



## Lännen Tehtaat plc Financial Statements Bulletin for 2012

### Fourth quarter (October-December):

- Consolidated fourth-quarter net sales came to EUR 115.0 (80.4) million, which was a year-on-year increase of more than 40%.
- Operating profit, excluding non-recurring items, came to EUR 5.1 (4.6) million; non-recurring items totalled EUR 0.0 (0.6) million.
- The profit for the period was EUR 4.0 (4.4) million, and earnings per share amounted to EUR 0.64 (0.69).

### Financial year (January-December):

- Consolidated net sales for 2012 amounted to EUR 378.2 (335.5) million, which was a year-on-year increase of almost 13%.
- Operating profit, excluding non-recurring items, came to EUR 8.8 (9.8) million; non-recurring items totalled EUR -0.4 (-1.1) million.
- Profit for the year came to EUR 6.7 (5.7) million, and earnings per share amounted to EUR 1.07 (0.92).

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

The information in this bulletin has not been audited. The figures in parentheses are the equivalent figures for the same period in 2011, unless stated otherwise.

*Matti Karppinen, CEO:*

“Earnings per share for 2012 are higher than for the previous year. After the fairly weak operating profit for the first six months, the operating profit for July-December showed a year-on-year improvement. Net sales also grew considerably in the second half of 2012. The restructuring of our Seafood business has proceeded as planned, and the measures set out in the strategy have led to strong sales growth in Finland and Sweden. In its marketing to consumers, Frozen Foods has focused on home-grown raw materials as a key competitive advantage. During 2012, the Kotimainen home-grown product range was expanded beyond frozen vegetables and frozen ready meals to include fish products as well, and sales of the entire range were up by 15% from the previous year. Further delicious additions meeting the home-grown product pledge will be developed in the future, both for consumers and the professional food service sector. The development of Caternet has proceeded according to plan. At the end of the year, Caternet’s commercial organisation – *Apetit Ammatillaiset* – took responsibility for sales of *Apetit Pakaste* and *Apetit Kala* products to the professional food service sector, which further strengthens our position as partner to the sector and brings improved opportunities for boosting and further developing sales in the sector. In Grains and Oilseeds, our own vegetable oil packaging plant began operating more than a year ago, and this has allowed us to tailor our vegetable oils for specific customers and enables us to deliver in different packaging sizes according to the customer’s needs. Thanks to the own packaging plant, the delivery volumes of packaged vegetable oils almost doubled in comparison with the previous year.”

## KEY FIGURES

EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	115.0	80.4	43%	378.2	335.5	13%
Operating profit, excluding non-recurring items	5.1	4.6		8.8	9.8	
Operating profit	5.1	5.1		8.5	8.7	
Profit before taxes	4.6	5.1		7.5	7.5	
Profit for the period	4.0	4.4		6.7	5.7	
Earnings per share, EUR	0.64	0.69		1.07	0.92	

### NET SALES AND PROFIT

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

The Group's fourth-quarter net sales amounted to EUR 115.0 (80.4) million, up by more than 40% year on year. Net sales grew in all of the Group's businesses, but the year-on-year growth was especially high in Seafood and Grains and Oilseeds, and, thanks to Caternet, in the Other Operations segment.

The fourth-quarter operating profit, excluding non-recurring items, totalled EUR 5.1 (4.6) million. In Grains and Oilseeds and in Other Operations, the profit, excluding non-recurring items, was up on the same period a year earlier. In Frozen Foods, the operating profit, excluding non-recurring items, was unchanged, while in Seafood it was down year on year. Non-recurring items amounted to EUR -0.0 million. A year earlier, non-recurring item came to EUR 0.6 million and were from the Seafood business.

Financial income and expenses in the fourth quarter came to EUR -0.5 (0.0) million. Profit before taxes was EUR 4.6 (5.1) million, and taxes on the profit for the period came to EUR -0.6 (-0.7) million. The profit for the period was EUR 4.0 (4.4) million, and earnings per share amounted to EUR 0.64 (0.69).

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

The Group's net sales for 2012 came to EUR 378.2 (335.5) million, up by almost 13% year on year. In all the Group's businesses, net sales were higher than a year earlier. Caternet Finland Oy, which was acquired at the end of March and subsequently incorporated into the Other Operations segment, boosted net sales by EUR 23 million.

The operating profit, excluding non-recurring items, was EUR 8.8 (9.8) million. Non-recurring items came to EUR -0.4 million and were from the Other Operations segment. Non-recurring items a year earlier came to EUR -1.1 million and were from the Seafood business. The operating profit includes EUR 3.7 (1.3) million as the share of the profits of associated companies. A total of EUR 0.0 (0.6) million of the associated company profits was allocated to the Seafood business, and EUR 3.7 (0.7) million to the Other Operations segment.

Financial income and expenses came to a total of EUR -1.0 (-1.2) million. This includes valuation items of EUR 0.4 (-0.1) million with no cash flow implications. Financial expenses also include EUR -0.7 (-1.0) 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 (7.5) million. Taxes for the financial year came to EUR -0.8 (-1.8) million. The profit for the period was EUR 6.7 (5.7) million, and earnings per share amounted to EUR 1.07 (0.92).

## CASH FLOWS, FINANCING AND BALANCE SHEET

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

The full-year cash flow from operating activities after interest and taxes was EUR -16.1 (6.1) million. The impact of the change in working capital was EUR -24.2 (-2.2) million. Working capital increased as a consequence of the high market prices in Grains and Oilseeds.

The net cash flow from investing activities was EUR -8.8 (4.2) million. Deposits and withdrawals of cash assets invested in short-term fixed income funds had an impact of EUR 0.0 (7.1) million on the cash flow from investing activities. The cash flow from financing activities came to EUR 20.8 (-8.4) million, and this included EUR -5.3 (-5.6) million in dividend payments.

At the close of the financial year, the Group had EUR 36.4 (2.3) million in interest-bearing liabilities and EUR 5.2 (9.3) million in liquid assets. Net interest-bearing liabilities totalled EUR 31.1 (-7.0) million. The consolidated balance sheet total stood at EUR 232.9 (185.8) million. At the end of the period, equity totalled EUR 141.5 (139.2) million. The equity ratio was 60.7% (74.9%) and gearing was 22.0% (-5.1%). The Group's liquidity is secured with committed credit facilities. In all, EUR 15 (25) million was available in credit at the end of the year. To finance working capital, EUR 10.0 (0.0) million was drawn in credit facilities and EUR 19.0 (0.0) million was issued in commercial papers.

## INVESTMENT

The Group's gross investment in non-current assets came to EUR 3.9 (5.8) million.

Investment by Frozen Foods totalled EUR 1.8 (1.9) million, by Seafood EUR 1.1 (0.7) million, by Grains and Oilseeds EUR 0.5 (3.0) million and by Other Operations EUR 0.6 (0.1) million.

Investment in shares during the financial year came to EUR 9.7 (0.2) million. This comprised the purchase of Caternet Finland Oy shares.

## PERSONNEL

The average number of Lännen Tehtaat employees in 2012 was 721 (596). The average number of personnel in Frozen Foods was 195 (204), in Seafood 345 (320), in Grains and Oilseeds 70 (62) and in Other Operations 111 (10).

## SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. In production that focuses on seasonal crops, raw materials are processed into finished products mainly during the final quarter of the year, which means that the inventory volumes and 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 level in Finland and other markets.

## OVERVIEW OF OPERATING SEGMENTS

### Frozen Foods

EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	12.1	11.0	10%	46.9	45.3	4%
Operating profit, excluding non-recurring items	1.5	1.5		2.6	3.3	
Operating profit	1.5	1.5		2.6	3.3	

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

Fourth-quarter net sales in Frozen Foods were up by 10% year on year. Sales to retailers grew as a result of sales campaigns, in particular. Sales to the professional food service sector and for export were also up, while sales to the food industry were at the same level as a year earlier.

Sales of Apetit brand frozen potato products and frozen pizzas to retailers grew during the quarter, thanks to the sales campaigns undertaken. The growth in sales of frozen vegetables and frozen ready meals to retailers also continued in the last quarter of the year. With the autumn launch of new vegetable gratin products, sales of the entire gratin product group increased very substantially.

Frozen Foods' fourth-quarter operating profit, excluding non-recurring items, was unchanged from the previous year. The operating profit was adversely affected by the reduced volume of frozen vegetable production, as fewer fixed production costs were activated in inventories than a year earlier.

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

Frozen Foods' net sales in 2012 were up slightly year on year in all sales channels and all product groups. Sales of the Kotimainen home-grown product range were up by 15%, with particularly strong growth in the Kotimainen potato products compared with a year earlier.

Home-grown content is the guiding principle throughout the field to table chain. Summer 2012 saw leeks added to the range, which allows the popular Apetit Peruna & keittokasvikset (potato & chopped vegetables for soups) to be of 100% Finnish origin from the end of 2012. At the end of 2012, consumers had a choice of 14 Apetit Kotimainen products, and the range will be expanded further during 2013.

Domestic content was also highlighted in Apetit pizzas: a 'Made in Finland' sticker was added to the packaging at the end of 2012.

The Apetit Kotimainen home-grown theme was emphasised in the Apetit product marketing during the year, with the message that the products on the table are packaged straight from Finnish fields. The marketing material will continue with Finnish origin theme in 2013.

The 2012 operating profit, excluding non-recurring items, was below the previous year's level. With fewer fixed production costs activated in the inventory value than a year earlier due to the reduced volume of frozen vegetable production, the operating profit, excluding non-recurring items, was weakened by about EUR 0.8 million compared with the previous year.

In 2012, the area under contract cultivation for Apetit Pakaste was 1,330 hectares, covering 116 contract growers and 9 vegetable varieties. Although the growing season was cool and wet, a good quality crop was harvested in the summer and early autumn, largely meeting the targets. The exceptionally heavy rainfall at the time of the autumn harvest hampered the harvesting work, and part of the carrot and potato crop had to be left in waterlogged fields. The crop will be supplemented with additional purchases from Finnish and foreign suppliers. The potato requirement can be satisfied from Finnish growers, allowing the home-grown label to be retained. Some of the carrots are to be acquired from abroad, which means that prices will have to be raised due to the higher transportation costs. The higher costs will be covered by the price increases. The carrots obtained from Finnish growers will nevertheless meet the needs of the Apetit Kotimainen home-grown product range regarding sales in 2013.

An average of 195 (204) people were employed in the Frozen Foods business in 2012.

Investment in Frozen Foods totalled EUR 1.8 (1.9) million. The most significant investment was in renovation projects at the frozen foods factory and the purchase of a new pea thresher, which was introduced in August.

## Seafood

EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	28.3	22.1	28%	93.0	84.3	10%
Operating profit, excluding non-recurring items	0.2	0.5		-0.4	0.2	
Operating profit	0.2	1.0		-0.4	-1.0	

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

Fourth-quarter net sales in the Seafood business were up by almost 28% year on year. The sales growth occurred in Finland and in Sweden, and was based on delivery volume growth. In Norway, the sales volume was unchanged, and net sales measured in the local currency were down year on year by 2%.

In Finland, the new logistics operating model introduced in Seafood during the summer boosted sales significantly in the third quarter, and the impact on fourth-quarter sales was also strong. Sales of fresh salmon products continued to grow in the final quarter of the year, resulting in considerable year-on-year growth. By contrast, sales of more highly processed fish products declined. The Christmas sales period was very successful. Sales of Apetit Kala products for the professional food service sector were transferred to Caternet at the end of the year.

In Norway, net sales of the Seafood business were down a little on the same quarter a year earlier. Sales of fish products and shellfish in brine products were down year on year. In Sweden, sales of shellfish in brine products continued to grow, thanks to the acquisition of new customers.

Seafood's fourth-quarter operating profit, excluding non-recurring items, fell short of the previous year's level. The impact of the associated company Taimen Oy on the profit for the period was EUR -0.2 (0.2)

million. The operating profit takes into account a change in the fair value of currency hedges, amounting to EUR 0.0 (0.1) million. Non-recurring items came to EUR 0.0 (0.6) million. The non-recurring items in the same quarter a year earlier were for the expense reserve adjustment connected with the efficiency improvements made in Maritim Food's production structure. These efficiency improvements in the Maritim Food Group have reduced the overhead costs and led to a significant improvement in the EBITDA figure.

*Financial year (January-December):*

Net sales of the Seafood business in 2012 were up by 10% on the previous year, despite the lower market prices for salmon and rainbow trout. The net sales growth occurred in Finland and Sweden, while in Norway there was a decrease in net sales.

In Finland, net sales were boosted particularly by the significant increase in sales of fresh salmon products in the second half of the year. In Norway, there was a decline in sales of fishballs and fishcakes, both made from minced fish, while sales of pizza sauces and salad dressings were at almost the same level as the previous year. In Sweden, considerable year-on-year growth occurred in sales of shellfish in brine products, thanks to the acquisition of new customers.

The full-year operating result for the Seafood business, excluding non-recurring items, was a loss, at EUR -0.4 (0.2) million. Non-recurring items totalled EUR 0.0 (-1.1) million. The share in the profit of the associated company Taimen Oy was EUR 0.0 (0.6) million. Taimen's result was adversely affected by the high price of fish feed and the low market price of rainbow trout.

Globally, salmon production increased by one fifth in 2012 from 2011. In the first six months of 2012 the price of salmon was significantly below the previous year's level, but during the third quarter the price returned to the 2011 level. In the fourth quarter the price was slightly above the previous year's figure. The price of Finnish rainbow trout follows salmon prices to a certain extent. Rainbow trout processing reaches a peak in the autumn, and prices are typically at their lowest during this period.

An average of 345 (320) people were employed in the Seafood business in 2012.

Investment in the Seafood business totalled EUR 1.1 (0.7) million. This was mainly investment in equipment for further processing of fish and replacement investments at different production plants in Finland, Norway and Sweden.

**Grains and Oilseeds**

EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	66.6	46.4	44%	215.8	204.9	5%
Operating profit, excluding non-recurring items	2.1	1.5		6.5	8.4	
Operating profit	2.1	1.5		6.5	8.4	

*Fourth quarter (October-December):*

Fourth-quarter net sales in the Grains and Oilseeds business were up considerably year on year. Delivery volumes were greater and prices were also higher than a year earlier. The opening of the vegetable oil packaging plant at the end of 2011 boosted sales of vegetable oil products packaged to meet specific customer needs, and this sales growth continued in the fourth quarter. Grain sales focused

especially on exports and on trading between third countries, while vegetable oil sales focused on the domestic market.

The fourth-quarter operating profit, excluding non-recurring items, was the year's best quarterly result and a significant year-on-year improvement. The result was attributable not only to higher sales but also a slight improvement in the ratio of oilseed and expeller market prices.

*Financial year (January-December):*

Net sales in the Grains and Oilseeds business in 2012 were up on the previous year's figure, although delivery volumes were down a little. Sales of vegetable oil products packaged at the vegetable oil packaging plant completed at the end of 2011 grew well, and having our own packaging plant enables production of special vegetable oils based on specific customer requirements. The delivery volume of packaged vegetable oil products was almost double the previous year's total. Tailored, customer-specific solutions were developed for vegetable oils, including flavoured vegetable oils for the professional food service sector and deep frying oil for demanding uses in the bakery sector.

For the Grains and Oilseeds business, the operating profit, excluding non-recurring items, came to EUR 6.5 (8.4) million, which fell short of the record year of 2011 due to the sluggish first six months of 2012. The operating profit in the second six months was up on the same period a year earlier.

Early forecasts of the 2012 grain crop suggested a bumper crop, but as the year wore on, the estimates were reduced considerably. Unfavourable weather during the sowing and growing seasons weakened the per-hectare yield and, in part, the quality of the crop. Globally, the 2012 crop amounted to 1,774 (previous year: 1,850) million tonnes, of which wheat accounted for 655 (696) million tonnes and coarse grains 1,119 (1,154) million tonnes. Global wheat stocks at the end of the crop year are estimated to have fallen to 177 (196) million tonnes, which corresponds to three months' consumption. Coarse grain stocks are estimated to have fallen to 146 (165) million tonnes, which is only enough to meet needs for six weeks.

Market prices of grains and oilseeds remained high in the second half-year, and trading was very active. In Europe, trading was busy in wheat, in particular, due to factors such as the substantial import need of the United Kingdom and Ireland, which had both experienced a poor crop. These countries ended up having to import not only milling wheat but also a lot of feed wheat. Russia and Ukraine stayed out of the export markets during the year, due to the insufficiency of their crops, high domestic prices and export restrictions. In Finland, the grain crop came to 3.7 million tonnes, part of which could not be threshed due to the abundant rainfall at the end of the harvest season. Regional differences were considerable. Finland's rapeseed crop was only 70,000 (115,000) tonnes, on account of the reduced area under cultivation and the low per-hectare yield.

An average of 70 (62) people were employed in the Grains and Oilseeds business in 2012.

Investment in the financial year came to EUR 0.6 (3.0) million and was mainly replacement investment in the vegetable oil mill and continued development at the packaging plant.

**Other Operations**

EUR million	Q4/2012	Q4/2011	Change	2012	2011	Change
Net sales	9.6	1.3	640%	26.7	2.7	890%
Operating profit, excluding non-recurring items	1.4	1.1		0.2	-2.0	
Operating profit	1.4	1.1		-0.1	-2.0	

Other Operations comprise the service company Apetit Suomi Oy, Group Administration, the Caternet Group, items not allocated under any of the business segments, and the associated company Sucros Ltd. The commercial operations of Ateriamestarit Oy, which is part of Other Operations, were discontinued at the end of 2012. The cost of services produced by Apetit Suomi Oy has been allocated to the Group's businesses in proportion to their use of the services.

*Fourth quarter (October-December):*

The growth in fourth-quarter net sales in Other Operations came from Caternet Finland Oy, which was acquired at the end of March and subsequently incorporated into the segment. Caternet's net sales increased by almost 20% year on year. Growth was strongest in pre-prepared fruit and vegetable products. Caternet's profitability in the quarter was adversely affected by higher raw material costs. Furthermore, December sales to the professional food service sector were low due to the Christmas-period public holidays in 2012.

The segment's fourth-quarter operating profit, excluding non-recurring items, was an improvement on the same period a year earlier. The operating profit includes EUR 2.1 (1.2) million as the share of the profits of associated companies. Non-recurring items totalled EUR -0.0 (0.0) million.

The commercial operations of joint venture Ateriamestarit Oy were discontinued at the end of the year, and sales of Apetit Pakaste and Apetit Kala professional food service sector products were transferred to Caternet's commercial organisation, named Apetit Ammattilaiset. This reorganisation strengthens our position as a partner to the professional food service sector.

*Financial year (January-December):*

Net sales in Other Operations amounted to EUR 26.7 (2.7) million for the full year 2012. The operating profit, excluding non-recurring items, was EUR 0.2 (-2.0) million. This result was a considerable improvement from the previous year, due to the good result posted by associated company Sucros for the second half-year. The share of the profit of associated companies was EUR 3.7 (0.7) million. Non-recurring items amounted to EUR -0.4 (0.0) million and comprised expenses paid to external consultants in the arbitration court case between Lännen Tehtaat and Nordic Sugar. In the terms for acquiring Caternet Finland Oy it was agreed that the price would include a variable element comprising an additional purchase price of EUR 0-6 million, which would be tied to the operating profit for 2012-2013. The initial estimate of the additional purchase price, which was EUR 3.7 million, was reduced by EUR 1.2 million in regard to the element tied to the operating profit for 2012, and this was entered as income under other operating income in the operating profit for Other Operations.

A total of 111 (10) people were employed in the Other Operations segment in 2012.

Investment during the financial year came to EUR 0.6 (0.0) million and was in improving Caternet's productivity and product quality. The most significant investments were the new container packing line, renewal of the financial information system, and a more efficient cooling system for the washing water.

Dispute between Lännen Tehtaat and Nordic Sugar concerning breaches of shareholder agreement

Lännen Tehtaat plc (20%) and Nordic Sugar Oy (80%) are joint owners of Sucros Ltd. The shareholder agreement that was drawn up when Sucros Ltd was established includes special minority owner protection for Lännen Tehtaat plc as the minority owner.

Lännen Tehtaat plc is of the opinion that its minority rights have been repeatedly violated by the majority owner. In October 2011, Lännen Tehtaat plc decided to submit the issue to arbitration, because despite



the objections made the majority owner had not rectified its practices that are in breach of the shareholder 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, each single proven breach will incur a contractual penalty of EUR 8.9 million, and so the contractual penalty could total a maximum of almost EUR 27 million. In response, Nordic Sugar requested the Central Chamber of Commerce's Arbitration Tribunal to impose a contractual penalty of EUR 4.5 million on Lännen Tehtaat on the grounds that the latter committed a breach of shareholder agreement in connection with the dismissal of Sucros Ltd's managing director.

Both parties have denied the breaches of agreement claimed by the other party.

The arbitration proceeding is expected to continue into the second half of 2013.

#### USE OF AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

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

#### SHARE TURNOVER

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 832,618 (687,163), representing 13.2% (10.9%) of the total number of shares. The highest share price quoted was EUR 16.77 (18.80) and the lowest EUR 12.38 (12.95). The average price of shares traded was EUR 14.48 (15.77). The share turnover for the period was EUR 12.1 (10.8) million. The year-end share price was EUR 14.32 (14.71), and the market capitalisation was EUR 90.5 (92.9) million.

#### OWN SHARES

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

#### SHORT-TERM RISKS AND UNCERTAINTIES

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

#### OUTLOOK FOR 2013

Net sales for 2013 are expected to show a year-on-year increase as a result of the acquisition made in 2012 and the achievement of organic growth. 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.

As a result of growth and the development measures undertaken in the Group's businesses, the 2013 consolidated operating profit, excluding non-recurring items, is expected to improve on the 2012 figure. The profit improvement is expected to be strongest in the first six months of the 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 2013 result could also be affected significantly by the outcome of the shareholder agreement dispute concerning Sucros, which is expected to be announced in the second half of 2013.

#### 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 88,539,558.39 on 31 December 2012, of which EUR 6,115,426.08 is profit for the financial year.

The Board of Directors will propose that a dividend of EUR 0.90 per share be paid for 2012. The Board will propose that a total of EUR 5,568,818.40 be distributed in dividends and that EUR 82,970,739.99 be left in equity. The proposed dividend is 84.1% of the earnings per share.

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

No significant changes have taken place in the financial standing of the company since the end of the financial year. The company's liquidity is good, and in the view of the Board of Directors this will not be jeopardized by the proposed distribution of dividends.

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

Lännen Tehtaat's 2012 Annual Report, containing the Board of Directors' report and financial statements for 2012 and a separate statement on Lännen Tehtaat's corporate governance, will be published on its website at [www.lannen.fi/en/investor\\_information](http://www.lannen.fi/en/investor_information) in the week beginning 4 March 2013.

The Annual General Meeting is planned for Tuesday 26 March 2013, and will be held at Säskylä. The company will publish its first interim report, for Q1/2013, on Wednesday 8 May 2013 at 8.30 a.m.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
	<b>2012</b>	2011	<b>2012</b>	2011
<b>Net sales</b>	<b>115,0</b>	80,4	<b>378,2</b>	335,5
Other operating income	<b>0,5</b>	0,6	<b>2,5</b>	1,8
Operating expenses	<b>-110,2</b>	-75,8	<b>-368,6</b>	-324,1
Depreciation	<b>-1,8</b>	-1,5	<b>-7,0</b>	-5,8
Impairments	<b>-0,3</b>	0,0	<b>-0,3</b>	0,0
Share of profits of associated companies	<b>1,9</b>	1,4	<b>3,7</b>	1,3
<b>Operating profit</b>	<b>5,1</b>	5,1	<b>8,5</b>	8,7
Financial income and expenses	<b>-0,5</b>	0,0	<b>-1,0</b>	-1,2
Profit before taxes	<b>4,6</b>	5,1	<b>7,5</b>	7,5
Income taxes	<b>-0,6</b>	-0,7	<b>-0,8</b>	-1,8
<b>Profit for the period</b>	<b>4,0</b>	4,4	<b>6,7</b>	5,7
<b>Attributable to</b>				
Equity holders of the parent	<b>3,9</b>	4,3	<b>6,6</b>	5,7
Non-controlling interests	<b>0,1</b>	0,2	<b>0,1</b>	0,0
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	<b>0,64</b>	0,69	<b>1,07</b>	0,92

## STATEMENT OF COMPREHENSIVE INCOME

EUR million

	<b>Q4</b>	Q4	<b>Q1-Q4</b>	Q1-Q4
	<b>2012</b>	2011	<b>2012</b>	2011
<b>Profit for the period</b>	<b>4,0</b>	4,4	<b>6,7</b>	5,7
<b>Other comprehensive income</b>				
Cash flow hedges	<b>0,2</b>	-0,4	<b>0,3</b>	0,5
Taxes related to cash flow hedges	<b>-0,1</b>	0,1	<b>-0,1</b>	-0,1
Translation differences	<b>0,1</b>	0,3	<b>0,7</b>	0,1
<b>Total comprehensive income</b>	<b>4,1</b>	4,4	<b>7,6</b>	6,1
<b>Attributable to</b>				
Equity holders of the parent	<b>4,0</b>	4,3	<b>7,6</b>	6,1
Non-controlling interests	<b>0,1</b>	0,2	<b>0,1</b>	0,0

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	<b>31 Dec</b>	31 Dec
	<b>2012</b>	2011
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	<b>10,6</b>	5,2
Goodwill	<b>12,1</b>	8,7
Tangible assets	<b>49,8</b>	37,5
Investment in associated companies	<b>35,5</b>	32,9
Available-for-sale financial assets	<b>0,1</b>	0,1
Receivables	<b>0,4</b>	0,4
Deferred tax assets	<b>2,4</b>	1,5
<b>Non-current assets total</b>	<b>110,9</b>	86,3
<b>Current assets</b>		
Inventories	<b>79,4</b>	62,3
Receivables	<b>36,9</b>	27,8
Income tax receivable	<b>0,4</b>	0,1
Cash and cash equivalents	<b>5,2</b>	9,3
<b>Current assets total</b>	<b>122,0</b>	99,5
<b>Total assets</b>	<b>232,9</b>	185,8

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	<b>31 Dec</b>	31 Dec
	<b>2012</b>	2011
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to the equity holders of the parent	<b>138,7</b>	136,5
Non-controlling interests	<b>2,8</b>	2,7
<b>Total equity</b>	<b>141,5</b>	139,2
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>5,9</b>	4,0
Long-term financial liabilities	<b>5,6</b>	1,9
Non-current provisions	<b>0,1</b>	0,1
Other non-current liabilities	<b>7,5</b>	4,7
<b>Non-current liabilities total</b>	<b>19,2</b>	10,8
<b>Current liabilities</b>		
Short-term financial liabilities	<b>30,8</b>	0,4
Income tax payable	<b>0,2</b>	0,3
Trade payables and other liabilities	<b>41,2</b>	35,0
Short-term provisions	<b>0,1</b>	0,2
<b>Current liabilities total</b>	<b>72,3</b>	35,8
<b>Total liabilities</b>	<b>91,4</b>	46,6
<b>Total equity and liabilities</b>	<b>232,9</b>	185,8

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q4 2012	Q1-Q4 2011
Net profit for the period	6,7	5,7
Adjustments, total	5,4	7,1
Change in net working capital	-24,2	-2,2
Interests paid	-1,9	-1,7
Interests received	0,2	0,3
Taxes paid	-2,3	-3,1
<b>Net cash flow from operating activities</b>	<b>-16,1</b>	<b>6,1</b>
Investments in tangible and intangible assets	-3,9	-5,8
Proceeds from sales of tangible and intangible assets	0,1	0,1
Acquisition of subsidiaries deducted by cash	-6,1	
Acquisition of associated companies	0,0	-0,2
Proceeds from sales of non-controlling interests	-	0,5
Purchases of other investments	-8,0	-22,0
Proceeds from sales of other investments	8,1	29,1
Dividends received from investing activities	1,0	2,5
<b>Net cash flow from investing activities</b>	<b>-8,8</b>	<b>4,2</b>
Proceeds from and repayments of short-term loans	29,2	-2,9
Proceeds from and repayments of long-term loans	-3,0	0,0
Payments of finance lease liabilities	-0,2	0,0
Dividends paid	-5,3	-5,6
<b>Cash flows from financing activities</b>	<b>20,8</b>	<b>-8,4</b>
<b>Net change in cash and cash equivalents</b>	<b>-4,1</b>	<b>1,8</b>
Cash and cash equivalents at the beginning of the period	9,3	7,5
Cash and cash equivalents at the end of the period	5,2	9,3

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

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

A = Shareholders' equity at 1 January

B = Dividend distribution

C = Transactions with NCI

D = Other changes

E = Total comprehensive income

F = Shareholders' equity at 31 December

### January - December 2012

EUR million

	A	B	C	D	E	F
Share capital	12,6					12,6
Share premium account	23,4					23,4
Net unrealised gains	-0,4				0,2	-0,2
Other reserves	7,2					7,2
Own shares	-1,8					-1,8
Translation differences	0,4				0,7	1,1
Retained earnings	95,0	-5,3	0,0	-0,1	6,6	96,2
Attributable to equity holders of the parent	136,5	-5,3	0,0	-0,1	7,6	138,7
Non-controlling interests (NCI)	2,7				0,1	2,8
<b>Total equity</b>	<b>139,2</b>	<b>-5,3</b>	<b>0,0</b>	<b>-0,1</b>	<b>7,7</b>	<b>141,5</b>

### January - December 2011

EUR million

	A	B	C	D	E	F
Share capital	12,6					12,6
Share premium account	23,4					23,4
Net unrealised gains	-0,8				0,4	-0,4
Other reserves	7,2					7,2
Own shares	-1,8					-1,8
Translation differences	0,3				0,1	0,4
Retained earnings	95,3	-5,6	-0,3	-0,1	5,6	95,0
Attributable to equity holders of the parent	136,2	-5,6	-0,3	-0,1	6,1	136,5
Non-controlling interests (NCI)	2,7				0,0	2,7
Total equity	138,9	-5,6	-0,3	-0,1	6,1	139,2

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Financial Statement Bulletin has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2011. New standards and interpretations adopted in 2012 did not have any material effect to this Financial Statement Bulletin.

## SEGMENT INFORMATION

EUR million

A = Frozen Foods

B = Seafood

C = Grains and Oilseeds

D = Other Operations

E = Total

### Operating segments, January - December 2012

EUR million

	A	B	C	D	E
Total segment sales	46,9	93,0	215,8	26,7	382,4
Intra-group sales	-0,2	-1,5	0,0	-2,5	-4,2
Net sales	46,7	91,5	215,7	24,3	378,2
Share of profits of associated companies included in operating profit		0,0		3,7	3,7
Operating profit	2,6	-0,4	6,5	-0,1	8,5
Gross investments in non-current assets Corporate acquisitions and other share purchases	1,8	1,1	0,5	0,6	3,9
				9,7	9,7
Depreciations	2,4	1,9	0,9	1,8	7,0
Impairments	0,0	0,1		0,2	0,3
Personnel	195	345	70	111	721

### Operating segments, January - December 2011

EUR million

	A	B	C	D	E
Total segment sales	45,3	84,3	204,9	2,7	337,1
Intra-group sales	0,0	0,0	0,0	-1,6	-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
Gross investments in non-current assets Corporate acquisitions and other share purchases	1,9	0,7	3,0	0,1	5,8
				0,2	0,2
Depreciations	2,2	1,9	0,7	0,9	5,8
Impairments	0,0	0,0		0,0	0,0
Personnel	204	320	62	10	596

## KEY INDICATORS

	<b>31 Dec 2012</b>	31 Dec 2011
Shareholders' equity per share, EUR	<b>22,41</b>	22,06
Equity ratio, %	<b>60,7</b>	74,9
Gearing, %	<b>22,0</b>	-5,1
Gross investments in non-current assets, EUR million	<b>3,9</b>	5,8
Corporate acquisitions and other share purchases, EUR million	<b>9,7</b>	0,2
Average number of personnel	<b>721</b>	596
Average number of shares, 1,000 pcs	<b>6188</b>	6188

The key figures in this Interim Report are calculated with same accounting principles than presented in the 2011 annual financial statements.

## COLLATERALS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million

	<b>31 Dec 2012</b>	31 Dec 2011
<b>Mortgages given for debts</b>		
Real estate and corporate mortgages	<b>2,7</b>	2,7
Guarantees	<b>10,9</b>	10,7
<b>Non-cancellable other leases, minimum lease payments</b>		
Real estate leases	<b>5,8</b>	3,9
Other leases	<b>1,4</b>	0,8
<b>DERIVATIVE INSTRUMENTS</b>		
Outstanding nominal values of derivative instruments		
Interest rate swaps	<b>5,4</b>	
Forward currency contracts	<b>9,3</b>	14,3
Commodity derivative instruments	<b>9,3</b>	14,1
<b>CONTINGENT ASSETS</b>		
The present value of proceeds from the sale of shares in the joint entry account	<b>0,7</b>	0,7



## INVESTMENT COMMITMENTS

Lännen Tehtaat has no material investment commitment on 31 December 2012 nor 31 December 2011.

## OTHER COMMITMENTS

Based on the shareholder agreements on the ownership arrangement between Apetit Kala Oy and Taimen Oy, once certain terms and conditions are met the contracting parties are entitled to terminate the cross ownership at fair value. The liability in any termination of ownership EUR 4.8 (4.7) million is, on the basis of IAS 32, recognised under non-current liabilities. The receivable arising in connection with this may not, under IFRS rules, be recognised.

## DISPUTES

In October 2011, Lännen Tehtaat decided to take its dispute with Nordic Sugar concerning breaches of shareholder agreement to arbitration. 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.

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. Compensation claims related to breaches of agreement have not been recorded in income or expenses. Expenses arising from litigation will be recognised as expenses on an accrual basis.

At the beginning of November, Caternet Finland Oy has received a decision from the Uusimaa Centre for Economic Development, Transport and the Environment regarding a claim for recovery of investment support that was granted to Caternet's Kivikko plant in 2008-2009. The claim for recovery is due to the change of ownership of the company's share capital on 27 March 2012. The company has found the claim for recovery to be unfounded and has appealed against the decision from Rural Businesses Appeals Board. Postings related to the claim for recovery have not been recognised to the review period or the balance sheet. Contingent liability is EUR 0 - 1.3 million.

## CHANGES IN TANGIBLE ASSETS

EUR million

	<b>31 Dec 2012</b>	31 Dec 2011
Book value at the beginning of the period	<b>37,5</b>	37,0
Additions	<b>3,5</b>	5,5
Additions through acquisitions	<b>14,2</b>	
Disposals	<b>0,0</b>	-0,3
Depreciations and impairments	<b>-5,5</b>	-4,7
Other changes	<b>0,2</b>	0,0
<b>Book value at the end of the period</b>	<b>49,8</b>	37,5

## TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	<b>Q1-Q4 2012</b>	Q1-Q4 2011
Sales to associated companies	<b>1,7</b>	1,5
Sales to joint ventures	<b>8,6</b>	8,5
Purchases from associated companies	<b>13,1</b>	13,9
Purchases from joint ventures	<b>0,0</b>	0,0

  

	<b>31 Dec 2012</b>	31 Dec 2011
Long-term receivables from joint ventures		0,0
Trade receivables and other receivables from associated companies	<b>0,7</b>	0,8
Trade receivables and other receivables from joint ventures	<b>0,5</b>	0,8
Trade payables and other liabilities to associated companies	<b>0,0</b>	0,2
Trade payables and other liabilities to joint ventures	<b>0,0</b>	0,0

In Espoo, 14 February 2013

LÄNNEN TEHTAAT PLC

Board of Directors