



## Lännen Tehtaat plc Interim Report, January-September 2012

### *July - September:*

- Consolidated net sales amounted to EUR 92.7 (77.6) million, up by 20 per cent.
- Operating profit, excluding non-recurring items, was EUR 3.9 (2.3) million; non-recurring items totalled EUR -0.1 (0.0) million.
- The profit for the quarter was EUR 3.3 (1.3) million, and earnings per share amounted to EUR 0.52 (0.20).

### *January - September:*

- Net sales amounted to EUR 263.2 (255.1) million, up by 3 per cent.
- Operating profit, excluding non-recurring items, was EUR 3.7 (5.3) million; non-recurring items totalled EUR -0.3 (-1.7) million.
- The profit for the period was EUR 2.7 (1.2) million, and earnings per share amounted to EUR 0.43 (0.23).

The assessment of profit performance for the full year is unchanged. The full-year operating profit, excluding non-recurring items, is forecast to be no higher than the level reached in 2011. The fourth-quarter operating profit, excluding non-recurring items, is expected to be higher than the previous year's level.

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

### **Matti Karppinen, CEO:**

"Net sales for the third quarter were up by one-fifth compared with the corresponding period last year. The growth occurred in all business operations. The operating profit, excluding non-recurring items, was also clearly better than in the corresponding period last year. In the third quarter, especially the associated company Sucros posted a good result, which was influenced by good market conditions and larger-than-normal sugar export deals executed during the quarter. In the Seafood business, we have expedited the fresh fish supply chain from water to table. The new logistics chain fresh fish adopted in June has been welcomed, and it has substantially increased sales of fresh salmon products. In Frozen Foods, the success of the Kotimaiset product range has continued.

"The process of integrating Caternet Finland Oy, which was acquired in the spring, has proceeded according to plan under the new management, and measures have been implemented in the company to improve earnings capacity. The company's sales organisation has also been renewed. From beginning of 2013, Caternet will be responsible for the sale of Apetit Kala's and Apetit Pakaste's products to the professional kitchen sector. Due to the change, the product range offered by Caternet will expand substantially and Caternet's position as a partner of the professional kitchen sector will be further reinforced. Another objective is to increase sales of fish and frozen products to professional kitchen sector customers."

## KEY FIGURES

EUR million	Q3 2012	Q3 2011	Change	Q1-Q3/ 2012	Q1-Q3/ 2011	Change	2011
Net sales	92.7	77.6	19.5 %	263.2	255.1	3.2 %	335.5
Operating profit, excluding non- recurring items	3.9	2.3		3.7	5.3		9.8
Operating profit	3.8	2.3		3.4	3.6		8.7
Profit before taxes	3.8	2.0		3.0	2.4		7.5
Profit for the period	3.3	1.3		2.7	1.2		5.7
Earnings per share, EUR	0.52	0.20		0.43	0.23		0.92

### NET SALES AND PROFIT

#### *Third quarter (July-September):*

Consolidated net sales in the third quarter amounted to EUR 92.7 (77.6) million, up by nearly 20 per cent on the previous year.

Consolidated operating profit, excluding non-recurring items, was EUR 3.9 (2.3) million. Non-recurring items totalled EUR -0.1 (0.0) million. The operating profit includes EUR 1.2 (-0.2) million as the share of the profits of associated companies. The operating profit for the Grains and Oilseeds business and the Other Operations segment was higher than in the previous year; the operating profit in Frozen Foods and Seafood, excluding non-recurring items, was down from the previous year.

#### *January-September:*

Consolidated net sales in January-September came to EUR 263.2 (255.1) million, up by more than 3 per cent.

The operating profit, excluding non-recurring items, was EUR 3.7 (5.3) million. The operating profit includes EUR 1.8 (-0.1) million as the share of the profits of associated companies. The non-recurring items in the period came to EUR -0.3 (-1.7) million and were from the Other Operations segment.

The net figure for financial income and expenses was EUR -0.4 (-1.2) million. This includes valuation items of EUR 0.5 (-0.2) million with no cash flow implications. Financial expenses also include EUR -0.5 (-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 3.0 (2.4) million. The profit for the period was EUR 2.7 (1.2) million, and earnings per share amounted to EUR 0.52 (0.23).

## FINANCING AND BALANCE SHEET

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

The cash flow from operating activities after interest and taxes amounted to EUR -16.8 (-3.3) million in January-September. The impact of the change in working capital was EUR -21.0 (-6.1) million. More working capital was tied up in the Grains and Oilseeds business than in the same period a year earlier, due to the high market price level.

The net cash flow from investing activities was EUR -7.9 (3.2) 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 net cash flow from investing activities. The cash flow from financing activities was EUR 28.7 (-0.6) million, including EUR 34.0 (4.9) million in loan withdrawals and repayments and EUR -5.3 (-5.6) million in dividend payments. The net change in cash and cash equivalents was EUR 4.0 (-0.7) million.

At the end of the period the Group had EUR 46.1 (10.2) million in interest-bearing liabilities and EUR 13.4 (6.8) million in liquid assets. Net interest-bearing liabilities totalled EUR 32.7 (3.4) million. The consolidated balance sheet total stood at EUR 245.5 (187.9) million. At the end of the period, equity totalled EUR 137.2 (134.9) million. The equity ratio was 55.9 per cent (71.8%). The Group's liquidity is being secured with committed credit facilities; a total of EUR 11.0 (17.0) million was available in credit at the end of the third quarter. EUR 14.0 (8.0) million was drawn in credit and EUR 24.0 (0.0) million in commercial papers was issued to finance working capital.

## INVESTMENT

Investment in non-current assets during January-September totalled EUR 2.9 (4.6) million.

## PERSONNEL

The average number of personnel in the review period was 691 (619). The increase was mainly due to Caternet Finland Oy joining the Lännen Tehtaat Group at the end of March.

## OVERVIEW OF OPERATING SEGMENTS

### Frozen Foods

EUR million	Q3 2012	Q3 2011	Change	Q1-Q3/ 2012	Q1-Q3/ 2011	Change	2011
Net sales	10.5	10.4	0.9 %	34.9	34.2	1.8 %	45.3
Operating profit, excluding non- recurring items	0.8	1.5		1.1	1.8		3.3
Operating profit	0.8	1.5		1.1	1.8		3.3

#### *Third quarter (July-September):*

The third-quarter net sales of Frozen Foods were at the same level as in the same quarter a year earlier. Sales to the retail sector, to the professional kitchen sector and to the food industry grew slightly year on year, and exports declined.

The third-quarter operating profit was clearly lower than a year earlier. The third-quarter operating profit was lowered by EUR 0.5 million in comparison with the previous year due to the delayed processing of frozen vegetable production, as fewer fixed costs from production have been activated in inventories than in the corresponding period of 2011. The overall volume of frozen vegetable production is forecast to remain below the level of the previous year, which will also have a negative impact on the full-year operating profit.

The processing of the autumn harvest was started later than in the autumn of 2011, as crops grew more slowly than in previous years due to the late spring and the cool and rainy summer. The crops of spinach, pea and this year's new product, Finnish leek, have been frozen, and all of these crops met both the quantity and quality targets.

High rainfall in October has made the harvesting and processing of root vegetables and potatoes challenging. We will not be able to get all the potatoes we need from our own contract growers. We will make up the shortfall by procuring potatoes from elsewhere in Finland, thus ensuring that our potatoes are home-grown. Some carrots will have to be imported from abroad, which will result in price increases. Finnish carrots will cover the needs of the *Apetit Kotimaiset* range in 2013.

#### *January-September:*

Net sales in January-September were up slightly compared with the same period a year earlier. Sales to all distribution channels increased. The favourable performance of the *Apetit Kotimaiset* range continued in January-September, and sales grew by 18 per cent compared with the same period in 2011. A number of new products are under development in the *Kotimaiset* range, and for example the soup selection will be complemented with new soups in the *Kotimaiset* range at the end of the year.

Apetit's new gratinated products launched in the early autumn, i.e. sweet potato & roots au gratin and cauliflower & broccoli au gratin, were well received, which is reflected in increased sales of gratinated products. Sales of soups have also grown well in comparison with the same period a year earlier. Frozen pizza sales have declined, on the other hand.

The operating profit for January-September was lower than a year earlier. This was due to the same factors that were described in relation to the profit for the third quarter.

The average number of personnel in Frozen Foods during January-September was 190 (200).

Investment totalled EUR 1.7 (1.7) million during the period. The most significant investments were in frozen food factory renovation projects and the purchase of a new pea harvester.

## Seafood

EUR million	Q3 2012	Q3 2011	Change	Q1-Q3/ 2012	Q1-Q3/ 2011	Change	2011
Net sales	23.0	20.5	12.3 %	64.7	62.1	4.1 %	84.3
Operating profit, excluding non- recurring items	0.2	0.4		-0.6	-0.3		0.2
Operating profit	0.2	0.4		-0.6	-2.0		-1.0

### *Third quarter (July-September):*

Despite the lower price level of salmon and trout year on year, the third-quarter net sales in the Seafood business were up compared with the same quarter a year earlier. This increase occurred in Finland and Sweden, while in Norway there was a decrease in net sales.

In June, the Finnish Seafood business began using a new logistics model that allows fresh salmon products to be available to customers more quickly, making the products even fresher. This resulted in a significant increase in sales of fresh salmon products in the third quarter in comparison with the same quarter a year earlier. Sales of more highly processed fish products declined.

In Norway, third-quarter net sales in the Seafood business declined due to weaker sales of shellfish in brine and fish products. In Sweden, sales of shellfish in brine continued to grow, with new customer accounts being obtained.

Seafood's third-quarter operating profit, excluding non-recurring items, improved on the two previous quarters, but was down from the same quarter a year earlier. The operating profit takes into account a change in the fair value of currency hedges, amounting to EUR -0.2 (0.5) million. The profitability of the Seafood business, excluding the change in fair value, improved year on year in all market areas. The share of the profit of associated companies was EUR 0.3 (0.3) million.

In Finland, the profitability of the Seafood business was better in the third quarter than in the same quarter a year earlier due to increased sales.

In the Maritim Food Group, profitability improved due to the centralization of production implemented a year ago, increased sales in Sweden and improved productivity, but the above-mentioned change in the fair value of currency hedges had a negative impact on operating profit in the quarter.

*January-September:*

Net sales in January-September in the Seafood business were slightly up year on year. This increase occurred in Finland and Sweden, while in Norway there was a decrease in net sales.

The January-September operating profit for Seafood, excluding non-recurring items, was down year on year, and a loss was posted as a consequence of the weak first-quarter performance. The share of the profit of associated companies was EUR 0.3 (0.4) million.

The average number of personnel in the Seafood business during the period was 343 (322).

Investment in the Seafood business totalled EUR 0.6 (0.6) million. The main investment items during the period were replacement investments at different production plants.

**Grains and Oilseeds**

EUR million	Q3 2012	Q3 2011	Change	Q1-Q3/ 2012	Q1-Q3/ 2011	Change	2011
Net sales	52.2	46.6	12.0 %	149.1	158.5	-5.9 %	204.9
Operating profit, excluding non- recurring items	1.9	1.6		4.4	6.9		8.4
Operating profit	1.9	1.6		4.4	6.9		8.4

*Third quarter (July-September):*

Third-quarter net sales in the Grains and Oilseeds business were up compared with the same period a year earlier. Delivery volumes were at the same level and grain prices were significantly higher in comparison with the same quarter a year earlier. Sales of packaged vegetable oils from the vegetable oil packaging plant that was completed at the end of 2011 have continued to grow substantially.

Third-quarter operating profit in the Grains and Oilseeds business, excluding non-recurring items, was up compared with the same period a year earlier. The profitability of oilseed products was adversely affected by the imbalance in market prices between raw materials and oil. The delay in the rapeseed crop reduced the availability of Finnish raw materials during the quarter.

### January-September:

Net sales in January-September were down in comparison with a year earlier. Operating profit was also at a lower level due to the more modest profitability during the first half of the year and more modest business volume in comparison with the record performance in the same period of the previous year.

Market prices of grains and oilseeds rose to historically high levels in the third quarter. This was largely due to the drought in the USA, which caused significant damage especially to the maize and soybean crops. The weather has also affected crops in Russia, Ukraine and Kazakhstan. The overall harvest in Russia will be around one-quarter smaller than in the previous year, in Ukraine around one-fifth smaller, and in Kazakhstan almost a half of the previous year's harvest. Ukraine has placed restrictions on wheat exports. In Russia there has been no need for restrictions of exports, as domestic market prices for grains and oilseeds are higher than export prices, and therefore, Russia is absent from the global market. Kazakhstan has some exportable surplus from the previous crop year, but its exports are directed exclusively to the country's neighbouring regions.

The total EU crop was also somewhat smaller than a year earlier. In Finland, the crop was several weeks late due to challenging conditions during the growing and harvesting season. At the end of October, around 10 per cent of grains had not yet been threshed, and will probably not be threshed at all. An even greater proportion of oilseeds had not been threshed. There were great regional differences in completion of threshing and crop quality. Although part of the grain crop was left unharvested, the harvested grain crop will be sufficient to cover demand, whereas the need to import oilseeds is expected to be greater than last year.

Grains and Oilseeds employed an average of 70 (60) people during the period.

Investment during January-September amounted to EUR 0.3 (2.2) million and was mainly investment in replacements at the vegetable oil mill.

### Other Operations

EUR million	Q3 2012	Q3 2011	Change	Q1-Q3/ 2012	Q1-Q3/ 2011	Change	2011
Net sales	8.3	0.5	1504 %	17.1	1.4	1115 %	2.7
Operating profit, excluding non- recurring items	1.0	-1.2		-1.2	-3.1		-2.0
Operating profit	1.0	-1.2		-1.5	-3.1		-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, the associated company Sucros Ltd, and the joint venture Ateriamestarit Oy. The cost of services produced by Apetit Suomi Oy is an encumbrance on the profit of the Group's businesses in proportion to their use of the services.

### *Third quarter (July-September):*

The growth in third-quarter net sales came mainly from Caternet Finland Oy, which was acquired and included in Other Operations at the end of March.

Third-quarter operating profit, excluding non-recurring items, was significantly better than a year earlier. The profit improvement was due to the associated company Sucros's strong profit, which was affected by the good market conditions and larger-than-normal sugar export deals executed during the quarter. The segment's operating profit is also improved by the income recognition of the additional purchase price related to the acquisition of Caternet Finland Oy, that will not be realised in 2012. In the early part of the year and summer, Caternet's operating profit remained below the level necessitated by the additional purchase price, and the improved profit expectation for the final part of the year is not expected to change the situation sufficiently. The development of Caternet has progressed according to plan in terms of attaining cost competitiveness, synergy benefits and growth. During the quarter, Caternet's profit performance was strong and operating profit reached a good level at the end of the quarter. The company's sales organisation was intensified in conjunction with an organisational change that was carried out in the company. The benefits of the efficiency improvement measures will start to be felt from the beginning of 2013. The sale of Apetit Kala's and Apetit Pakaste's products to the professional kitchen sector will also be centralised through Caternet at the end of the year, strengthening our position as a partner to the professional kitchen sector.

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, has been reduced by EUR 0.8 million in the third quarter (EUR 0.4 million in the second quarter) in regard to the element tied to the operating profit for 2012, and this has been recognised as income under other operating income in the operating profit for Other Operations.

The third-quarter operating profit includes EUR 1.0 (-0.5) million as the share of the profits of associated companies. Non-recurring items amounted to EUR -0.1 (0.0) million and comprised expenses paid to external consultants in the arbitration case between Lännen Tehtaat and Nordic Sugar.

During the quarter, Lännen Tehtaat and Raisio resolved to discontinue the operations of the joint venture Ateriamestarit Oy by the end of the year. Due to the decision to discontinue, the associated company profit for Ateriamestarit Oy has been encumbered with EUR -0.1 million in expense reserves and impairments.

### *January-September:*

The January-September operating profit, excluding non-recurring items, was significantly better than a year earlier at EUR -1.2 (-3.1) million. Non-recurring items totalled EUR -0.3 (0.0) million. The share of the profits of associated companies amounted to EUR 1.6 (-0.4) million. The profit takes into account EUR 1.2 million recognised as income in association with the additional purchase price of the acquisition.

The average number of personnel in Other Operations during the period was 87 (10). This growth was attributable to Caternet.

Investment in non-current assets in Other Operations totalled EUR 0.3 (0.1) million. These comprised Caternet's and the IT department's investments.



Mr. Juri Jolkkonen has been appointed Managing Director of the associated company Sucros Oy. He will take up this position at the start of 2013.

#### 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. Despite the objections made, the majority owner has not rectified its practices that are in breach of the shareholder agreement, and therefore Lännen Tehtaat plc decided to submit the issue to arbitration in October 2011.

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 of EUR 8.9 million per breach, 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 proceedings are estimated to continue well into 2013.

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

##### Authorisations to issue shares

The Board of Directors has not exercised the authorisation granted to it by the Annual General Meeting on 28 March 2012 to issue new shares or to transfer Lännen Tehtaat plc shares held by the company.

#### SHARES AND TRADING

The number of Lännen Tehtaat plc shares traded on the stock exchange during the January-September period was 580,937 (528,445), representing 9.2 per cent (8.4%) of the total number of shares. The euro-denominated share turnover was EUR 8.5 (8.5) million. 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 14.63 (16.12).

At the end of September, the market capitalisation totalled EUR 86.9 (90.5) million.

At the end of the period, the company held 130,000 of its own shares, 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.

#### 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.

#### 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; availability of raw materials; the solvency of customers and the delivery performance of suppliers and service providers; changes in the Group's business sectors, operating models and customer relationships; the arbitration case; and the integration processes following corporate acquisitions.

#### EVENTS SINCE THE END OF THE REVIEW PERIOD

At the beginning of November, Caternet Finland Oy received a decision from the Uusimaa Centre for Economic Development, Transport and the Environment regarding a claim for recovery of part of the 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 considers the claim for recovery to be unfounded and is appealing against the decision. There have been no entries related to the possible recovery of the contributions in the result for the review period or on the balance sheet.

#### ASSESSMENT OF EXPECTED FUTURE DEVELOPMENTS

Net sales for the full year are expected to show an increase on the previous year, due to the acquisition made and the achievement of organic growth. As a consequence of the more moderate profit expectation of the Grains and Oilseeds business following its record performance in 2011, the full-year operating profit, excluding non-recurring items, will be no higher than the level reached in 2011. The fourth-quarter operating profit, excluding non-recurring items, is expected to be higher than the previous year's level.

## CONSOLIDATED INCOME STATEMENT

EUR million

	<b>Q3</b>	Q3	<b>Q1-Q3</b>	Q1-Q3	Q1-Q4
	<b>2012</b>	2011	<b>2012</b>	2011	2011
<b>Net sales</b>	<b>92.7</b>	77.6	<b>263.2</b>	255.1	335.5
Other operating income	<b>1.0</b>	0.7	<b>1.9</b>	1.1	1.8
Operating expenses	<b>-89.3</b>	-74.3	<b>-258.4</b>	-248.3	-324.1
Depreciation	<b>-1.8</b>	-1.4	<b>-5.1</b>	-4.3	-5.8
Impairments	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0
Share of profits of associated companies	<b>1.2</b>	-0.2	<b>1.8</b>	-0.1	1.3
<b>Operating profit</b>	<b>3.8</b>	2.3	<b>3.4</b>	3.6	8.7
Financial income and expenses	<b>-0.1</b>	-0.3	<b>-0.4</b>	-1.2	-1.2
Profit before taxes	<b>3.8</b>	2.0	<b>3.0</b>	2.4	7.5
Income taxes	<b>-0.5</b>	-0.7	<b>-0.3</b>	-1.2	-1.8
<b>Profit for the period</b>	<b>3.3</b>	1.3	<b>2.7</b>	1.2	5.7
<b>Attributable to</b>					
Equity holders of the parent	<b>3.2</b>	1.2	<b>2.7</b>	1.4	5.7
Non-controlling interests	<b>0.1</b>	0.0	<b>0.0</b>	-0.2	0.0
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	<b>0.52</b>	0.20	<b>0.43</b>	0.23	0.92

## STATEMENT OF COMPREHENSIVE INCOME

EUR million

	<b>Q3</b>	Q3	<b>Q1-Q3</b>	Q1-Q3	Q1-Q4
	<b>2012</b>	2011	<b>2012</b>	2011	2011
<b>Profit for the period</b>	<b>3.3</b>	1.3	<b>2.7</b>	1.2	5.7
<b>Other comprehensive income</b>					
Cash flow hedges	<b>-0.1</b>	-0.4	<b>0.2</b>	1.0	0.5
Taxes related to cash flow hedges	<b>0.1</b>	0.1	<b>0.0</b>	-0.3	-0.1
Translation differences	<b>0.2</b>	-0.2	<b>0.7</b>	-0.2	0.1
<b>Total comprehensive income</b>	<b>3.6</b>	0.7	<b>3.5</b>	1.7	6.1
<b>Attributable to</b>					
Equity holders of the parent	<b>3.5</b>	0.7	<b>3.5</b>	1.9	6.1
Non-controlling interests	<b>0.1</b>	0.0	<b>0.0</b>	-0.2	0.0

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 Sept 2012	30 Sept 2011	31 Dec 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11.0	5.4	5.2
Goodwill	12.1	8.7	8.7
Tangible assets	50.5	37.6	37.5
Investment in associated companies	33.6	33.3	32.9
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.4	0.4	0.4
Deferred tax assets	2.6	1.9	1.5
<b>Non-current assets total</b>	<b>110.2</b>	<b>87.3</b>	<b>86.3</b>
<b>Current assets</b>			
Inventories	79.1	59.5	62.3
Receivables	42.3	34.0	27.8
Income tax receivable	0.5	0.3	0.1
Cash and cash equivalents	13.4	6.8	9.3
<b>Current assets total</b>	<b>135.3</b>	<b>100.6</b>	<b>99.5</b>
<b>Total assets</b>	<b>245.5</b>	<b>187.9</b>	<b>185.8</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million

	30 Sept 2012	30 Sept 2011	31 Dec 2011
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the equity holders of the parent	134.5	132.4	136.5
Non-controlling interests	2.7	2.6	2.7
<b>Total equity</b>	<b>137.2</b>	<b>134.9</b>	<b>139.2</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	5.8	3.9	4.0
Long-term financial liabilities	6.4	1.8	1.9
Non-current provisions	0.0	0.0	0.1
Other non-current liabilities	7.5	4.7	4.7
<b>Non-current liabilities total</b>	<b>19.7</b>	<b>10.4</b>	<b>10.8</b>
<b>Current liabilities</b>			
Short-term financial liabilities	39.8	8.4	0.4
Income tax payable	1.3	1.0	0.3
Trade payables and other liabilities	47.2	33.1	35.0
Short-term provisions	0.3		0.2
<b>Current liabilities total</b>	<b>88.6</b>	<b>42.6</b>	<b>35.8</b>
<b>Total liabilities</b>	<b>108.3</b>	<b>52.9</b>	<b>46.6</b>
<b>Total equity and liabilities</b>	<b>245.5</b>	<b>187.9</b>	<b>185.8</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q3 2012	Q1-Q3 2011	Q1-Q4 2011
Net profit for the period	2.7	1.2	5.7
Adjustments, total	5.2	5.5	7.1
Change in net working capital	-21.0	-6.1	-2.2
Interests paid	-1.7	-1.6	-1.7
Interests received	0.1	0.2	0.3
Taxes paid	-2.0	-2.6	-3.1
<b>Net cash flow from operating activities</b>	<b>-16.8</b>	<b>-3.3</b>	<b>6.1</b>
Investments in tangible and intangible assets	-2.9	-4.6	-5.8
Proceeds from sales of tangible and intangible assets	0.1	0.0	0.1
Acquisition of subsidiaries deducted by cash	-6.1		
Acquisition of associated companies	-0.0	-0.1	-0.2
Proceeds from sales of associated companies		0.5	0.5
Purchases of other investments	-8.0	-18.0	-22.0
Proceeds from sales of other investments	8.0	25.1	29.1
Dividends received from investing activities	1.1	0.3	2.5
<b>Net cash flow from investing activities</b>	<b>-7.9</b>	<b>3.2</b>	<b>4.2</b>
Proceeds from and repayments of short-term loans	39.5	4.9	-2.9
Proceeds from and repayments of long-term loans	-5.5	0.0	0.0
Payments of finance lease liabilities	-0.1		0.0
Dividends paid	-5.3	-5.6	-5.6
<b>Cash flows from financing activities</b>	<b>28.7</b>	<b>-0.6</b>	<b>-8.4</b>
<b>Net change in cash and cash equivalents</b>	<b>4.0</b>	<b>-0.7</b>	<b>1.8</b>
Cash and cash equivalents at the beginning of the period	9.3	7.5	7.5
Cash and cash equivalents at the end of the period	13.4	6.8	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 30 September

### January – September 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				0.1	-0.3
Other reserves	7.2					7.2
Own shares	-1.8					-1.8
Translation differences	0.4				0.7	1.1
Retained earnings	94.5	-5.3	0.0	0.2	2.7	92.2
Attributable to equity holders of the parent	136.5	-5.3	0.0	0.2	3.5	134.5
Non-controlling interests (NCI)	2.7				0.0	2.7
<b>Total equity</b>	<b>139.2</b>	<b>-5.3</b>	<b>0.0</b>	<b>0.2</b>	<b>3.5</b>	<b>137.2</b>

### January – September 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				0.7	-0.1
Other reserves	7.2					7.2
Own shares	-1.8					-1.8
Translation differences	0.3				-0.2	0.2
Retained earnings	95.3	-5.6	-0.2	-0.2	1.4	90.8
Attributable to equity holders of the parent	136.2	-5.6	-0.2	-0.2	2.0	132.4
Non-controlling interests (NCI)	2.7				-0.2	2.6
Total equity	138.9	-5.6	-0.2	-0.2	1.8	134.9

## **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Interim Report 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 Interim Report.



## SEGMENT INFORMATION

EUR million

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

### Operating segments, January - September 2012

EUR million

	A	B	C	D	E
Total segment sales	34.9	64.7	149.1	17.1	265.8
Intra-group sales	-0.9	-0.1	0.0	-1.6	-2.6
Net sales	34.0	64.6	149.1	15.6	263.2
Share of profits of associated companies included in operating profit		0.3		1.6	1.8
Operating profit	1.1	-0.6	4.4	-1.5	3.4
Gross investments in non-current assets	1.7	0.6	0.3	0.3	2.9
Corporate acquisitions and other share purchases				8.5	8.5
Depreciations	1.8	1.5	0.6	1.3	5.1
Impairments		0.0			0.0
Personnel	190	343	70	87	691

### Operating segments, January - September 2011

EUR million

	A	B	C	D	E
Total segment sales	34.2	62.1	158.5	1.4	256.3
Intra-group sales	0.0	0.0	0.0	-1.2	-1.2
Net sales	34.2	62.1	158.5	0.2	255.1
Share of profits of associated companies included in operating profit		0.4		-0.4	-0.1
Operating profit	1.8	-2.0	6.9	-3.1	3.6
Gross investments in non-current assets	1.7	0.6	2.2	0.1	4.6
Corporate acquisitions and other share purchases				0.1	0.1
Depreciations	1.7	1.5	0.5	0.7	4.3
Impairments		0.0			0.0
Personnel	200	322	60	10	593

### 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	1.9	0.7	3.0	0.1	5.8
Corporate acquisitions and other share purchases				0.2	0.2
Depreciations	2.2	1.9	0.7	0.9	5.8
Impairments	0.0	0.0		0.0	0.0
Personnel	204	320	62	10	596

## KEY INDICATORS

	<b>30 Sept 2012</b>	30 Sept 2011	31 Dec 2011
Shareholders' equity per share, EUR	<b>21.74</b>	21.40	22.06
Equity ratio, %	<b>55.9</b>	71.8	74.9
Gearing, %	<b>23.8</b>	2.5	-5.1
Gross investments in non-current assets, EUR million	<b>2.9</b>	4.6	5.8
Corporate acquisitions and other share purchases, EUR million	<b>8.5</b>	0.1	0.2
Average number of personnel	<b>691</b>	593	596
Average number of shares, 1,000 pcs	<b>6,188</b>	6,188	6,188

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

	30 Sept 2012	30 Sept 2011	31 Dec 2011
<b>Mortgages given for debts</b>			
Real estate and corporate mortgages	2.7	2.7	2.7
Guarantees	11.5	11.5	10.7
<b>Non-cancellable other leases, minimum lease payments</b>			
Real estate leases	6.5	4.3	3.9
Other leases	1.2	0.6	0.8
<b>DERIVATIVE INSTRUMENTS</b>			
Outstanding nominal values of derivate instruments			
Interest rate swaps	6.0		
Forward currency contracts	9.3	15.0	14.3
Commodity derivative instruments	47.0	8.5	14.1
<b>CONTINGENT ASSETS</b>			
The present value of proceeds from the sale of shares in the joint entry account	0.7	0.7	0.7
<b>INVESTMENT COMMITMENTS</b>			
Frozen Foods		0.1	
Grains and Oilseeds		0.4	

### OTHER COMMITMENTS

Based on the shareholder agreements on the ownership arrangement between Apetit Kala Oy and Taimen Oy, once certain terms and conditions are met the contracting parties are entitled to terminate the cross ownership at fair value. The liability in any termination of ownership is, on the basis of IAS 32, 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.

## **EVENTS SINCE THE END OF THE REVIEW PERIOD**

At the beginning of November, Caternet Finland Oy received a decision from the Uusimaa Centre for Economic Development, Transport and the Environment regarding a claim for recovery of part of the 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 considers the claim for recovery to be unfounded and is appealing against the decision. There have been no entries related to the possible recovery of the contributions in the result for the review period or on the balance sheet.

## CHANGES IN TANGIBLE ASSETS

EUR million

	<b>30 Sept 2012</b>	30 Sept 2011	31 Dec 2011
Book value at the beginning of the period	<b>37.5</b>	37.0	37.0
Additions	<b>2.6</b>	4.4	5.5
Additions through acquisitions	<b>14.2</b>		
Disposals	<b>0.0</b>	-0.3	-0.3
Depreciations and impairments	<b>-4.0</b>	-3.5	-4.7
Other changes	<b>0.3</b>	0.0	0.0
<b>Book value at the end of the period</b>	<b>50.5</b>	37.6	37.5

## TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	<b>Q1-Q3 2012</b>	Q1-Q3 2011	Q1-Q4 2011
Sales to associated companies	<b>0.4</b>	0.3	1.5
Sales to joint ventures	<b>6.5</b>	6.2	8.5
Purchases from associated companies	<b>9.8</b>	9.0	13.9
Purchases from joint ventures	<b>0.0</b>		0.0

  

	<b>30 Sept 2012</b>	30 Sept 2011	31 Dec 2011
Long-term receivables from joint ventures		0.0	0.0
Trade receivables and other receivables from associated companies	<b>0.6</b>	0.0	0.8
Trade receivables and other receivables from joint ventures	<b>1.2</b>	1.3	0.8
Trade payables and other liabilities to associated companies	<b>0.0</b>	0.8	0.2
Trade payables and other liabilities to joint ventures	<b>0.0</b>		0.0

In Espoo, 9 November 2012

LÄNNEN TEHTAAT PLC  
Board of Directors