Chemical Engineer
Principal occupation: Sievi Capital Plc, President and CEO
Board member since 14 April 2011

Helena Walldén, b. 1953, M.Sc. (Tech.)
Board member since 14 April 2011

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.

Corporate Governance Statement 2011

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' meetings in 2011
Lännen Tehtaat plc's Board of Directors convened 15 times in 2011. Five of the meetings were telephone conferences. The average participation rate of all Board members was 95.6%.

Supervisory Board

1. Composition and term

In accordance with the Articles of Association, the Supervisory Board comprises a minimum of 15 and a maximum of 20 members chosen by the shareholders' meeting. In addition, the Supervisory Board has a maximum of four members at a time, chosen by the personnel from among themselves, and each of these members has a personal deputy.

Persons who have attained the age of 68 are ineligible for election to the Supervisory Board. The members' term of office ends at the close of the third Annual General Meeting following their election.

2. 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.

3. Information on members of the Supervisory Board

Until 31 March 2011 the Supervisory Board consisted of 20 members chosen by the shareholders' meeting. On 31 March 2011, the Annual General Meeting decided to select 19 members to the Supervisory Board.

The following were members of the Supervisory Board during 2011:

Members elected by the Annual General Meeting

Timo Miettinen, b. 1955, M.Sc. (Eng.)
Principal occupation: EM Group Oy, Chairman of the Board
Chairman of the Supervisory Board since 14 April 2011
Member since 31 March 2011

Marja-Liisa Mikola-Luoto, b. 1971, M.Sc. (Agric.)
Principal occupation: Farmer
Deputy Chairman of the Supervisory Board since 14 April 2011

Heikki Aaltonen, b. 1956
M.Sc. (Agric.), farmer

Matti Eskola, b. 1950
B.Sc. (Agric.), farmer

Jaakko Halkilahti, b. 1967
Farmer
Member since 31 March 2011

Jussi Hantula, b. 1955
Farmer

Börje Helenelund, b. 1951
B.Sc. (Agric.), farmer

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

Pasi Jaakkola, b. 1941
Farmer

Timo Kaunisto, b. 1963
M.Sc. (Agric.), farmer

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

Mikko Kurittu, b. 1966
B.Sc. (Agric.), farmer

Mika Leikkonen, b. 1963
B.Sc. (Agric.), farmer

Markku Länninki, b. 1949
Farmer

Ilkka Markkula, b. 1960
B.Sc. (Agric.), farmer

Juha Nevavuori, b. 1942
Farmer
Deputy Chairman of the Supervisory Board and Member until 31 March 2011

Samu Pere, b. 1968
Administrative Director

Tuomo Raininko, b. 1966
Farmer

Esa Ruohola, b. 1946
Farmer

Esko Suomala, b. 1959
M.Sc. (Agric.), farmer
Member until 31 March 2011

Helena Walldén, b. 1953
M.Sc. (Tech.)
Chairman of the Supervisory Board and
Member until 31 March 2011

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

Personnel representatives

Pauli Juutinen, b. 1951
Personal deputy member **Timo Kaila**

Aila Koivuniemi, b. 1944
Personal deputy member **Pia Rantanen**

Veijo Kukkonen, b. 1981
Personal deputy member **Maarit Tammelin**

Kirsi Roos, b. 1972
Personal deputy member **Pauli Paavola**

4. Meetings of the Supervisory Board in 2011

The Supervisory Board convened four times during 2011. The average participation rate of all the members was 76.3%.

Supervisory Board Nomination Committee

1. Composition and tasks

Under the Articles of Association 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.

2. Activity

In 2011 the Nomination Committee convened four times to discuss matters falling within its sphere of responsibility. The meeting attendance rate of Committee members was 95%.

3. Information on members of the Nomination Committee

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

Heikki Laurinen, b. 1967
M.Sc. (Agric.), Managing Director
Member chosen by AGM since 31 March 2011

Timo Miettinen, b. 1955
M.Sc. (Tech.), Chairman of the Board of EM Group Oy
Chairman of the Supervisory Board
Member since 30 March 2010

Marja-Liisa Mikola-Luoto, b. 1971
M.Sc. (Agric.), farmer
Deputy chairman of the Supervisory Board
Member since 14 April 2011

Juha Nevavuori, b. 1942,
Farmer
Deputy chairman of the Supervisory Board and
Member until 31 March 2011

Antti Rauhamaa, b. 1952
B.Sc. (Nat. Res.), farmer
Member until 31 March 2011

Tauno Uitto, b. 1948
Farmer
Member chosen by AGM since 31 March 2011

Helena Walldén, b. 1953,
M.Sc. (Tech.),
Chairman of the Supervisory Board and
Member until 31 March 2011

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.

Remuneration, insider issues

Remuneration

Supervisory Board

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

As decided by the Annual General Meeting on 31 March 2011, the remuneration paid to the members of the Supervisory Board is as follows:

- 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;
- the meeting allowance is also paid to the chairman and deputy chairman of the Supervisory Board for their attendance at meetings of the company's Board of Directors.
- the meeting allowance is also paid to the members of the Supervisory Board's Nomination Committee.

In 2011 the Supervisory Board met four times. The Nomination Committee also met four times. The members of the Supervisory Board and the Nomination Committee were paid a total of EUR 40,458 in remuneration and allowances in 2011.

Board of Directors

The Supervisory Board decides on the remuneration of the Board of Directors. As decided by the Supervisory Board on 14 April 2011,

- the monthly remuneration paid to the chairman of the Board of Directors is EUR 3,025
- the monthly remuneration paid to the deputy chairman is EUR 1,870
- the monthly remuneration paid to the other Board members is EUR 1,485
- a meeting allowance of EUR 500 is also paid to the chairman, and EUR 250 to the members.

In 2011 the Board met 15 times. Five of the meetings were telephone conferences. In 2011 the members of the Board of Directors received a total of EUR 145,020 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. & Bus. Adm.) 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 2011 amounted to EUR 377,084.

Eero Kinnunen, M.Sc. (Econ. & Bus. Adm.), 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 15 December 2011. 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), and 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 organization 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 the Seafood business; the Director of the Frozen Foods business and the Director of the Grains and Oilseeds business.

Lännen Tehtaat plc's company-specific permanent register on insider holdings contains information on persons who, by virtue of their position 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 10 February 2012 can be viewed in this Annual report on pages 86 and 87.

Supervisory Board and Auditors

Supervisory Board

Members elected by the Shareholders' meeting

Timo Miettinen, b. 1955, M.Sc. (Eng.)

Chairman since 2011, Member since 2011

Principal occupation:
EM Group Oy, Chairman of the Board
Main simultaneous positions of trust:
Chairman of the Board:
Ensto Oy, Sewatek Oy, Convento Santa Lucia S.r.l.

Marja-Liisa Mikola-Luoto, b. 1971, M.Sc. (Agric.)

Deputy Chairman since 2011, Member since 2005

Principal occupation:
Farmer

Heikki Aaltonen, b. 1956
Member since 2007

Matti Eskola, b. 1950
Member since 1991
Membership term expires 2012

Halkilahti Jaakko, b. 1967
Member since 2011

Jussi Hantula, b. 1955
Member since 1995

Börje Helenelund, b. 1951
Member since 1998

Laura Hämäläinen, b. 1975
Member since 2009
Membership term expires 2012

Pasi Jaakkola, b. 1941
Member since 1982
Membership term expires 2012

Timo Kaunisto, b. 1963
Member since 2009
Membership term expires 2012

Risto Korpela, b. 1949
Member since 2007

Mikko Kurittu, b. 1966
Member since 2007

Mika Leikkonen, b. 1963
Member since 2008

Markku Länninki, b. 1949
Member since 2003
Membership term expires 2012

Ilkka Markkula, b. 1960
Member since 2003
Membership term expires 2012

Samu Pere, b. 1968
Member since 1998

Tuomo Raininko, b. 1966
Member since 2005

Esa Ruohola, b. 1946
Member since 1998

Mauno Ylinen, b. 1965
Member since 2005

Personnel representatives

Pauli Juutinen, b. 1951
Member since 2009
Personal deputy member
Timo Kaila

Aila Koivuniemi, b. 1944
Member since 1997
Personal deputy member
Pia Rantanen

Veijo Kukkonen, b. 1981
Member since 2006
Personal deputy member
Maarit Tammelin

Kirsi Roos, b. 1972
Member since 2009
Personal deputy member
Pauli Paavola

Auditors

Hannu Pellinen
APA

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

Board of Directors

Matti Lappalainen, b. 1948, M.Sc. (Econ. & Bus. Adm.), Senior Advisor
Chairman since 2010, Deputy Chairman in 2009-2010,
Member since 2003

Main simultaneous positions of trust:
Chairman of the Board: Bonaria Oy, Bonbake Oy
Member of the Board: Leipurin Oy
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: 6,260 shares (10 February 2012)

Hannu Simula, b. 1947, M.Sc. (Agric.)
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 (10 February 2012)

Heikki Halkilahti, b. 1947, LL.M., M.Sc. (Econ. & Bus. Adm.)
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: 900 shares (10 February 2012)

Aappo Kontu, b. 1952, M.Sc. (Tech.)
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 (10 February 2012)

Jorma J. Takanen, b. 1946, Chemical Engineer
Member since 2011

Principal occupation: Sievi Capital Plc, President and CEO
Main simultaneous positions of trust:
Chairman of the Board: Scanfil Plc, Foundation of Riitta and Jorma J. Takanen, Ultraprint Oy
Vice Chairman of the Board: PPO-Yhtiöt Oy, Pohjanmaan Puhelinosuuskunta PPO
Member of the Board: Sievi Capital Plc, iLoq Oy, IonPhasE Oy
Member of the Supervisory Board: Varma Mutual Pension Insurance Company
Employment history: Founder and CEO of Sievi Capital Plc (former Scanfil Oy) since 1976
Shareholding in Lännen Tehtaat: 1,000 shares (10 February 2012)

Helena Walldén, b. 1953, M.Sc. (Tech.)
Member since 2011

Main simultaneous positions of trust:
Chairman of the Board: Fingrid Plc
Member of the Board: Alko Inc, Metsähallitus, Raskone Oy
Employment history: Pohjola Bank plc, Member of the Group's Executive Committee 2006-2008 • Pohjola Insurance Ltd., Senior Vice President 2006-2008 • A-vakuutus Oy, CEO 2007-2008 • Okobank plc, Member of the Board 1994-2006 • Okobank plc, different positions 1976-1994
Shareholding in Lännen Tehtaat: 1,000 shares (10 February 2012)

CEO and Corporate Management

Matti Karppinen, b. 1958, M.Sc. (Econ. & Bus. Adm.)
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 • Unilever Finland Oy, Market Manager 1985-1989 • Turun Seudun Osuuspankki, Office Manager 1984-1985
Shareholding in Lännen Tehtaat: 1,800 shares (10 February 2012)

Johanna Heikkilä, b. 1962, M.Sc. (Econ. & Bus. Adm.)
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: - (10 February 2012)

Antti Kerttula, b. 1956, QBA
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: - (10 February 2012)

Eero Kinnunen, b. 1970, M.Sc. (Econ. & Bus. Adm.)
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 (10 February 2012)

Asmo Ritala, b. 1958, LL.M.
Corporate Counsel since 1995

Employment history:
Finnish Grain Board, lawyer 1990-1994
Oy Esso Ab, House Manager 1986-1990
Shareholding in Lännen Tehtaat: - (10 February 2012)

Kaija Viljanen, b. 1952, M.Sc. (Econ. & Bus. Adm.), B.A., EMBA
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: - (10 February 2012)

Contact information

Lännen Tehtaat plc
Head Office
Maakunnantie 4
P.O. Box 100
FI-27801 Säkylä, Finland
Tel. +358 10 402 00
Fax +358 10 402 4022

Lännen Tehtaat plc
Espoo office
Upseerinkatu 1
P.O. Box 404
FI-02601 Espoo, Finland
Tel. +358 10 402 00
Fax +358 10 402 4024

E-mail:
firstname.surname@lannen.fi
Internet: www.lannen.fi

Business ID: 0197395-5
Domicile: Säkylä, Finland

Subsidiaries

Apetit Suomi Oy
P.O. Box 100
FI-27801 Säkylä, Finland
Tel. +358 10 402 4300
Fax +358 10 402 4944
firstname.surname@apetit.fi
www.apetit.fi
Business ID 2077043-2

Apetit Suomi Oy
Espoo office
Upseerinkatu 1, P.O. Box 403
FI-02601 Espoo, Finland
Tel. +358 10 402 4300
Fax +358 10 402 4455

Apetit Pakaste Oy
P.O. Box 130
FI-27801 Säkylä, Finland
Tel. +358 10 402 4300
Fax +358 10 402 4322
firstname.surname@apetit.fi
www.apetit.fi
Business ID 2077046-7

Apetit Pakaste Oy
Teollisuustie 3
FI-93100 Pudasjärvi, Finland
Tel. +358 10 402 4300
Fax +358 10 402 4666

Apetit Kala Oy
Mastotie 7
FI-70460 Kuopio, Finland
Tel. +358 10 402 4500
Fax +358 10 402 4520
firstname.surname@apetit.fi
www.apetit.fi
Business ID 0877766-6

Apetit Kala Oy
Vuosnaistentie 593 A
FI-23360 Kustavi, Finland
Tel. +358 10 402 4500

Myrskylän Savustamo Oy
Kylänpääntie 45
FI-07600 Myrskylä, Finland
Tel. +358 19 521 3100
Fax +358 19 521 3116
firstname.surname@safu.com
www.safu.com
Business ID 0668811-7

Maritim Food AS
Råbekksvingen 5
NO-1617 Fredrikstad, Norway
Tel. +47 6936 3700
Fax +47 6936 3738
firstname.surname@maritim-food.no
www.maritim-food.no

Maritim Food Sweden AB
Kallkärrsvägen 21-22
SE-455 61 Dingle, Sweden
Tel. +46 5244 0047
firstname.surname@maritim-food.no

Sandanger AS
NO-6083 Gjerdsvika, Norway
Tel. +47 7002 6440
Fax +47 7002 6441
firstname.surname@sunnmoere.com
www.sunnmoere.com

Avena Nordic Grain Oy
Upseerinkatu 1, P.O. Box 402
FI-02601 Espoo, Finland
Tel. +358 10 402 02
Fax +358 10 402 2500
firstname.surname@avena.fi
www. avena.fi
Business ID 0989948-9

ZAO Avena St. Petersburg
Ul. Korabelestroiteley, d. 30,
litera A, office 2.15
RU-199397 St. Petersburg, Russia
Tel. +7 812 305 5795
Fax +7 812 305 5785

UAB Avena Nordic Grain
Gostauto str. 40B
LT-01112 Vilnius, Lithuania
Tel. +370 5 243 0290
Fax +370 5 243 0291

OÜ Avena Nordic Grain
Tehnika 3, Türi
EE-72213 Järvamaa, Estonia
Tel. +372 5 038 151

TOO Avena Astana
Rayon Almaty, Baraeva str. 16
KZ-010000 Astana, Kazakhstan
Tel./Fax +7 7172 592 679,
+7 7172 592 676

OOO Avena-Ukraine
g. Mirgorod, ul. Petrovskogo 15
UA-37600 Poltavskaya oblast,
Ukraine
Tel./Fax +380 5355 40262

Mildola Oy
Satamatie 64, P.O.Box 21
FI-02401 Kirkkonummi, Finland
Tel. + 358 10 402 2300
Fax + 358 10 402 2311
firstname.surname@mildola.fi
www.mildola.fi
Business ID 0116251-1


Gjerdsvika
Fredrikstad
Dingle
Türi
St. Petersburg
Tartu
Vilnius
Mirgorod
Astana
Pudasjärvi
Vaasa
Kuopio
Pori
Köyliö
Säkylä
Kustavi
Myrskylä
Kouvola
Salo
Espoo
Porvoo
Kirkkonummi
Frozen Foods | Seafood | Grains and Oilseeds | Other Operations

Lännen Tehtaat plc
P.O. Box 100, FI-27801 Säkylä, Finland
Tel. +358 10 402 00 | Fax +358 10 402 4022
lannen.tehtaat@lannen.fi
www.lannen.fi