
LÄNNEN
Annual Report
'08

p.32

Board of Directors' report

Contents

p.16

Business reviews

Information for shareholders

Annual General Meeting

The Annual General Meeting of Lännen Tehtaat plc will be held on Thursday, 2 April 2009 at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Säkylä.

Shareholders who are registered as shareholders no later than 23 March 2009 on the Lännen Tehtaat shareholders' register kept by the Euroclear Finland Ltd (former Finnish Securities Depository Ltd) may attend the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting shall notify the company by 4.00 p.m. on Tuesday, 31 March 2009, either in writing to Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säkylä, by fax +358 10 402 4022, by telephone +358 10 402 4002/Arja Antikainen or by e-mail arja.antikainen@lannen.fi.

Dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.85 per share be paid for 2008. The dividend will be paid to shareholders who are registered as shareholders on the Lännen Tehtaat shareholders' register kept by the Euroclear Finland Ltd on 7 April 2009, the record date for dividend payment. The Board of Directors will propose to the Annual General Meeting that dividend be paid on 17 April 2009.

Financial information in 2009

Lännen Tehtaat plc will issue the following information on the 2009 financial period:

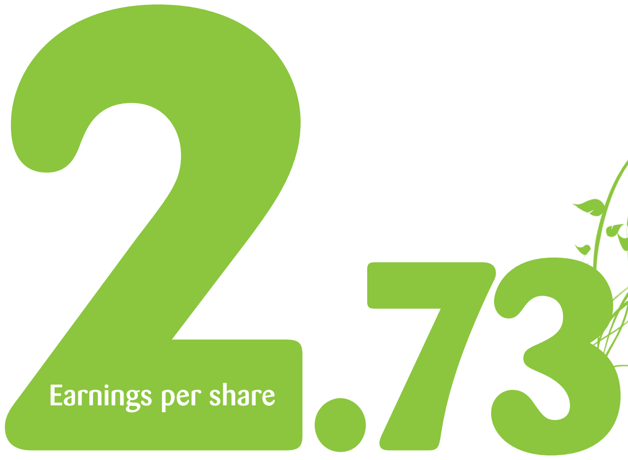
Financial statement bulletin 2008	19 February 2009
Annual Report 2008	in week 12, 2009
Interim report for January – March	7 May 2009
Interim report for January – June	14 August 2009
Interim report for January – September	6 November 2009

The Annual Report and Interim Reports are published in Finnish and English. A printed version of the Annual Report will be mailed to all shareholders with more than 100 shares. The Annual Report is also availabe on the company web pages at www.lannen.fi/en/investor_information. Interim Reports are published as stock exchange releases and on the company web pages at www.lannen.fi/en/investor_information. Financial reports can be ordered from Lännen Tehtaat plc, P.O. Box 100, FI-27801 Säkylä, telephone +358 10 402 00, fax +358 10 402 4022, or by e-mail from lannen.tehtaat@lannen.fi. You can also sign up for the publication mailing list via the company web pages.

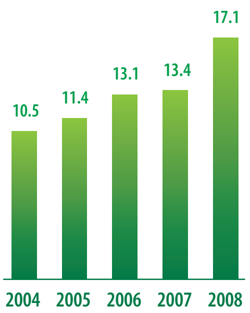
Changes of name or address of the shareholders

Shareholders are asked to notify the bank in which their book-entry accounts are handled of any changes in their name or address.

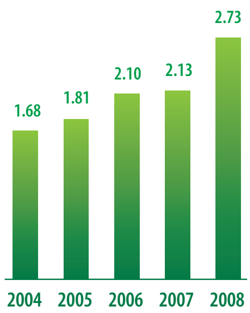
Key indicators



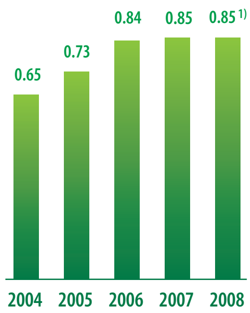
Profit for the financial year, EUR million



Earnings per share, EUR



Dividend per share, EUR



1) Board's proposal

Key indicators		2008	2007
Net sales [1]	EUR million	**349.1**	309.6
Operating profit [1]	EUR million	**13.9**	5.3
Operating profit without non-recurring items [1]	EUR million	**5.4**	4.9
Profit before taxes [1]	EUR million	**10.7**	4.6
Profit for the period [1]	EUR million	**10.0**	4.2
Profit for the financial year	EUR million	**17.1**	13.4
Return on investment	%	**13.8**	10.0
Return on equity	%	**12.9**	10.8
Equity ratio	%	**70.5**	62.1
Gearing	%	**1.1**	16.0
Investments [1]	EUR million	**8.1**	6.9
Personnel average [1]		**755**	705
Shareholders' equity per share	EUR	**21.83**	20.36
Earnings per share	EUR	**2.73**	2.13
Dividend per share	EUR	[2] **0.85**	0.85

1) Continuing operations 2) Board's proposal

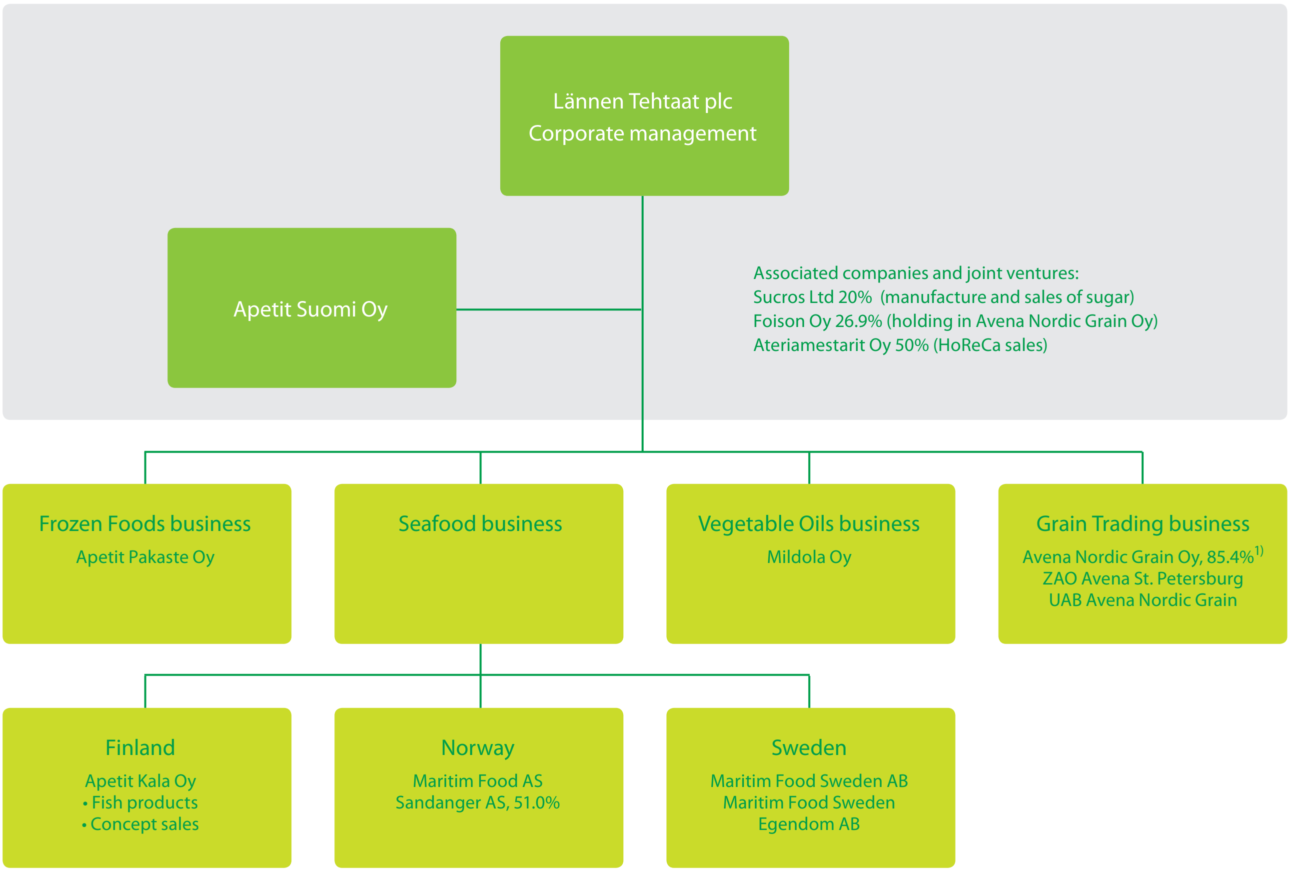
Lännen Tehtaat

Lännen Tehtaat plc is a company operating in the food industry and quoted on NASDAQ OMX Helsinki Ltd. The business operations of the Lännen Tehtaat Group consist of the Frozen Foods business, the Seafood business, the Vegetable Oils business, the Grain Trading business and Other Operations.

Apetit Pakaste Oy develops, produces and sells frozen foods in Finland. Apetit Kala Oy develops, produces and sells fish products in Finland and sells fish and other fresh products at its Kalatori service counters. Maritim Food AS and its subsidiaries produce shellfish and fish products in Norway and Sweden. The company's shellfish products are also sold in Finland. Mildola Oy offers its customers vegetable oils and protein feeds produced using purely natural methods. Avena Nordic Grain Oy and its subsidiaries specialize in the domestic and international trade in grains, oilseeds, pulses and raw materials for feeds. Lännen Tehtaat plc is in charge of group administration, business structure development and holding of shares and properties. Apetit Suomi Oy is in charge of marketing Apetit products. In addition to marketing services, Apetit Suomi produces services in human-resources management, IT, and environmental and financial administration for the companies in the Lännen Tehtaat Group.

Lännen Tehtaat operates in the northern Baltic region.

Operational structure



1) Direct and indirect ownership through Foison Oy

The Group structure can be found on the company web pages at www.lannen.fi/en under Lännen Tehtaat, Group structure.

Mission, Vision, Targets and Values

Mission

Lännen Tehtaat's mission is to produce added value for its shareholders on a long-term basis. This mission is to be achieved with the aid of profitable organic and external growth.

Vision

Lännen Tehtaat is one of the leading Finnish food companies, with operations across the northern Baltic region.

Targets

- a doubling of the Group's net sales over a period of three years
- 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 recognize the needs of consumers and customers and we satisfy these needs with products and services that exceed expectations. 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 innovation and renewal we are able to develop our business and improve our performance.

We ensure that our skills and competence are continuously updated by cultivating a working climate that encourages learning and by providing opportunities to learn. We encourage each other to improve as individuals and as employees.

We constantly update and revise our range of products and services in anticipation of the changing needs of consumers and customers. We also actively contribute to improving our operating environment.

Responsibility

We act responsibly throughout the entire chain of operations and take into account the needs and expectations of consumers, customers, personnel, shareholders, society and the environment.

We are all aware of our personal responsibility within the work community.

It is our responsibility to improve profitability and provide a good return on the capital invested in the company over the long term.

CEO's review

Lännen Tehtaat plc's profit for the financial year in 2008 was the best it has ever recorded and was based on an improvement in the performance of the continuing operations and significant positive non-recurring items. The robust performance further strengthened the company's balance sheet and financial position so that the Lännen Tehtaat Group is, in practice, debt-free. The equity ratio rose to 70.5%, and the company's financing over the next few years has been secured with committed credit facilities.

As far as the business environment is concerned, 2008 was split into two. The first half of the year began to show signs that the world and Finnish economy were heading for difficulties. At the same time, the markets of the businesses in the Lännen Tehtaat Group were, at the very least, as brisk as usual.

By mid-year, the signals indicating economic instability were already strong, and at the end of the year the media was rapidly full of news that the global and national economies were beset by serious problems. What made the situation particularly challenging was the fact that the changes in the world economy were caused by events whose impact on economies at the national and corporate level were difficult to predict.

However, the effects of this economic recession on the business operations of Lännen Tehtaat were minimal last year. The operating profit of the continuing operations excluding non-recurring items was up on the previous year's figure, which under the circumstances can be regarded as a satisfactory achievement.

Our company continued the implementation of its strategy in a consistent manner and concentrated on its food business operations. The sale of Suomen Rehu Oy to Hankkija-Maatalous Oy was concluded when the final 49% of the shares were sold in September. This way we finally relinquished the feed business, which was irrelevant to our strategy, and entered a significant positive non-recurring item as income from the transaction.

At the beginning of the year, Apetit Pakaste decided to sell its jams and marmalades business to Saarioisten Säilyke Oy and concentrate on developing the frozen foods business. This transaction was implemented during the autumn, and the development, production, sale and marketing of Dronningholm jams and marmalades were transferred to Saarioisten Säilyke Oy. The transaction also included the Dronningholm brand. A significant non-recurring profit was generated from the sale.

In addition to the non-recurring items created by the sale of the minority shareholding in Suomen Rehu Oy and the jam business, the associated company Sucros contributed substantial positive non-recurring items to the consolidated result. Danisco A/S, the main owner of Sucros Oy, reported in the summer that it had agreed to sell its subsidiary that is engaged in the sugar business, Danisco Sugar A/S, to Nordzucker AG, a German company. When this transaction is put into effect, it is not expected to have a big effect on Sucros Oy's operations in Finland.

The deepening economic recession might have an effect on consumer behaviour and on the demand for food on our company's market. It is possible that even if the volume of food sales were to be kept stable in our business area, the value of food markets will decline with consumer demand becoming more oriented towards basic food stuffs and products with a low level of processing. In my assessment, the business portfolio of Lännen Tehtaat plc is well-suited to these possible changes in demand. Moreover, as a result of the centralization of Frozen Foods' production and streamlining of Seafood's organization, together with the introduction of new enterprise resource planning systems and operational models, the performance of the businesses is expected to improve.

Lännen Tehtaat's vision of being one of the leading Finnish food companies with operations in the northern Baltic region has seen progress during the last few years. In proceeding towards that vision, business operations irrelevant to the food business have been sold to others. For this reason, our company's balance sheet is very strong and our financial position is good, which is good considering the current situation of the global and national economy.

Equity ratio

70.5%

Our strong balance sheet and financial position give us an excellent chance to benefit from new emerging opportunities for corporate arrangements.

Of the challenges in the future, the most stimulating will be associated with our ambitious growth and profitability targets. The strong development of net sales will be made possible by an improved performance by our current businesses and the strong financial position, which will enable external growth.

The general economic development represents a challenge in itself. It may have surprising and powerful effects on the food sector as well, though it is generally regarded as relatively insensitive to the economic cycle. At the moment, in fact, high value is under particular scrutiny. For the current year, we have built various kinds of alternative models through which we have assessed the possible course of events. We have also used them as a basis for the construction of action programmes that will allow us to react quickly to surprising situations if needed.

I would like to thank all Lännen Tehtaat Group personnel as well as our partners. We have had good cooperation, which has benefited our customers and owners alike. Our structures in addition to the quality of our operations and their performance have advanced in the right direction.

Let's go on to further success this year as well.

Matti Karppinen

Cooperation and customer orientation

The cornerstones of Lännen Tehtaat's personnel strategy are the advancement of well-being at work, competence and management development.

The Lännen Tehtaat Group employed an average of 755 people in 2008 (2007: 705 and 2006: 662 people in continuing operations). In 2008, the average number of personnel in the Seafood business increased by 60 people and in Frozen Foods business decreased by 10 people. The increase in Seafood business personnel was due to the incorporation of the companies of the Maritim Food group into the Lännen Tehtaat Group in 2007 and the growing number of personnel in the concept sales following the transfer of previously franchised Kalatori service counters to be managed by Apetit Kala's personnel.

Salaries and other remuneration amounted to a total of EUR 28.5 (23.8 and 20.6) million.

The most general areas of focus in personnel development in 2008 were the enhancement of professional competences, multiple labour skills and the establishment of substitute employee systems.

Customer orientation was the central theme at the Manager Days in 2008 arranged for the supervisors and specialists working in the Frozen Foods business and Seafood business as well as in the Group's joint functions. Treatment of the theme is continuing in 2009, the focal areas being consumer familiarity, customer understanding and

- Developing competence at the hub
- Customer and consumer become better acquainted
- More leisure activity options

the significance of innovation. The aim of this training is to develop leadership competences and to provide support and guidance for supervisory personnel, enabling them to better understand the business as a whole as well as the importance of working together.

The Personnel Forum – a forum for communication and exchange of information by the shop stewards in the Group's different units and the company's management – convened twice during the year.

At the end of 2007, the results of the personnel survey that was carried out in the Finnish business units of Lännen Tehtaat were examined within all units – for the first time on a department-specific basis. For each department, development programmes were formulated in order to develop matters. A total of 44 development programmes with several different targets were worked on. Most of the development targets contained within these programmes were implemented in 2008, and the last ones will be concluded in 2009. The next personnel survey will be arranged in autumn 2009, when it will also extend to the Group's foreign operations.

Discussions concerning Lännen Tehtaat's revised values were initiated on a department-by-department basis within the business units. The purpose of these discussions is for each person employed by the Group to be aware of the meaning of these values as applied to their own work. The discussions are continuing in 2009.

Harmonization of Group personnel practices was continued during the past year.

Rewarding systems were integrated, and the "Consideration and Rewarding of Personnel" guidelines were prepared on the various options concerned.

In the leisure activities, the holiday cottages, which had barely been used, were replaced with the new Shall we go? project. In addition to the previous leisure activities the company makes its own contribution to participating in new leisure activities, theatre trips, concerts and bowling, etc. This new arrangement has been received enthusiastically.

The Group's car policy was updated in spring 2008. A recommendation based on the company's values with regard to favouring low-emission vehicles in selecting company cars was made.

Payroll accounting for Finnish operations was outsourced by the Lännen Tehtaat Group at the outset of 2008. At the same time, the planning of the Group's new personnel administration system was initiated. The system is a management tool for supervisors managing HR activities and processes relating to personnel and employment in real-time. With this system, personnel can maintain certain basic information about themselves, keeping it up to date. Piloting of the system together with pilot users' training began during the autumn. The system's first stage was completed at the outset of 2009, and it is being further developed during the current year.

Employee health care in the Säkylä industrial area was outsourced in the autumn. This change has led to all the Group's occupational health services being acquired from external operators.

On 2 April 2008 the Board of Directors of Lännen Tehtaat decided to establish a share reward scheme as part of the Group's commitment incentive scheme for key personnel. Under the scheme, key employees had the opportunity to receive company shares as compensation for achieving set targets on the basis of earnings period criteria. The earnings period for the scheme began on 1 January 2008 and ended on 31 December 2008. It was possible to obtain compensation from the earnings period 2008 to a maximum of 17,000 Lännen Tehtaat plc shares and, additionally, as money to an amount corresponding to the value of the shares. The target group for the scheme consisted of 13 employees during the earnings period 2008. The scheme's revenue from the earnings period was based on the earnings per share (EPS) derived from continuing business operations in 2008. The target was not reached in 2008.

913
Number of personnel at the end of the year

Apetit Pakaste's frozen ready meals plant in Turku was closed down at the end of 2008 and operations were concentrated on Säkylä. All who worked at the Turku plant were offered work in Säkylä. Only a few accepted the offer. Relocation training in cooperation with the labour authorities was arranged for the 45 employees left without work at the facility.

As a result of the sale of the business operations, the production of jams and marmalades ceased in Säkylä at the beginning of September. The staff that had worked in jam production were retrained as producers of frozen ready meals during an intensive training and work-based induction period.

Setting up the initialization of a new enterprise resource planning system brought about the need for considerable induction and training within the various functions. This system is being introduced in 2009.

In order to consolidate customer- and demand-oriented resource planning, the sales and product development functions were reorganized during the spring. In connection with the organizational change, the frozen food sales and product development staff moved from the service company, Apetit Suomi Oy, to Apetit Pakaste Oy.

At **Apetit Kala**, training aimed at developing supervisory skills in production was initiated. Work tasks and responsibilities at all levels of the organisation were revised and made more precise.

In connection with the organizational change in the spring, the sales and product development staff of processed fish products moved from Apetit Suomi Oy to Apetit Kala Oy.

Manager Days – in a positive spirit

At the opening of the Manager Days in January 2009, the CEO examined the recession from a slightly different perspective, urging the audience to look into its opportunities, attempt to find positive interpretations, and to be the 'subject' rather than the 'object'. The main theme of the day was customer orientation. We can regard this either in terms of our own customers or consumers. With regard to the consumer theme, tools such as differentiation, cooking solutions and low cost, etc., arise.

We were, of course, interested to hear what our customer guest of the day thought of us. And we are indeed seen as a slightly grey and conservative partner, but luckily trust and confidence in us are at a high level. After all, that's the prerequisite for everything.

We listed the cornerstones of our future operations as the following: time for our customers; altruistic service; creative work that offers surprises; an understanding of the customer's requirements; creating needs and providing solutions.

Kari Lossi
Group Manager, Apetit Kala Oy

Personnel

On the basis of the results of the personnel survey, attention was paid to matters such as the communication and clarification of operational targets. The focus of development at the Kalatori service counters is on financial competences, leadership skills and regular information bulletins.

In the autumn, a new enterprise resource planning system was introduced in the company. Training in the maintenance and use of the system was organized for the staff. The project started in February and ended with the introduction of the system in October.

Maritim Food's integration into the Lännen Tehtaat Group continued with the making of operations compatible. Separation from the previous owner proceeded systematically, and Maritim Food recruited new personnel for its financial administration, purchase functions and sales in order to replace the services which were obtained earlier by the previous owner as outsourced services.

At **Mildola**, the operations and work distribution were reorganized and the responsibilities of the personnel were clarified. Cooperation between the company's various functions was developed at two training events. In production, group development discussions were introduced, the work-shift system was reformed, and the transfer of tacit knowledge as well as know-how from those about to retire to new employees was intensified.

The personnel of **Avena Nordic Grain** were offered an opportunity in February, as part of the staff-based commitment system, to become indirect shareholders of Avena Nordic Grain. The arrangement was implemented by establishing a separate company, which purchased 20% of the shares in Avena Nordic Grain Oy from Lännen Tehtaat. Some of the shares of the new company were offered to the personnel of Avena Nordic Grain, almost all of whom participated in the arrangement.

The introduction of a new enterprise resource planning system has been under preparation at Avena since the spring. Staff members have participated in all stages of the development project and have oriented themselves in the functionalities of the system at the same time. The system, which is being introduced in 2009, will enable Avena to make its operations more efficient.

At Avena, an annual well-being at work survey was carried out, and its results were analyzed at joint staff meetings. In the same connection, the analysis of the results gleaned from the personnel survey conducted in the previous year was continued. The findings were used for developing operating methods and internal cooperation in the company.

A module-based training package for the personnel concerning the development of customer work continued. Up-to-date training was organized on various themes.

Outlook for 2009

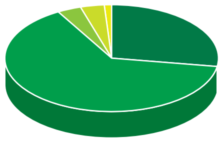
The new personnel administration information system of the Lännen Tehtaat Group is being adopted on a stage-by-stage basis. Training in using the system will be arranged for supervisors and other personnel by holding briefing sessions in each company and by providing continuous support in the use of the system.

The information and discussion sessions concerning the new values of the Group – the Value Tour – will continue during the spring and summer.

Implementation of the development plans drawn up on the basis of the findings in the personnel survey in 2007 is continuing. In autumn 2009, a new survey will be conducted that covers all the Group's units.

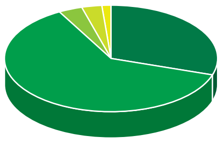
The training aimed at the development of production supervisory work is continuing in Kuopio. Training will also be initiated at Säkylä's frozen food plant. The arrangement of the Manager Days is also being continued.

The Group's equality plan, formulated in 2005, is being updated during 2009.



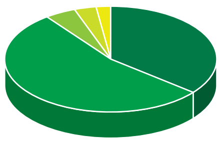
Number of personnel in the Lännen Tehtaat Group, 31 December 2008

Frozen Foods	251
Seafood	586
Vegetable Oils	34
Grain Trading	31
Other Operations	11
Total	913



Number of personnel in the Lännen Tehtaat Group, 31 December 2007

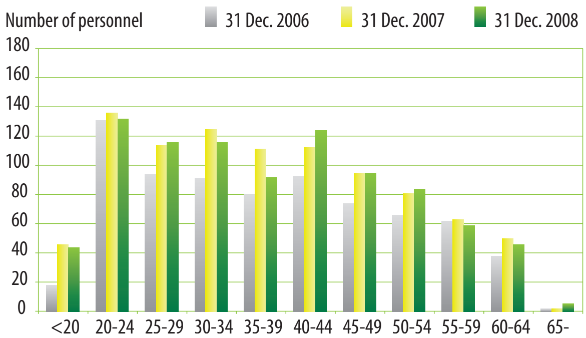
Frozen Foods	279
Seafood	579
Vegetable Oils	35
Grain Trading	29
Other Operations	12
Total	934



Number of personnel in the Lännen Tehtaat Group, 31 December 2006

Frozen Foods	269
Seafood	402
Vegetable Oils	36
Grain Trading	26
Other Operations	16
Total	749

Age distribution of the Lännen Tehtaat Group personnel



How we define quality

Lannen Tehtaat's key operational principles are to maintain the high quality of its products, ensure product safety and improve customer satisfaction on a continuous basis.

The Group is able to achieve its quality goals through the application of a certified operational management system, HACCP (Hazard Analysis and Critical Control Point) systems, and constant self-monitoring and customer satisfaction assessment. Development of the Group's operations is based on a process of continuous improvement.

- We base our products' quality on nature; we receive thanks from the consumer's table
- Quality is the responsibility of us all
- Quality embraces safety, healthiness and a good taste

The Apetit brand

Apetit products promise consumers enjoyment and well-being – every time. This core promise is the guiding principle throughout Apetit's Frozen Foods and Seafood businesses, from raw material procurement to the finished products. The aim is to ensure that finished products meet consumer expectations.

Within the product development process, new concepts and products are subject to consumer testing before they are launched onto the market. In order to develop products and operations on a continuous basis, consumer services monitor the quantity and content of customer feedback by product group and for each product. Apetit assesses customer satisfaction by taking part in joint surveys carried out by the retail trade. People's awareness and impressions of the Apetit brand are also assessed regularly.

Frozen Foods business

The operations of the Turku and Säkylä plants belonging to **Apetit Pakaste Oy** were concentrated at the end of 2008 on Säkylä. In the same connection, Säkylä's frozen food packing plant was expanded and the production facilities were renovated. Special attention was given to improvements that ensure high standards of hygiene in the production process and the quality of products. Employees who had switched from the production of jams and marmalades to frozen food production were trained for their new tasks and the standards of hygiene and quality required.

At the end of 2008, the Säkylä and Pudasjärvi food premises were re-approved by the Food Agency authorities in accordance with the requirements of the Food Act. In the same connection, the descriptions of the processes, HACCP inspections and self-monitoring plans have been updated.

The company's operational management system was certified in June in accordance with the ISO 9001 and ISO 14001 standards for the next three years.

Seafood business

At **Apetit Kala Oy**, product safety is ensured by examining product groups in accordance with the requirements of the HACCP system and by providing food and hygiene training for the personnel. Achievement of quality targets is ensured through continuous self-monitoring of production and via sensory examination for consistency. The success of this quality control is judged on the basis of the non-conformities found by the self-monitoring and the customer feedback received. This feedback is examined as part of the daily management process, which guarantees a quick response to any shortfall in quality.

In 2008, a new enterprise resource planning system was put into action, and working methods in production and logistics were made

About quality

Quality is formed from the success of the entire production chain and the components that are part and parcel of the same – such as product safety and customer satisfaction. In order to achieve these things, we require good raw materials and considerable process planning and management and, above all, a high standard of professional skill that penetrates through the entire personnel. Quality has to be worked at the whole time.

We are developing quality work all the time, on the principle that quality is the responsibility of each one of us engaged in the effort. The outcome of this work is seen in our reliable Apetit products.

Maritta Pyysalo
Quality Manager, Apetit Pakaste Oy

Quality

more efficient. Development procedures ensure not only productivity but also the quality of products and activities, as well as the high standards of hygiene in the operations.

All the companies in the **Maritim Food group** observe the criteria of the HACCP system in their operations.

In order to ensure control over the safety of food products, Maritim Food AS has been awarded the ISO 9001:2000 quality certificate and it operates in accordance with the BRC (British Retailer Consortium) Global Standard Food criteria. This requires a fully operational HACCP system, a documented quality management system and product, process and personnel controls within the factory environment. The BRC Food certificate was renewed in 2008.

Norway's Food Agency Mattillsynet checked the quality systems, production and hygiene of the companies in the Maritim Group in 2008.

Maritim Food Sweden AB observes the principles of the ISO 9001:2000 and HACCP systems in its operations. Dingle's plant has been approved by Sweden's Food Agency.

Sandanger AS, a subsidiary of Maritim Food AS, has been awarded the BRC Global Standard Food criteria, and it applies the principles required by the criteria in its operations.

Vegetable Oils business

Since 1996, **Mildola Oy** has been operating according to a certified quality management system that meets the requirements of ISO 9001:2000. In January 2009 Mildola was awarded the certificate in accordance with ISO 22000:2005, a standard concerning food safety management systems.

Grain Trading business

Avena Nordic Grain Oy operates in accordance with a certified operating system that meets the requirements of ISO 9001:2000 and the Coceral's European Code of Good Trading Practice. Product safety is handled in compliance with the HACCP system and self-monitoring programme. The most important quality indicators are good customer satisfaction and deliveries that are in accordance with agreements.

A full ten points to the enterprise resource planning system!

In 2008, we introduced a new enterprise resource planning system at Apetit Kala Oy. The project was difficult; the result brilliant! With the new system, all the processes have been integrated with each other. Every time you log into the system, you have a direct connection to the various parts of the organization. This increases transparency and reduces mix-ups.

The work began in February with the comprehensive collection of basic data. The foundation work was followed by system testing, whereupon the environment proved to be reliable, and we were able to switch to user training. I'm still proud of the vigorous activity that made up so much of the training. We had prepared for the Introduction day with a special management system that guaranteed a trouble-free lead-in of the change.

Now we've got an ultra-modern operating environment and capable users. With these resources, we are well-prepared to take on new challenges.

Janne Smolander
Production Controller, Apetit Kala Oy

Ever-increasing responsibility

Lännen Tehtaat acts responsibly and also takes into account environmental needs and the principles of sustainable development in all its operations. The operating policy that guides the work in practice has set a reduction of the environmental load as one objective.

During the autumn, Lännen Tehtaat joined the energy efficiency agreement scheme for Finnish business life and committed itself to implementing its action programme for the food industry. The concrete target for improving the use of energy for the agreement period 2008–2016 is 9%.

Improving the use of energy means the impact expressed in the form of energy units achieved by savings measures. 'Computational' savings are also regarded as energy savings. These refer to the prevention or reduction in future consumption which would be caused without the measures.

Lännen Tehtaat includes continuous improvement in energy efficiency and the promotion of the use of renewable energy sources as part of the management system and is committed to operating in accordance with the objectives in the action programme whenever possible, taking into consideration financial, technical and safety and environmental perspectives.

Energy efficiency is being monitored by the Lännen Tehtaat Group at five business units in Finland: the Apetit Pakaste Oy plants in Säkylä and Pudasjärvi, those belonging to Apetit Kala Oy in Kuopio and Kerava, and Mildola Oy's oil mill in Kirkkonummi.

- Cultivation, procurement and processing are developed on nature's terms.
- Firm commitment to energy efficiency
- More careful use and reduction in wastage of raw materials and packaging materials

Frozen Foods business

Apetit Pakaste Oy produces frozen vegetables and frozen ready meals. The company has plants in Säkylä and Pudasjärvi. The operations of the production plant in Turku were transferred to Säkylä at the end of 2008 and its activities in Turku ceased.

Apetit Pakaste's all Finnish raw materials are procured through contract growing. The operating method used in this and in subsequent processing is environmentally friendly and minimizes adverse environmental effects. The contract growing is based on integrated production (IP), in which carefully chosen and well-planned farming methods are used to improve the quality of products and reduce the detrimental effects of cultivation.

In order to minimize the environmental load caused by production, a target programme based on environmental goals is being implemented at Apetit Pakaste with the aim of reducing the amount of process water and energy consumption as well as monitoring the level of the amounts of waste.

The largest amount of this waste goes to the recycling of materials or energy recovery. Hazardous waste is delivered for appropriate handling.

The transfer of the Turku plant operations and centralization of production at Säkylä will bring significant cost savings from 2009 in both production and logistics. The design and implementation of the extension to the frozen food packing plant paid special attention to the flow of goods and staff access in addition to improved control over the temperatures of the packing lines. The reorganization of the production facilities improved the sorting of waste, production efficiency and the hygiene level of the premises.

The termination of jam and marmalade production reduced the consumption of household water considerably at Apetit Pakaste's Säkylä plant as well as waste and waste water loading.

Apetit Pakaste's certification, which is based on the ISO 9001 and ISO 14001 standards, was renewed in June 2008.

Seafood business

Apetit Kala Oy produces processed fish products at its production facilities in Kuopio using mainly salmon, rainbow trout and whitefish. Apetit Kala's raw material procurement is mainly based on the use of farmed fish in order to ensure a steady supply.

In order to minimize the detrimental effects to the environment caused by fish farming in Finland, environmental protection guidelines were introduced at the outset of the decade. By developing feeding and feeds and using suitable fish-farming techniques, Finnish fish farming has succeeded in achieving the targets for reducing environmental loading set in the water protection programme. Apetit Kala observes the EU's common fishing policy rules regarding illegal, unreported and unregulated fishing.

A large proportion of the rainbow trout raw material used in Apetit Kala's production is today transported in recyclable plastic transport containers. The finished products are distributed in recyclable boxes. As a result of the introduction of a new enterprise resource planning system, it has been possible to improve the volumetric efficiency of the boxes as well as reduce the loading caused to the environment by transportation.

Fish-derived biowaste and other food waste generated in the process are utilized primarily as raw materials in animal feed. At all stages of the operations, improvements in design are sought to make the use of raw materials and packaging more efficient and to reduce losses. In 2008, the work flow and work methods of production and logistics in particular were made more efficient. The improved control over the order/delivery chain has been seen clearly for instance, in the form of a reduction in the inventory losses for finished products and better dates for the customer.

The companies belonging to the **Maritim Food Group** process, market and sell fish and shellfish products in Norway and Sweden. Their main product groups are shellfish products, processed fish products, smoked and marinated fish and dressings. The group has three production facilities in Norway and one in Sweden.

At the Stabburveien plant, which produces smoked and marinated processed fish products and dressings, fish biowaste is processed into raw materials for animal feed in a process approved by the Norwegian food safety authority. The facility's process water is treated in four stages before being discharged into the sewage network. These process waters are filtered, disinfected and organic materials, fats and oils are separated from the water in a two-stage process. The plant has a programme constantly in place to reduce energy and water consumption. Consumption of energy and water per productkilo grew slightly in 2008. The company has remained well within the limits set by the environmental permit.

At the Råbekksvingen fish-processing plant, the waste generated is mainly paper, board and plastic. Water is mainly used for cooling and does not contain organic ingredients.

Maritim Food Sweden AB's Dingle plant in Sweden mostly produces processed shellfish in brine. Only a minimal amount of packaging materials remains as waste. At the plant, the pH value of the waste water, which tends to reduce the normal pH value of the utility water as a result of shellfish processing, is monitored in real-time. The value has stayed within the range set by the authorities.

Sandanger AS produces fish preserves, processed fish products and convenience foods in Gjerdsvika, Norway. The company observes the regulations of the Norwegian laws in its operations and endeavours as best it can to prevent global and local detrimental effects to the environment from processed fish production. The treatment of waste generated in production fulfils requirements set by the authorities and customer expectations.

The group companies are committed to taking the environment into account in all their operations. All production facilities have a valid environmental permit. Compliance with the terms of the permits is ensured through internal monitoring.

Vegetable Oils business

Mildola Oy is the leading producer of rapeseed oil in Finland. The company markets vegetable oils in the Nordic countries and the Baltic region and protein feed in Finland. Mildola's operations are based on a production chain management system designed to be of ethically high quality and loading the natural environment as little as possible. With its natural and environmentally friendly production process, the company is a pioneer in the modern vegetable oil industry. Environmental matters are covered by the company's certified quality system.

In 2008, Mildola Oy's waste management system was renewed. Improved waste sorting has been instrumental in reducing the generation of landfill waste by about 80%. During the summer, automatic flow control of process-based cooling water was introduced, as a result of which it has been possible to reduce the amount of seawater consumption used in cooling by about one third. The production facility in Kirkkonummi has a valid environmental permit.

Grain Trading business

Avena Nordic Grain Oy specializes in the trading of grains, oilseeds, pulses and raw materials for feeds in Finland and abroad. Avena Nordic Grain is a responsible producer and follows the principle of continuous improvement in developing its operations. In doing business, the aim is to minimize the amount of transportation involved in order to cut down on energy consumption.

The company's operating system is certified and fulfils the requirements of both ISO 9001:2000 and the Coceral's European Code of Good Trading Practice. The operating system ensures that trading is conducted according to the highest professional standards and in compliance with legislation.

Lännen Tehtaat's Säkylä industrial estate

A formal decision was made with regard to the closing of the landfill site at Lännen Tehtaat's Säkylä industrial area. The authorities approved the final report prepared by an external supervisor on the closing. According to the post-inspection programme, the condition of the landfill area will be monitored along with water samples for thirty years.

Landfill waste generated in the industrial area will be delivered in the future to Satakierto Oy's waste treatment facility, which is maintained by the district municipalities and local industrial enterprises. Lännen Tehtaat is a shareholder of Satakierto. As a result of the careful sorting and separate accumulation of waste, the amount of landfill waste has declined, and the transfer to the use of an external waste treatment plant does not raise waste-related costs significantly.

The monitoring of hazardous waste in the industrial area was intensified by changing the intermediate storage monitoring system to make it Internet-based.

The overall amount of industrial area waste was lower than in the previous year. The operational period of the frozen food plant was normal, but that of the sugar and feed factories was shorter than in former years. As a result of the rainy autumn, part of the beet harvest remained unharvested, which reduced the amounts of vegetable raw materials ending up as waste as well as the amount of extractable soil resources in the industrial area.

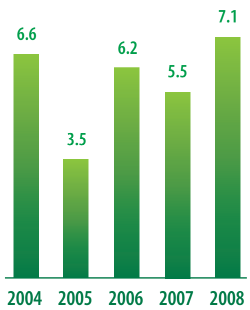
During the summer of 2008, the oil collection system in the industrial area was improved by replacing the oil separator well in the cooling water line. A tentative plan concerning oil leak warnings was formulated for the power plant.

Environmental targets for 2009–2011 were set for the industrial area. A pivotal objective is a further reduction in environmental loading. Special attention will be paid to energy consumption in addition to reducing the amount of process water and waste. The reference year is 2007.

The waste water permit for the Säkylä industrial area of Lännen Tehtaat and the environmental permit for the landfill in the industrial area are the responsibility of the environmental management of Apetit Suomi Oy.

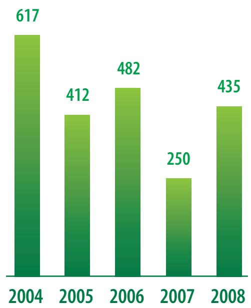
Lännen Tehtaat's Säkylä industrial estate

Wastewater load: biochemical oxygen demand = bod-7 (atu), tonnes



Permit condition 36 tonnes

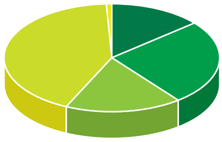
Wastewater load: phosphorus kg



Permit condition 960 kg

Key indicators by business operation

Net sales, EUR million	2008	2007
Continuing operations		
Frozen Foods	49.3	49.3
Seafood [1]	89.7	81.7
Vegetable Oils	62.0	46.0
Grain Trading	148.5	132.8
Other operations	3.0	4.4
Intra-group sales	-3.3	-4.6
Continuing operations total	349.1	309.6



Distribution of net sales 2008

Frozen Foods	14.0%
Seafood [1]	25.4%
Vegetable Oils	17.6%
Grain Trading	42.1%
Other operations	0.9%
Total	100%

Operating profit excluding non-recurring items, EUR million	2008	2007
Continuing operations		
Frozen Foods	3.1	3.5
Seafood [1]	-1.6	-1.5
Vegetable Oils	-0.0	0.8
Grain Trading	5.4	3.9
Other operations	-1.6	-1.8
Continuing operations total	5.4	4.9

Operating profit, EUR million	2008	2007
Continuing operations		
Frozen Foods	5.1	3.3
Seafood [1]	-2.4	-1.7
Vegetable Oils	-0.1	0.9
Grain Trading	5.4	3.9
Other operations	5.8	-0.9
Continuing operations total	13.9	5.3

Investments, EUR million	2008	2007
Continuing operations		
Frozen Foods	6.0	2.0
Seafood [1]	1.5	4.3
Vegetable Oils	0.2	0.4
Grain Trading	0.3	0.0
Other operations	0.2	0.2
Continuing operations total	8.1	6.9

Average number of personnel	2008	2007
Continuing operations		
Frozen Foods	237	248
Seafood [1]	441	379
Vegetable Oils	35	36
Grain Trading	30	29
Other operations	12	11
Continuing operations total	755	705

1) includes Maritim Food group since 1 March 2007


13%
Increase in net sales

54%

Overall spontaneous awareness of Apetit brand

The trend is healthiness, speed and tastes that stimulate

- Cooking must be fun
- Freshness is a much desired property; Apetit responds to that
- Apetit is number one in the minds of consumers – year in, year out

Finnish consumers appreciate home-cooking, but the limited time available for preparing food and limited cooking skills are steering them increasingly in the direction of convenience foods. Preparation of food from scratch is declining to the extent that trouble-free alternatives are being offered that make cooking easy. Quick and easy food preparation styles are becoming more usual as consumers prefer to spend their free time elsewhere than in front of the stove.

In over 80% of Finnish households, home cooked food is eaten 3-7 times a week. Families especially value easy, inexpensive products that provide health benefits at the same time. Convenience characterizes daily dining more and more. At the same time, a general interest in cooking is on the rise.

More attention is being given to one's personal and family food habits. Healthy, light products are no longer purchased primarily for dieting purposes – rather, the goal is frequently an overall healthy life.

In families, new trends often arrive via the young, for whom food can be a means of self-expression – such as having a vegetarian diet or favouring organic products.

Apetit frozen foods and fish products respond to consumers' changing requirements for genuinely healthy and easy-to-prepare alternatives. We are continuously developing our product range introducing delicious, convenient products that also promote well-being into daily eating.

In the view of consumers, the Apetit brand is strong, pleasant and observes its core promise to be "naturally good – the way Finns like it".

Position strengthened as the first choice of brand by consumers

Mission

To be a Finnish food brand that offers consumers both enjoyment and well-being.

Vision

Apetit is an innovator that creates new, enjoyable and healthy meal options which are appreciated by consumers and customers.

Apetit – the first choice

The market success of the Apetit brand is regularly monitored. Key indicators of this are its market position and consumers' awareness and positive impressions of the brand.

Market position is measured through the aid of an ACNielsen Consumer Panel. Awareness and impressions of the Apetit brand are assessed via Brand flow surveys of frozen foods and fish products undertaken annually in August.

The Apetit brand was the best-known in both product groups measured. The position of the Apetit brand as the first choice of consumers amongst frozen food brands clearly strengthened.

With regard to frozen products, Apetit is by far the best recognized brand in spontaneous responses. Apetit was referred to as the best-known frozen food brand by 37% of consumers in the survey. If second- and third-place mentions are included, the overall spontaneous recognition rating of the Apetit brand in frozen foods rises to 54%. The brands that are next in line reach 34%.

Apetit is the number-one brand in relation to all positive characteristics measured. The greatest differences from its competitors were noted in Apetit's following features: Apetit is light, creates a fresh impression, is high in quality and promotes well-being.

Apetit is also the leading brand in the area of processed fish products. Spontaneous recognition of Apetit was, in the August measurement, clearly ahead of the competitors as both the first to be mentioned and in terms of overall recognition.

Apetit is the number-one brand in relation to all positive characteristics measured, as follows: lightness, delicious taste, promotion of well-being, convenience, life-enhancement.

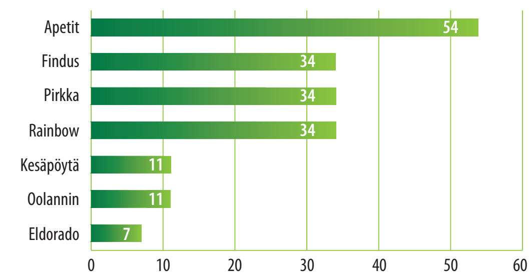
New products and activation

Strong awareness and impressions of the Apetit brand provide a solid foundation for approaching consumers successfully. With this in mind, Apetit is investing heavily in national TV advertising and in supporting consumers' purchasing decisions through in-store advertising.

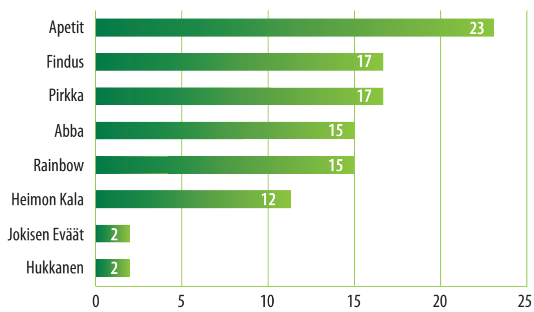
In addition to launching new products on the market, activities were continued in 2008 to further strengthen the market position of frozen vegetables and special frozen potato products. The household penetration and buying frequency clearly grew. An increase on the previous year of a full 28% occurred in the number of households using cream potatoes.

With processed fish products, consumers were encouraged to make use of fish more frequently in familiar daily recipes. The new Fish on the Dinner Table! theme was launched with a website dedicated to the subject, www.kalaapoytaan.fi, as well as in print and in-store advertising.

Overall spontaneous awareness of frozen food brands, %



Overall spontaneous awareness of fish product brands, %



A lactose-free spinach soup alongside the classic spinach soup

There has been some demand to develop a lactose-free version of the classic favourite, spinach soup. The development of taste and structure was challenging, because lactose-free, milk-based raw materials frequently behave in a surprising way in the production process. Riitta Pohjavirta-Happonen's product development version of this new type of spinach soup was approved for its flavour in August 2007, and the first production test run was carried out in September 2007. The pleasantness of the soup was put to the test as special coursework in the University of Helsinki's Department of Food Technology.

The symbol of the swan on the product packaging tells of the high level of Finnish content in the making of the soup. The spinach used is contract-cultivated on a farm in Vampula. One can easily note the light energy content of a soup serving from the GDA nutritional content labels. The popularity of this product has been gratifying, and highly positive feedback has been given about the new item by consumers.

Sirkku Aarinen
Product Development Manager, Apetit Pakaste Oy

Consumers love frozen foods

Vision

Apetit Pakaste Oy is Finland's leader in frozen foods.

Apetit Pakaste Oy develops, produces, sells and markets frozen foods all made from pure and carefully chosen ingredients. The company's brand is Apetit.

At Apetit Pakaste Oy's Säkylä plant, frozen vegetable and potato products and frozen ready meals are produced, and fresh domestic vegetable raw materials are processed into frozen products. Apetit Pakaste also has a frozen pizza factory at Pudasjärvi. The operations of the frozen ready meal plant in Turku were transferred to Säkylä at the end of 2008 and the company's activities in Turku ceased.

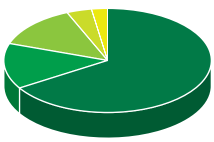
Apetit Pakaste Oy's main product groups are frozen vegetable and potato products, frozen ready meals and frozen pizzas. Its customers and distribution channels are the retail trade, the hotel, restaurant and catering sector, and bakeries as well as other food industry customers. A small proportion of frozen ready meals and frozen vegetables are exported. Retail trade products account for two-thirds of the net sales with approximately 80% of this is sold under the Apetit brand name. The HoReCa sector and industrial customers together account for about one quarter.

The most important of the domestic raw materials utilized by Apetit Pakaste are carrots, potatoes, peas, spinach and swede. They are acquired from contract farmers in accordance with the quality criteria set by Apetit Pakaste, mainly from the immediate environs of the Säkylä plant – Satakunta and southwest Finland. Imported ingredients – primarily maize, red peppers and onions – are purchased from suppliers mainly in the European Union. These suppliers have been scrutinized.

In spring 2008, Apetit Pakaste signed contract growing agreements totalling approximately 1,550 (1,630) hectares. The contracted varieties of vegetables totalled 9 (10). The start to the growing season was good, but the rainy end to the summer and rainy autumn caused considerable losses to the root crop harvest. Heavy rains made harvesting difficult,

- Consumers are taken with innovations from product development
- Frozen potato products sell at a good pace
- Developing and centralizing, in keeping with the strategy, brought success

Distribution of net sales



Retailers	65%
HoReCa	15%
Food industry	14%
Exports	4%
Other	2%
Total	100%

and it was not even possible to gather part of the crop. It is necessary to replace part of the non-harvested contract crops through imports. All in all, a total of about 28 (30) million kilos of Finnish raw materials were supplied to Apetit Pakaste.

Total retail sales in Apetit Pakaste's product groups in Finland were up in January-August 2008 by about 5%, according to figures from ACNielsen Consumer Panel. Sales in the biggest product group, frozen vegetables, rose as well by 5%. The growth was boosted by increased sales of retailers' private label products. Sales of frozen ready meals increased by approximately 5%. Sales of meal components and soups grew the most vigorously. Sales of frozen potato products grew by about 8%, mainly due to the favourable trend in sales of special potato products, such as mashed potato and creamed potato products in addition to potato and onion mix. The sale of pizzas and pizza bases rose by 2%.

20%

Growth in sales of potato products

Tasty, healthy, no bother

Apetit Pakaste product development is directed not only by good taste and health-promoting benefits but also by ease in preparing meals.

At the outset of 2008, the easy-to-serve product Apetit 'Potato and Soup Vegetables' was launched onto the market and the range of Apetit microwave mashed potato products was expanded to include family-size packages. TV advertising helped in doubling the number of households using Apetit mashed potato products. Growth in sales of special frozen potato products also continued to be strong. Sales of creamed potato products were activated by an advertising campaign, which led to the desired growth in the number of consumers.

During the spring, multipurpose Apetit 'Country Vegetables' and Apetit 'Harvest Vegetables' were brought onto market. These are suitable not only as side dishes but in the preparation of wok, stewed and soup meals as well. The taste of summer remains in frozen vegetables, together with their natural vitamins.

In the autumn, a new type of fast, easy and delicious frozen ready meal product range was launched – the Apetit 'Vegetable Pans', including an accompanying sauce. There are three options available based on the culinary worlds of Asia, the Caribbean and the Mediterranean. A ready meal is created by adding strips of fish, chicken, meat, or even tofu.

Lactose-free spinach soup expanded the assortment of Apetit single-serving soups. Suitable for lactose-free diets, it has enough helpings for 1 – 2 people.

Sales development

Overall, net sales for Apetit Pakaste were on the same level as the comparison year.

Sales to the retail trade declined in 2008 by almost 2% because of the sale of the jam business at the beginning of September. Sales of frozen food products increased by almost 4%. The most vigorous development occurred in the Apetit frozen potatoes product group, where the growth was 20%. Of the frozen potato products, Apetit mashed and creamed potato products made the best progress. Sales of Apetit frozen vegetables went up by 6%. Growth was achieved through good new products and intensified marketing during the summer barbecue season. In frozen ready meals, the growth was 5%. The campaigning for frozen pizzas was at a reduced level, and sales decreased by 10%.

Hotel, restaurant and catering sales handled by Ateriamestarit Oy, a joint venture, increased by 5%. The strongest growth was in the frozen fish and frozen ready meal product groups, in which the successful launchings of new products increased sales. The shortage of labour prevailing in the HoReCa field creates good conditions for raising the sale of frozen ready meals to institutional kitchens in the future.

Moreover, industrial sales grew on the previous year. On the other hand, the value of exports declined as a result of the slide in pea exports. Conversely, exports of frozen ready meals rose.

Operations concentrated and developed

Apetit Pakaste concentrated on its frozen food business and its development in accordance with its 2008 strategy. The company withdrew from its jam and marmalade activities and centralized the functions of its Turku frozen ready meals plant on the Säkylä plant.

Apetit Pakaste Oy and Saarioisten Säilyke Oy agreed in March on a business transaction that would transfer the development, production, sale and marketing of jams and marmelades to Saarioinen. The transaction was completed in the autumn of 2008. The personnel released from jam production in September were trained for new tasks, and the production facilities left vacant were renovated to correspond to the requirements of the frozen ready meals production transferred from Turku. The renewal of the production facilities and construction of the new packing plant in Säkylä, which started at the outset of 2008, were implemented according to plan. The packing operations were transferred from Turku to Säkylä in November, and the frozen ready meals production in December.

Centralization of operations improves the company's productivity, competitiveness and delivery reliability. Capital tied up in inventories can be reduced and energy efficiency rises. This centralization of production is expected to improve the financial performance by about EUR 0.9 million as of 2009.

In order to consolidate customer- and demand-oriented resource planning, the sales and product development functions of frozen foods were reorganized during the spring. In connection with the organizational change, the sales and product development staff moved from the service company, Apetit Suomi Oy, to Apetit Pakaste Oy.

Investment in the frozen foods business totalled EUR 6.0 (2.0) million. The investment required by the transfer of production from Turku amounted to approximately EUR 4.6 million. Other investment was focused on renewing the company's enterprise resource planning system and small-scale replacements. It was decided to postpone the incorporation of the company's new enterprise resource planning system until 2009.

Fish given a boost by talk of its health-promoting qualities

Mission

Fish and Seafood for taste and delight.

Vision

Lännen Tehtaat Fish and Seafood division is one of the leading providers in Fish & Seafood business, with operations across the northern Baltic region.

- Healthy and easy-to-cook processed fish products attract consumers in greater numbers
- New shellfish products met with a good reception

Lännen Tehtaat is engaged in Seafood business operations in Finland, Norway and Sweden.

Apetit Kala Oy in Finland and the Maritim Food group companies in Sweden and Norway develop, produce, sell and market fish and shellfish products. In Finland, the company's products are also sold at Kalatori service counters.

The brands of Lännen Tehtaat related to Seafood business are Apetit, Maritim, Fader Martin and Sunnmöre.

The consumption of fish and shellfish has increased during the last few years throughout the entire operational area of Lännen Tehtaat's Seafood activities. In Norway, consumption is clearly the largest at about 23 kilos per person. In Finland, approximately 14 kilos of fish per capita are consumed. In Sweden, the corresponding total is 15 kilos. Growth in the consumption of fish is anticipated because of the continuous increase in health awareness by consumers and the wide-ranging nature of the supply.

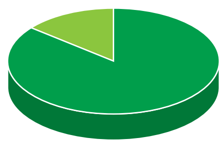
The Nordic countries differ considerably in terms of their supply of fish and related eating habits despite their geographical proximity. In Norway, where overall consumption is the biggest, the product selection is also the widest, extending from fresh fish to shellfish, ready-to-eat foods and dressings. In Sweden, frozen fish and fish products as well as shellfish are the most popular. Processed fresh fish and ready-to-eat fish products are in short supply. Finland has the broadest selection in the area of consumer-packaged processed fresh fish products, but demand for shellfish and ready-to-eat products has been weak.

The diverse product range found in Lännen Tehtaat's Seafood business provides scope for offering consumers in the operational area a wider selection that goes beyond national boundaries. Sales of Apetit Maritim shellfish products in Finland, which began in 2007, made a better start than had been expected.

Finnish market

- Rapid changes in demand require a rapid-reaction organization
- A sensitive fresh product requires chillingly good logistics

Distribution of net sales



	Fish products	84%
	Other products	16%
	Total	100%

The Lännen Tehtaat Group's Seafood business in Finland is handled by Apetit Kala Oy.

Apetit Kala develops, produces, markets and sells processed fresh fish products under both the Apetit brand and private labels, and sells fish, fish products and other fresh products at its Kalatori service counters.

Apetit Kala's business covers the entire operational chain from fish procurement and processing to wholesaling and retailing. Fish is bought worldwide, but farmed fish such as domestic rainbow trout and Norwegian salmon account for more than half the sales. The range of fish products is diverse and includes convenient fish products that meet the requirements of today's busy consumers. The company's main fish product groups are, in addition to fresh fish and fillets, hot- and cold-smoked products, raw pickled fish products, fish strips and portions as well as ready-to-eat fish products.

Apetit Kala has a production plant in Kuopio. The collation and distribution of products is handled by the company's logistics centre in Kerava. Apetit Kala also has over-the-counter sales at about 55 Kalatori service counters operating under the shop-in-shop principle. The Kalatori product range includes not only a wide selection of fish and fish products but also ready-made foods, meat products and salads.

Market development

In 2008, the value of the industrially packaged fish and processed fish products in the retail trade increased by 10% in Finland in 2008 (ACNielsen Consumer Panel, 52-week measurement period, August 2007/2008). The largest product group – fresh fish and processed fresh fish – grew by 21%. The sale of fresh fish at retail shops is undergoing a steady transfer from service to self-service. The sale of hot-smoked products grew by 8%. The sale of cold-smoked and raw pickled products dropped by 4%. As a result of aggressive campaigning the second half of the year saw a change in consumption from higher added value products to salmon and rainbow trout fillets with lower added value.

The heavy fall in the price of salmon and rainbow trout was also reflected in the prices of processed fish products. Price competition became tougher especially in consumer-packaged processed fish products with lower added value and in salmon and rainbow trout fillets sold at service counters. During the year the supply of industrially packaged fish increased on the market during the year.

Fish on the Dinner Table!

In 2008, Apetit Kala focused its marketing activities on increasing the use of simple, easy-to-prepare processed fish products in everyday dining. The 'Fish on the Dinner Table' theme was supported by print media, Internet and in-store advertising. The number of households making use of Apetit consumer-packaged fish products grew by 5% during the year, and the buying frequency by 6%.

The product range in service sales was diversified by adding service products processed by subcontractors to deliveries from the logistics centre at Kerava. Shellfish in brine were launched in retail sales under the brand Apetit Maritim. Sales of shellfish products exceeded expectations.

The availability of wild fish and whitefish was poor during the whole year. The ice situation prevented winter fishing entirely on some lakes. In the future, the processing industry may be forced to place greater reliance on the use of farmed fish in the procurement of raw materials.

Operations were improved

Raw material procurement was made more efficient by starting direct imports from Norway. Other new procurement channels were also opened during the year both in Finland and in importing. With these changes the production efficiency and stock turnover were improved, and the capital tied up in inventories can be reduced.

The work to improve internal efficiency and processes at Apetit Kala, which was started in autumn 2007, progressed as planned in 2008. Labour and raw-material productivity have improved and delivery reliability has remained at targeted levels. The development of labour productivity will be continued by renewing processes.

The reorganization of sales, production, product development and logistics continued, with the aim of clarifying responsibilities, achieving higher reaction speeds and increasing cost-efficiency. As part of the organizational changes, the staff responsible for product sales and customer accounts at Apetit Kala were transferred from Apetit

Suomi Oy to Apetit Kala Oy. The aim is to ensure that operations are more customer-oriented and demand-driven. Product development was reinforced by employing a new product developer.

On 1 September, Mr Jarno Järvinen, was appointed Managing Director of Apetit Kala Oy. As of the start of 2009, Heljä Mantere took up the responsibility for the concept business.

In order to increase sales and coordinate the operating model, most of the Kalatori service counters, which had previously been operating under the franchise model, were transferred to the charge of Apetit Kala during the year 2008. In concept sales, efforts are focusing on improving profitability through renewing customer agreements, making the structure of the sales network more efficient and developing the product range.

In September, Apetit Kala Oy and Saarioinen Oy started cooperation in the hotel, restaurant and catering industry. Saarioinen sells and markets products made by Apetit Kala on the Finnish market. The aim of the cooperation is to increase the sale of products in the sector by a considerable number.

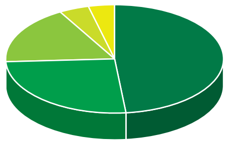
In the autumn, a new enterprise resource planning system (ERP) was introduced, covering the company's functions in purchasing, production, sales, logistics and finance. The introduction of the system made working methods in production and logistics more efficient. The cost benefits that will be achieved by updating the information system will be realized in full in 2009. These development measures have made the planning, control and monitoring of operations clearer and reaction speed has improved.

Seafood's profitability in Finland increased significantly as a result of the improvements in labour and raw material productivity and delivery performance. The retail sector's active sales campaigns for salmon and rainbow trout fillets continued, and this has steered consumption towards the campaign-priced low added value salmon and rainbow trout fillets and weakened the profitability of Seafood's consumer-packaged fillet products and of the Kalatori service counters.

The financial performance of the fish processing business is affected most by the availability of raw materials and the managing of prices, the delivery reliability and labour and raw material productivity. Apetit Kala's sales peak at weekends and on seasonal holidays, especially in connection with Christmas. An efficient structure of the sales network, high-quality service and cost control are the key factors in performance of the service sales.

Norwegian market

Distribution of net sales



Shellfish	48%
Fish food	26%
Fresh fish products	18%
Dressings	5%
Other	4%
Total	100%

The Seafood business of the Lännen Tehtaat Group in Norway is handled by Maritim Food AS and Sandanger AS. Maritim Food AS became part of the Lännen Tehtaat Group on 1 March 2007 and Sandanger AS on 1 September 2007. Maritim Food owns 51% of Sandanger's shares. The companies in the Maritim Food Group develop, produce and market fish and shellfish products. Maritim Food's own brands are Maritim and Fader Martin and Sandanger's brand is Sunnmöre.

Maritim Food's operations cover the entire production chain from procurement and processing of fish and shellfish to the deliveries to the main retail chains and the hotel, restaurant and catering sector (HoReCa). Its main product groups are smoked and marinated fish (salmon and mackerel), minced fish products (fishballs, fishcakes and Norwegian fish pudding), shellfish in brine and dressings. These products are in nationwide retail trade distribution.

Maritim Food has two fish processing plants in Norway, both near Oslo in Fredrikstad. Sandanger AS, which concentrates mainly on minced fish products and canned fish, has a production plant at Gjerdsvika in western Norway.

Fish on the dinner table!

At weekends, families get together to eat fish, but on weekdays fish-based meals are prepared more rarely – even if fish suits the daily food routine at least as well as chicken strips and mincemeat.

At the beginning of the year, we implemented the Fish on the Dinner Table! campaign. The goal was to arrange for fish, in a conveniently packed form for consumers, to find itself on the ordinary daily dinner table. We offered recipes for familiar popular foods, but prepared from fish. Lasagne, risotto and pasta sauce are also good when fish is used. Marinated rainbow trout strips or smoked salmon cubes are excellent daily helpers when food must be arranged quickly and easily. We opened up a campaign site on the Internet, where fish recipes have been actively looked for. The most popular recipe is "An incredibly good fish and potato casserole", which in all its simplicity is prepared by combining two Apetit products: marinated rainbow trout strips and cream potatoes.

Leila Rissanen
Product Group Manager, Apetit Suomi Oy

Shellfish: good growth

The overall market for fish and shellfish in Norway has continued its modest pattern of growth. The growth has been highest in the HoReCa sector, which represents slightly less than one quarter of the overall market volume. Volume development has been strongest in the shellfish and mussel product group. Sales of frozen fish have also grown in a manner similar to that of processed fish products. Sales of fresh fish products have declined slightly.

Maritim Food is the main supplier of Fiskemannen fish products, a brand owned by NorgesGruppen, Norway's largest retail chain. NorgesGruppen also controls about two-thirds of Norway's HoReCa sector. NorgesGruppen is Maritim Food's biggest customer.

Maritim Food's overall sales in Norwegian crowns were on the level of the previous year. Sales of shrimps and other shellfish in brine grew strongly. Sales of dressings, which were renewed last year, showed good growth as well. Fish pudding sales went down slightly. Sales of fishcakes and fishballs were on the level of the comparison year. Of the fresh fish products as a whole, sales of salmon and rainbow trout declined, and those of mackerel were on the level of the comparison year.

The profitability of Maritim Food was weakened by the heavy price increase of shellfish raw materials due to changes in exchange rates at the end of the year. This has not been possible to transfer to sale prices because of the long-term agreement periods.

At the Group's Norwegian production plants, operating methods were developed to improve productivity, and marketing and sales were reorganized.

The integration of Maritim Food group into Lännen Tehtaat has continued as planned and its operations have now been largely separated from those of the previous owner group. Key resources such as procurement and financial administration, which until now have been provided by the previous owner as outsourced services, are now part of Maritim Food.

Swedish market

The Seafood business of the Lännen Tehtaat Group in Sweden is handled by Maritim Food Sweden AB, which is part of the Maritim Food Group. The company has a production plant in Dingle, southwest Sweden.

Maritim Food Sweden AB develops, produces and sells shellfish in brine for the hotel, restaurant and catering sector (HoReCa) and the retail trade. The HoReCa sector accounts for more than 60% of the total sales. The company's products are sold in Norway by Maritim Food AS and in Finland by Apetit Kala Oy.

The consumption of shellfish in brine grew by approximately 10% in Sweden in 2008. The volume of Maritim Food Sweden's sales increased by over one third and sales in Swedish crowns by over 40%.

Sales in both old and new clients developed positively. Growth was affected mostly by the new customer Axfood, one of the leading retail shop chains in Sweden.

Alongside traditional shrimps in brine, hand-peeled shrimps were introduced to the market. The product met with a good reception on the market .

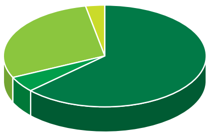
The profitability of Swedish operations was adversely affected by rising prices of shellfish raw materials caused by the weakening of the Swedish crown. Because of long contract periods it has proved impossible to pass the increases to the sale prices. The financial performance has also been affected by lower labour and raw-material productivity.

Significant investment was carried out at the Swedish company on the HoReCa production lines and packing machines in an attempt to improve productivity and ensure a good level of customer service. Responsibility for production control was also given a clearer definition. As a result of the development activities, there was increased productivity at the end of the year.

In the autumn Mr Jan Brevik was appointed Managing Director of Maritim Food Sweden AB. He also continues as Managing Director of Maritim Food AS.

The Finn's number one favourite comes from a golden field

Distribution of net sales



	Refined vegetable oils	63%
	Other vegetable oils	5%
	Protein feeds	29%
	Other	3%
	Total	100%

- The production method is an ethical pioneer in the sector
- Mildola's oils hold a good position in industrial, Food Service and consumer products

Vision

- Volatile raw material prices

Mildola is a leader in the vegetable oils business in the food sector in Finland and has a major presence in Scandinavia and in the Baltic countries. In oilseed expeller meals Mildola is the leader in quality and safety in Finland.

Mildola develops, produces and markets vegetable oils and expeller meals. The company uses rapeseeds and soybeans as raw materials. With its natural, environmentally friendly process, the company is a front-runner in modern, ethical operating methods in the vegetable oil industry.

In Mildola's traditional crushing process, the oil is separated from the seeds simply by heating and mechanical expelling.

Knowledge of the health-promoting benefits of rapeseed oil has increased significantly amongst consumers and vegetable oils consuming industry. Rapeseed oil contains healthy unsaturated fats and only a small portion of saturated fats. Unsaturated fats contain essential omega-3 and omega-6 fatty acids in ideal proportions. Rapeseed oil has replaced the use of other oils, so its demand is increasing.

Rapeseed is used not only for food products but as a raw material in biofuels. Because of the decline in the price of mineral oil, part of the rapeseed crop used formerly as a biofuel raw material may be available as a raw material for food oil in the near future.

Mildola's crushing plant in Kirkkonummi processes domestic and other EU origin rapeseeds as well as soybeans. Domestic rapeseed is obtained through contract based farming in cooperation with agricultural suppliers. Rapeseed accounts for 90% of Mildola's production of 120 million kilos. The oil yield from rapeseed is about 40% and from soybeans about 15%, with the residual material being used for protein feed.

Midola's vegetable oil customers comprise companies in the food industry, the Food Service sector and the retail industry. In the retail the company's products are sold under Mildola's own Neito brand and private labels. For Food Service sector Mildola produces both private label products and Mildola brand products. Rapeseed and soy expeller meals are sold as raw materials for animal feed manufacturers and for livestock farms. Mildola's own Öpex brand is a rapeseed expeller meal known for its optimal nutritional quality and for being a safe, reliable choice.

The amount of rapeseed harvested across the EU in 2008 was up by about 5% on the previous year's figure. The total crop was more than 19 million tonnes. In Finland the harvested area for rapeseed declined from the previous year by almost one third to 64,000 (90,000) hectares. The average yield per hectare still remained low. The total amount of the domestic crop in 2008 was approximately 86 (113) million kilos. Because of the reduction in the domestic raw material, the importance of imported raw material grew.

The market price of rapeseed was on exceptionally high level during the first half of the year but declined rapidly during the second half of the year. In March the price of rapeseed was close to EUR 500/tonne, but at the end of the year it had dropped to EUR 260. Rapeseed prices are estimated to stay very volatile during 2009 as well.

Customer focus has a key role in Mildola's strategy. In 2008 customer service was developed further, and oil and expeller meal deliveries are feasible 24 hours a day, in addition to weekends if so desired by the customer. Customer-specific product applications were developed together with industry, and development on products with a higher degree of refining was continued.

Production of private label products for Food Service sector increased. The best suitable product variations and forms of packaging were developed together with customers.

A diverse product range has been developed for the Neito series. Neito oils have established their position in the premium class of retail vegetable oils. The volume of private labels produced by Mildola has also increased.

Together with other operators in the sector, Mildola participated in 2005 – 2008 in a rapeseed oil sales promotion campaign partially funded by the EU and the Finnish government. The campaign has endeavoured to increase consumers' knowledge of the favourable characteristics of rapeseed oil and raise appreciation of it as well as its consumption.

Development of the company's enterprise resource planning system continued. Mildola's existing quality and environmental certificates were renewed, and a certificate according to ISO 22000 food safety management system was applied. Mildola's environmental system was developed by introducing a new waste management system, through which a clear reduction in the environmental impact of waste has been made possible.

Mildola's full-year net sales in 2008 amounted to EUR 62.0 (46.0) million. The growth in net sales was the consequence of the much higher level of raw material prices and sales prices compared with the previous year. Exports to Scandinavia and the Baltic region continued favourably. Vegetable oil products accounted for about 65% of Mildola's net sales.

The company's operating result fell short of its budget and targets, because the refining margin between sales prices and raw material prices was insufficient to achieve the target. During the first half of the year, the high raw-material prices were not fully transferred to product prices.

Mildola's net sales and operating result are influenced considerably by the quantity and quality of the main oilseed, both in Finland and in the Baltic region. Raw material prices are determined on international commodity exchanges.

The company has identified the raw material price and currency risks associated with its operations, and it applies a risk management policy throughout its business, the aim being to secure its refining margin. The company uses derivative instruments to control the commodity and currency positions.

Neito brand

The vegetable oil sold under the Neito brand is characterized by freshness and a appealing taste, and they have something new to offer consumers. Neito oils are produced using natural processes and the best raw materials. They make cooking easy and contribute to a varied and healthy diet.

Neito special rapeseed oil is a mild-tasting vegetable oil produced in a way that is as gentle and environmentally friendly as possible, and satisfies the quality requirements of even the most demanding consumers. The unique production process ensures that important natural microcomponents of rapeseed are retained, including tocopherols, plant sterols, plant phenols, flavonoids and vitamin K.

Mildola
NEITO
MILDOLA®
öpex

Grains require a great deal of know-how

- Market fluctuations were exceptionally strong
- Avena was able to adjust to the changes

Mission

Our operations create added value for our producers, industry and our entire operating environment.

Vision

Avena Nordic Grain Oy is the leading grain, oilseed and feed raw material trader in Finland and has a significant position in the Baltic region and in other selected markets.

Avena Nordic Grain is active in the trading of grains, oilseeds, pulses and raw materials for feeds in Finland and internationally.

The company is based in Espoo and has branch offices in Vaasa, Pori, Salo and Kouvola and storage facilities throughout Finland. Its international activities are supported by the subsidiaries ZAO Avena St. Petersburg, in St. Petersburg, Russia, and UAB Avena Nordic Grain, in Vilnius, Lithuania, and a representative office in Astana, Kazakhstan.

Price level fluctuated strongly

During the period under review Avena Nordic Grain operated successfully under challenging market conditions. In the first six months, the tightness of supply for all agricultural commodities pushed up prices to record levels. For several years in a row, the global grain crop had only been at average levels, though the demand for grains and oilseeds continued to grow. This reduced the world's ending stocks very considerably. Growth in the demand was particularly strong in the developing countries for food and feed, and also for the production of bio energy in various parts of the world. These elements, amongst

others, and dramatically rising crude oil and energy prices led to serious concern about the supply, driving agricultural commodity prices to levels not seen for many decades.

During the second half of the year there was a large supply of grain and oilseed, which put pressure on prices, forcing them substantially downwards. Growers around the world reacted to the high prices by increasing the area under cultivation for the next season wherever this was feasible. Expanded planting areas with the growing conditions being favourable resulted into a total world grain production of 1,780 million tonnes as compared with the previous year's 1,688 million tonnes. Production in the Ukraine was 50 million tonnes, an increase by more than 20 million. With a total of 102 million tonnes Russia produced 24 million tonnes more than the previous year. Most noticeable was the increase of production in the EU with a total grain crop of 310 million tonnes as compared to last year's figure of 255 million tonnes. Finland produced 4.2 million tonnes of grain, the second best crop ever.

The quality of the crops in general was good to average. However, due to high yields and adverse weather conditions at harvest time, large portions of wheat were lacking protein or only suitable for feed purposes. The price range for the various milling wheat qualities was therefore unusually large.

In view of the supply situation on the EU domestic market the European Commission decided to reinstate the import duties for cereals. For the season 2008/09 the European Union will again be a net exporter of grain and processed products. Exports are estimated at 26 (19) million tonnes and imports at 9 (27) million tonnes. However, the competition in the export markets is very strong and it is expected that at the end of the season some quantities will be applied to intervention.

Avena Nordic Grain was well positioned to adapt to changing market conditions and operate successfully as a result of continuously and thoroughly analyses and understanding customer needs.

Avena continued to expand its activities on the Finnish market. The new branch office opened in Salo in 2007 was fully operational, allowing Avena to improve the efficiency of its grain purchasing, especially in southwest Finland. In 2008, Avena Nordic Grain Oy accounted for about a quarter of all the grain sold in Finland, almost a half of the exports of grain and more than a half of imported grain. The company was also an important supplier of feed raw materials to the domestic markets. Avena delivered oats, wheat, barley and rye from a large number of countries to various markets.

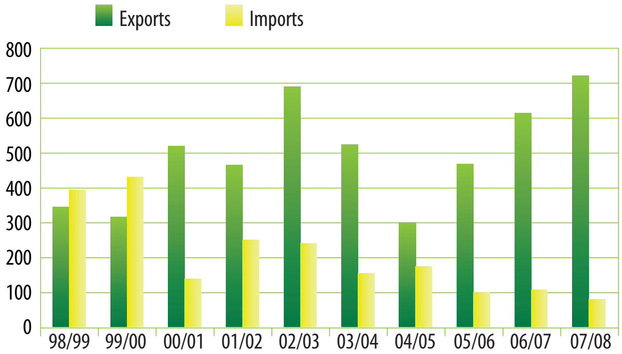
In Russia and Kazakhstan, Avena's activities increased compared with the previous year.The representative office in Kazakhstan was moved from Almaty to the new capital city of Astana, which is closer to the main grain-producing regions. Lithuania's subsidiary also made good progress. It acquired a considerable amount of grain and rapeseed from Lithuania's markets, which was mainly delivered to the EU market. One new regional office was started up in the country.

Net sales for Avena Nordic Grain totalled EUR 148 (133) million. The increase in net sales was due to increased volumes and higher market prises of grains and oilseeds compared with the previous year.

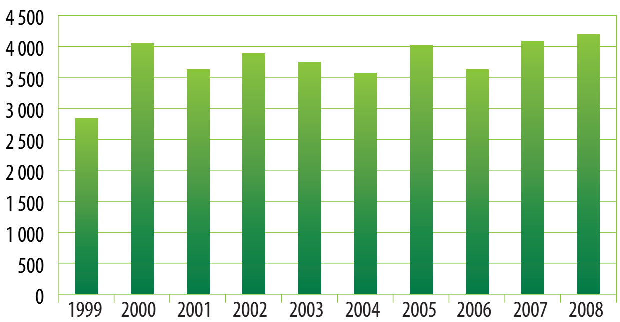
Avena's investments amounted to EUR 0.3 (0.0) million and were focused on renewing the company's enterprise resource planning system. The new integrated solution will be taken into service during 2009.

In 2009, Avena Nordic Grain's operations will continue to develop both in EU markets and in third countries. Net sales will, however, depend on the quantity and quality of this season's crops and the price level in the main markets.

Grain exports and imports during crop seasons 1998/1999–2007/2008, thousands of tonnes



Crops in Finland 1999-2008, thousands of tonnes



Board of Directors' proposal

p. 77

Board of Directors’ report 2008

Group strategy

At the start of the year, the Lännen Tehtaat plc Board of Directors confirmed the company’s vision, mission statement and corporate values. Lännen Tehtaat plc’s vision is to be one of the leading Finnish food companies, with operations across the northern Baltic region. The company’s mission is to produce added value for its shareholders on a long-term basis. This will be achieved by means of profitable organic and external growth. The Group’s corporate values, as confirmed by the Board of Directors, are set out under the headings of customer focus, responsibility and renewal.

The Board of Directors also approved the Group’s long-term financial targets. The aim is to double net sales over a period of three years and to achieve an operating profit equal to 5% of net sales, a return on equity of 12% and an equity ratio in the longer term of at least 40%.

Group management and reporting structure

The company’s businesses are Frozen Foods, Seafood, Vegetable Oils, Grain Trading and Other Operations, which are also the primary reporting segments in the Group’s reporting.

Frozen Foods consists of Apetit Pakaste Oy, the Seafood business comprises Apetit Kala Oy and the Maritim Food group, Vegetable Oils comprises Mildola Oy, Grain Trading is made up of Avena Nordic Grain Oy and its subsidiaries, and the Other Operations segment comprises Apetit Suomi Oy, Group Administration and items not allocated under any of the other 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. The personnel at Apetit Suomi Oy have been divided between Frozen Foods and Seafood in proportion to services sold. The secondary reporting segments consist of the following geographical segments: Finland, Scandinavia, the Baltic countries and Russia and Other countries.

Alteration to reporting practice

Lännen Tehtaat decided to alter its reporting practice in respect of the way in which it presents its share of the profit/loss of associated companies from the start of 2008. The share of the profit/loss of associated companies related to Lännen Tehtaat’s food businesses is now included in the operating profit, and the share of the profit/loss of other associated companies is shown below the operating profit. The share of the profit/loss of the associated companies Sucros Ltd and Ateriamestarit Oy is included in the operating profit for the Other Operations segment. The figures for 2007 have been adjusted to correspond to the new form of presentation, to allow direct comparison. The share of the profit/loss of the associated company Sandanger AS for the period 1 March – 31 August 2007 was included in the operating profit for the Seafood segment.

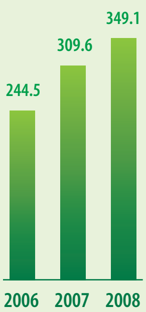
Corporate arrangements

Corporate transactions in line with the approved strategy were completed in the Group’s businesses during the financial year.

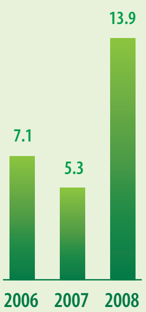
In a transaction concluded at the start of September, Lännen Tehtaat plc sold the remaining 49% of its holding in Suomen Rehu Ltd to Hankkija-Maatalous Oy. This transaction followed on from the sale of the majority holding in Suomen Rehu completed in June 2007, when Suomen Rehu and its subsidiaries were transferred to the Hankkija-Maatalous group. The September 2008 transaction marked the complete withdrawal of Lännen Tehtaat from the feeds business, in accordance with its strategy.

The subsidiary company Apetit Pakaste Oy sold its jams and marmalades business to Saarioisten Säilyke Oy in a deal agreed in the spring and put into effect in September. The agreement transferred the development, manufacturing, sale and marketing of jams and marmalades to Saarioisten Säilyke Oy. The agreement also included the Dronningholm brand.

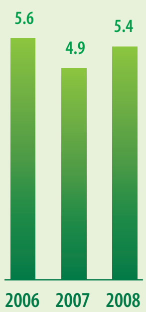
Consolidated net sales, EUR million



Operating profit, EUR million



Operating profit without non-recurring items, EUR million



Profit for the financial year, EUR million

At the start of the financial year a new shareholding arrangement was introduced in Avena Nordic Grain Oy. As part of Avena Nordic Grain Oy's personnel commitment plan, Lännen Tehtaat plc decided in February to offer Avena Nordic Grain's personnel the opportunity to obtain a stake in the ownership of Avena Nordic Grain Oy. The arrangement was put in place by establishing a new company, Foison Oy, which purchased 20% of the shares in Avena Nordic Grain Oy from Lännen Tehtaat. Almost the entire personnel at Avena Nordic Grain Oy joined the scheme, subscribing 73.1% of the new company's shares, with the remaining 26.9% being subscribed by Lännen Tehtaat plc.

Key indicators

	2008	2007	2006
Continuing and discontinued operations			
Profit for the financial year, EUR million	**17.1**	13.4	13.1
Profit for the financial year, %	**4.9**	3.6	3.2
Earnings per share, EUR	**2.73**	2.13	2.10
Equity per share, EUR	**21.83**	20.36	19.06
Equity ratio, %	**70.5**	62.1	50.3
Return on equity (ROE), %	**12.9**	10.8	10.5
Return on investment (ROI), %	**13.8**	10.0	11.2
Continuing operations			
Net sales, EUR million	**349.1**	309.6	244.5
Operating profit, EUR million	**13.9**	5.3	7.1
Operating profit, %	**4.0**	1.7	2.9
Operating profit without non-recurrent items, EUR million	**5.4**	4.9	5.6
Operating profit without non-recurrent items, %	**1.6**	1.6	2.3
Profit before taxes, EUR million	**10.7**	4.6	10.2
Profit for the period, EUR million	**10.0**	4.2	7.5
Earnings per share, EUR	**1.60**	0.66	1.20
Discontinued operations			
Net sales, EUR million	**-**	78.8	173.5
Profit for the period, EUR million	**7.1**	9.2	5.6
Earnings per share, EUR	**1.13**	1.48	0.90

Other key indicators are presented in the 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 profit for the year came to EUR 17.1 (13.4) million, and the earnings per share amounted to EUR 2.73 (2.13).

Continuing operations

The net sales from continuing operations in the financial year came to EUR 349.1 (309.6) million, an increase of EUR 39.5 million or 13% on the previous year. The growth occurred mainly in the Vegetable Oils and Grain Trading businesses.

The operating profit from continuing operations totalled EUR 13.9 (5.3) million. The same figure but excluding non-recurrent items was EUR 5.4 (4.9) million.

Net financial expenses were EUR -3.3 (-0.8) million. Interest and other financial income totalled EUR +0.9 (+2.0) million. Other financial income includes unrealized valuation gains of EUR +0.4 (+1.0) million with no cash flow implications. Interest and other financial expenses totalled EUR -4.1 (-2.7) million. Other financial expenses include EUR -0.5 (0.0) million as the share of the Avena Nordic Grain profit attributable to the Avena employee shareholders, and unrealized valuation losses of EUR -1.6 (-0.1) million with no cash flow implications.

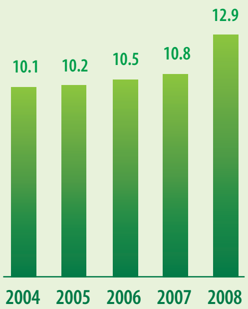
The profit before taxes from continuing operations was EUR 10.7 (4.6) million. This includes EUR +8.2 (+0.4) million as the effect of non-recurring items. The most significant non-recurring items concerned the business activities of the associated company Sucros Ltd and the sale of the jams and marmalades business. Taxes for the financial year came to EUR -0.7 (–0.4) million. The continuing operations' profit for the year came to EUR 10.0 (4.2) million, and the earnings per share amounted to EUR 1.60 (0.66).

Discontinued operations

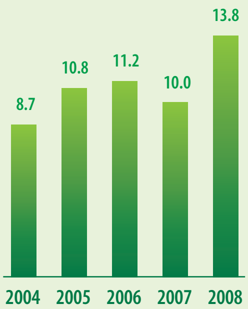
In both 2008 and 2007, the discontinued operations consisted of the Suomen Rehu group. The net sales from discontinued operations in 2007 totalled EUR 78.8 million.

The profit from discontinued operations in 2008 came to EUR 7.1 (9.2) million, and the earnings per share amounted to EUR 1.13 (1.48). The profit for the year includes a profit of EUR 6.6 million from the sale of the minority holding in Suomen Rehu, and EUR 0.5 million as the share of the associated company Suomen Rehu's profit for January-August. The corresponding figures for 2007 included the Suomen Rehu group's profit of EUR 2.3 million for January-May, the profit of EUR 5.6 million on the sale of the majority holding in Suomen Rehu and EUR 1.4 million as the share of the associated company Suomen Rehu's profit for June-December.

Return on equity, %



Return on investment, %



Equity ratio, %

Financing and balance sheet

The Group's financial position strengthened and its liquidity improved. The biggest impact on the financial position was the sum of EUR 27 million received from the sale of the minority holding in Suomen Rehu.

The cash flow from operating activities in the financial year after interest and taxes amounted to EUR -0.4 (+5.3) million. The impact of the change in working capital was EUR -5.1 (–3.3) million. The cash flow from investing activities came to EUR +30.3 (+22.5) million, and included the sale of Suomen Rehu shares. The cash flow from financing activities came to EUR -25.1 (-30.2) million, and included EUR -5.3 (-5.3) million in dividend payments. The cash flow figures for 2007 included cash flow from discontinued operations. The net change in cash and cash equivalents was EUR +4.8 (-2.4) million.

At the end of the financial year, the Group had EUR 15.2 (33.6) million in interest-bearing liabilities and EUR 13.7 (13.2) million in liquid assets. Net interest-bearing liabilities totalled EUR 1.5 (20.4) million. The consolidated balance sheet total stood at EUR 192.3 (205.9) million. Equity totalled EUR 135.6 (128.0) million at the end of the financial year, and the equity ratio was 70.5% (62.1%). Commercial papers issued for the Group's short-term financing stood at EUR 9.0 (27.5) million at the end of the financial year. The Group's liquidity is secured with committed credit facilities; a total of EUR 25.0 (15.0) million was available in credit at the end of the financial year. No credit facilities were used during the financial year.

Investment

Gross investment in non-current assets excluding corporate acquisitions came to EUR 8.1 (7.5) million. Investment by Frozen Foods totalled EUR 6.0 (2.0) million, by the Seafood business EUR 1.5 (4.3) million, by Vegetable Oils EUR 0.2 (0.4) million, by Grain Trading EUR 0.3 (0.0) million and by Other Operations EUR 0.2 (0.2) million. In 2007, investment by the Feeds business up to the date of sale of the majority holding was EUR 0.6 million.

Investment in shares during the financial year totalled EUR 0.5 (11.6) million, of which the purchase of Foison Oy shares accounted for EUR 0.4 million.

Overview of business segments

Frozen Foods

Net sales in Frozen Foods totalled EUR 49.3 (49.3) million. Like-for-like net sales were up by 4% for the full financial year, adjusted for the effects of the sale of the jams and marmalades business. This growth occurred evenly across all the distribution channels, with the exception of exports, which were down slightly. In retailing, the active marketing campaigns and new product launches boosted sales of Apetit products. The highest growth was in sales of frozen potato products, up almost 20%. Sales of frozen vegetables and frozen ready meals also did well, while frozen pizza sales fell as a result of the reduced level of marketing. Apetit Pakaste brought a number of new frozen vegetable products to the retail market during the year, including potato and chopped vegetables for soups and a brand new product range of frozen vegetables in different sauces.

The operating profit of Frozen Foods, excluding non-recurring items, was EUR 3.1 (3.5) million. Non-recurring items totalled EUR +2.0 (-0.2) million and consisted of EUR +2.5 million from the sale of the jams and marmalades business, and EUR -0.5 million from the transfer of the Turku factory production. Apetit Pakaste raised its prices during the year to compensate for the increase in costs.

The sale of the jams and marmalades business to Saarioisten Säilyke Oy took effect at the start of September. A non-recurring sales profit of EUR 2.5 million from this transaction was included in the third-quarter result.

The premises formerly used by the jams and marmalades business were refurbished during the autumn for use in frozen ready food production following transfer of this production from Turku. The jam and marmalade production personnel underwent an intensive five-week training and induction period to work in the new frozen ready foods production plant. Production of frozen ready foods began smoothly at Säkylä in December, as planned. For the transfer of the packaging operation from Turku it was necessary first to enlarge the Säkylä premises, after which the packaging operation was then begun in November. The lease on the Turku property formerly used by Frozen Foods terminated at the end of the financial year. Non-recurring expenses of about EUR -0.5 million were incurred in the final quarter on account of the transfer of the Turku frozen ready meals factory and packaging operation. This centralization of production is expected to improve the annual profit by about EUR 0.9 million, starting in 2009.

Frozen Foods' sales and product development functions were reorganized in the spring in order to strengthen the customer-oriented and demand-driven resource planning processes and to simplify the responsibilities for performance. This involved transferring the sales and product development personnel from the service company Apetit Suomi Oy to Apetit Pakaste Oy.

Investment in Frozen Foods totalled EUR 6.0 (2.0) million. The investment in property and equipment necessary for the transfer of production from Turku amounted to EUR 4.6 million. Other investment was in renewing the company's enterprise resource planning system and in small-scale replacements. It was decided to postpone the introduction of the enterprise resource planning system in Frozen Foods until 2009.

Seafood

The net sales of the Seafood business totalled EUR 89.7 (81.7) million, up by about 10% on the previous year's figure. The incorporation of Maritim Food into the Group at the start of March 2007 and of Sandanger at the start of September 2007 boosted net sales by EUR 11 million.

In the Seafood business, the operating profit excluding non-recurring items was EUR -1.6 (-1.5) million, which was about the same as in 2007. The non-recurring items in 2008 amounted to EUR -0.8 (-0.3) million and consisted of the expenses incurred in streamlining the organizational structure, write-downs on machinery and equipment removed from service, and non-recurring expenses concerning storage arrangements. The non-recurring items in 2007 comprised a write-down on real estate.

Net sales of the Seafood business in Finland were down slightly on the previous year. Apetit Kala's sales were adversely affected in the first half of the year by disruptions in deliveries of the raw material for hot-smoked whitefish, the poor availability of wild fish (which continued into the second half of the year), the consumer trend towards low added value fillets of salmon and rainbow trout, and the changes in the Kalatori network.

Seafood's profitability in Finland increased significantly as a result of the improvements in labour and raw material productivity and delivery reliability. The retail sector's active sales campaigns for salmon and rainbow trout fillets continued, and this has steered consumption towards the campaign-priced low added value salmon and rainbow trout fillets and weakened the profitability of Seafood's consumer-packaged fillet products and of the Kalatori service counters.

The organizational changes made in Apetit Kala's sales, production, product development and logistics continued in the spring, with the aim of simplifying responsibilities, improving reaction speeds and boosting cost efficiency. As part of this process, the personnel in charge of Apetit Kala sales and customer relationships were transferred from Apetit Suomi Oy to Apetit Kala Oy at the start of April. This reinforced the customer-oriented and demand-driven resource planning processes and simplified the responsibilities for performance.

In concept sales on the Finnish market, the decision was taken to renew customer agreements, make the structure of the sales network more efficient and develop the product range, all with the aim of improving profitability. In Finnish production of fish products, the measures aimed at further improving labour productivity were continued.

The hotel, restaurant and catering sector cooperation with Saarioinen Oy was launched at the start of September. The aim of this cooperation is to gain a significant improvement in the availability of Apetit Kala products in the hotel, restaurant and catering sector.

In international markets, Seafood's net sales for 2008, calculated in the respective local currencies and adjusted for year-on-year comparison, were close to the 2007 figure. The sales growth of shellfish in brine and fish food continued, and sales of dressings turned on to a growth track. The sales volume of fresh fish products was down on the previous year's total.

In international operations, profitability was adversely affected by the rise in shellfish product raw material prices, which could not be passed on to sales prices because of the long agreement periods. Profit was also affected by the fall in labour and raw material productivity in the Swedish operations. The lines of responsibility for production control in Sweden were simplified in the autumn.

Sales price increases compensating for the rise in costs were made in the international units, and the measures to improve operating efficiency and productivity were continued.

At Apetit Kala Oy, Jarno Järvinen took up the post of Managing Director at the start of September, and Jan Brevik was appointed Managing Director of Maritim Food Sweden AB, also continuing as Managing Director of Maritim Food AS. As of the start of 2009, Heljä Mantere took up the responsibility for the concept business.

The organizational structure in the Seafood business was streamlined at the end of the year by discontinuing the positions of director of the Seafood business, sales director in Sweden and project manager. These organizational changes produced cost savings, which will improve the profit of the Seafood business by about EUR 0.5 million as of the start of 2009.

Investment in the Seafood business during the financial year totalled EUR 1.5 (4.3) million. In Finland, investment focused mainly on the renewal of Seafood's enterprise resource planning system. The new system was introduced at Apetit Kala at the start of October and has proceeded smoothly. In the international units, investment focused on Seafood's enterprise resource planning system and on machinery and equipment for improving productivity. The most significant of the investments was the packaging line introduced in the Swedish unit for products intended for the hotel, restaurant and catering sector.

Vegetable Oils

Net sales in 2008 totalled EUR 62.0 (46.0) million, up 35% on the previous year's figure. This was the result of considerable increases in sales prices, the volume growth in sales of oils and protein feeds, and an increase in the added value of products sold.

Operating profit excluding non-recurring items was EUR -0.0 (0.8) million. Non-recurring items totalled EUR -0.1 (+0.1) million

The total rapeseed crop in Finland fell to 86,000 tonnes (2007: 113,000 tonnes) on account of the reduced area under cultivation.

Due to the poor availability of Finnish raw materials it was necessary to use an amount of imported raw materials. The shipping charges for this, together with the higher energy costs in comparison with 2007, served to weaken profitability. On account of the long-term supply agreements, it was not possible to raise Mildola's sales prices to the extent that would have been needed to compensate for the higher costs. The fourth-quarter result was adversely affected by the cut made in a significant, previously agreed export deal because of financial difficulties faced by the customer. The refining margin improved towards the end of the year, but the volume fell short of the planned level.

Vegetable oil raw material prices are determined on world markets. The period 2007 – 2008 saw an unprecedented increase in the price of rapeseed followed by a powerful decline, after which the raw material market has been unsettled. The traditional mode of operation, with its long agreement periods, has proved unworkable in the present market environment, and so to improve profitability in Vegetable Oils, Mildola has adopted new mode of operation on the final products market and on the raw material market. The further development of Mildola's internal operation and the renewal of its management procedures, begun in the spring, will continue.

Erkki Lepistö took up the post of Managing Director at Mildola at the start of July.

Investment in the Vegetable Oils business consisted of minor expenditure on replacements, totalling EUR 0.2 (0.4) million.

Grain Trading

Net sales in Grain Trading amounted to EUR 148.5 (132.8) million, up by about 12% on the previous year's figure. The operating profit of the Grain Trading business rose to a total of EUR 5.4 (3.9) million as a result of the good performance in the early part of the year.

In the first six months, the scarcity of supply for all agricultural commodities pushed up prices to record levels. For several years in a row, the global grain crop had only been at average levels, though the demand for grains and oilseeds for both food and energy purposes continued to grow. This reduced the world's stocks very considerably and caused concern over the adequacy of supply. Growers around the world reacted to the high prices by increasing the area under cultivation for the next season wherever this was feasible. With the growing conditions being favourable, the supply of grains and oilseeds became plentiful in the second half of the year, pushing prices down significantly. As the autumn wore on, trading in grains slackened off throughout the EU as growers waited for prices to improve later in the season.

Avena adapted well to these changing market conditions. In 2008, Avena Nordic Grain Oy accounted for about a quarter of all the grain sold in Finland, almost half of the exports of grain and more than half of imported grain. The company was also an important player in the feed raw material trade.

The new branch office opened in Salo in 2007 was fully operational, allowing Avena to improve the efficiency of its grain purchasing, especially in southwest Finland. The representative office in Kazakhstan was moved from Almaty to the new capital, Astana, which is closer to the actual grain-producing regions. A new regional office was also opened in Lithuania.

Investment in Grain Trading amounted to EUR 0.3 (0.0) million and was spent on renewing the company's enterprise resource planning system. The new integrated system will be taken into service during 2009.

Other Operations

Net sales in Other Operations amounted to EUR 3.0 (4.4) million.

Other Operations comprise the service company Apetit Suomi Oy, Group Administration, items not allocated under any of the business segments, and the associated companies Sucros Ltd and Ateriamestarit Oy.

The cost impact of the services produced by Apetit Suomi Oy is an encumbrance on the operating result in proportion to the use of services. At the beginning of April, the sales and product development personnel of Apetit Suomi Oy were transferred to the Frozen Foods and Seafood businesses, which reduced Apetit Suomi's net sales.

The full-year operating profit excluding non-recurring items totalled EUR -1.6 (-1.8) million. This figure includes EUR 1.6 (1.3) million as the share of the profits of associated companies. Non-recurring items for the year totalled EUR +7.4 (+0.9) million. EUR +7.5 (+0.7) million in non-recurring items will be reported under the profit of associated companies.

Investment in Other Operations totalled EUR 0.2 (0.1) million and was spent on the renewal of the enterprise resource planning (ERP) system and the reporting systems, and on environmental care of the Säkylä industrial estate. The new ERP system was introduced in the parent company and in Apetit Suomi Oy at the start of September and this introductory phase proceeded without incident.

Decisions of the 2008 Annual General Meeting

Lännen Tehtaat plc's Annual General Meeting of 2 April 2008 adopted the parent company's financial statements and the consolidated financial statements, and discharged the members of the Board of Directors and of the Supervisory Board and the Chief Executive Officer from liability for the financial year 2007.

Dividend distribution

The Annual General Meeting decided to pay a dividend of EUR 0.85 per share on the profit for the financial year 2007. The decision was taken to pay this dividend on 15 April 2008.

Amendments to the Articles of Association

The Annual General Meeting approved the Board of Directors' proposal for increasing the maximum age of persons to be elected as members of the Board of Directors and as members of the Supervisory Board. Under this decision, anyone who is 68 years of age or older may not be elected as a member of the Board of Directors or the Supervisory Board.

Authorizations granted to the Board of Directors

Authorization to issue shares

The Lännen Tehtaat plc Annual General Meeting of 2 April 2008 authorized the Board of Directors to decide on issuing new shares and on the transfer of Lännen Tehtaat plc shares held by the company, in one or more lots, as a share issue of a total of no more than 947,635 shares.

The share issue authorization covers all of the Lännen Tehtaat plc shares already in the company's possession, i.e. 65,000 shares, as well as all of the specified maximum of 250,878 Lännen Tehtaat plc shares coming into its possession by virtue of the authorization of 2 April 2008 for acquiring the company's own shares. The maximum number of new shares that can be issued is 631,757 and the maximum number of Lännen Tehtaat shares held by the company that can be transferred is 315,878.

The subscription price for each new share must be at least its nominal value, EUR 2. The transfer price for Lännen Tehtaat plc shares held by the company must be at least the current value of the share at the time of transfer, determined by the price quoted in public trading on the NASDAQ OMX Helsinki exchange, but when implementing share-based incentive plans shares can also be issued without consideration.

The authorization is valid until the next Annual General Meeting. The authorization revoked the earlier authorization to issue shares, given on 29 March 2007, and the authorization to transfer Lännen Tehtaat plc shares, given on the same date.

Authorization to purchase own shares

The Annual General Meeting authorized the Board of Directors to decide on acquiring for the company a maximum of 250,878 of the company's own shares using funds belonging to its unrestricted shareholders' equity.

The shares can be acquired for the purpose of strengthening the company's capital structure, financing or implementing corporate acquisitions or other arrangements, implementing share-based incentive plans, or otherwise for onward transfer or invalidation.

The maximum number of shares that can be acquired in one or more lots is 250,878. The acquisition must be made in such a way that the combined total of Lännen Tehtaat plc shares in the company's possession after the acquisition does not exceed five (5) per cent of the total number of Lännen Tehtaat plc shares. The Board of Directors is authorized to decide on the order in which the shares are acquired.

The shares must be acquired in public trading on the NASDAQ OMX Helsinki exchange. The consideration to be paid for the shares acquired will be the current price at the moment of acquisition. The minimum price of shares acquired during the validity of the authorization will be the lowest, and the maximum price the highest, market price quoted in public trading. The acquisition price of the shares will be paid to the sellers within the time limit specified in the rules of the NASDAQ OMX Helsinki exchange and of Euroclear Finland Ltd (formerly the Finnish Central Securities Depository Ltd).

Since the shares will be acquired in public trading, the acquisition will be in a manner other than in proportion to the existing holdings of shareholders. The acquisition of the shares will reduce the company's distributable unrestricted equity The Board of Directors is entitled to decide on other terms applying to acquisition of Lännen Tehtaat plc shares.

The authorization is valid until the next Annual General Meeting.

Use of the authorizations granted to the Board of Directors

Authorizations to issue shares

By 18 February 2009, the Board of Directors had not exercised the authorizations granted to it to issue new shares or to transfer Lännen Tehtaat plc shares held by the company.

Acquisition of own shares

On 6 May 2008, the Lännen Tehtaat plc Board of Directors decided to acquire a maximum of 65,000 of the company's own shares using the authorization granted to it by the Annual General Meeting. A total of 65,000 shares were acquired in trading on the NASDAQ OMX Helsinki exchange during the period 19 May - 20 August 2008. The total acquisition cost of these shares was EUR 1.0 million. The average price of the shares acquired was EUR 15.25 per share, with the highest purchase price being EUR 15.89 and the lowest price EUR 14.35.

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

Sale of shares in joint account

The Lännen Tehtaat plc Annual General Meeting of 29 March 2007 took the decision to sell, on behalf of the respective holders, the company's shares held in the joint book-entry account and not transferred to the book-entry system, in accordance with chapter 3a, section 3a, of the old Companies Act (734/1978) and section 8 of the Act (625/2006) which implements the Limited Liability Companies Act (624/2006).

The sale began in September. The sale concerns a total of 51,910 Lännen Tehtaat plc shares that were in the joint book-entry account, representing about 0.8% of the total number of Lännen Tehtaat plc shares and of the voting rights.

Shares, share capital and share trading

The shares of Lännen Tehtaat plc are all in one series, and all shares carry the same voting and dividend rights. The Articles of Association specify that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a shareholders' meeting. The nominal value of each of the company's shares is EUR 2. At both the beginning and the end of the financial year, the total number of shares issued by the company stood at 6,317,576, and the registered share capital totalled EUR 12,635,152. The minimum amount of share capital is EUR 10 million, and the maximum amount EUR 40 million.

The number of Lännen Tehtaat plc shares held by the company at the close of the financial year was 130,000, representing 2.1% of the entire share capital.

The number of Lännen Tehtaat plc shares traded on the stock exchange during the financial year was 962,862 (923,450), representing 15.2% (14.6%) of the total number of shares. The highest share price quoted was EUR 17.00 (24.50) and the lowest EUR 13.00 (15.65). The share turnover was EUR 14.0 (19.3) million. The year-end share price was EUR 13.49 (16.19), and the combined market value of all shares was EUR 85.2 (102.3) million.

Flagging announcements

There were no flagging announcements during the financial year.

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.

IFRS reporting

Lännen Tehtaat's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

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, 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, the accumulation of consolidated profit occurs especially in the final quarter of the year. 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.

Apetit Kala's sales peak at weekends and on seasonal holidays. A major proportion of the entire year's profit in the Seafood business depends on the success of Christmas sales.

Net sales in Grain Trading 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.

Research and development

The Group's research and development costs came to EUR 0.8 (0.7) million, representing 0.2% (0.2%) of net sales. The research and development work mainly concerned the development of new products.

In Frozen Foods, product development focused on the development of frozen ready meals with a higher added value and new kinds of frozen vegetable combinations. Product launches included potatoes and chopped vegetables for soups, a lactose-free spinach soup and a new series of frozen vegetables with different sauces.

In the Seafood business, the focus was mainly on production and logistics improvements and on the control of operations. New launches made on the basis of product development included the Kalamestari fish strips range introduced at the start of 2008.

In the Vegetable Oils business, Mildola continued to develop the Neito range of oils, launching new products during the year. For its food industry customers the company developed a number of customer-specific product solutions, while for the hotel, restaurant and catering sector it focused on products designed for new customers.

In Grain Trading, development focused on operating control systems.

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 categorized as strategic, operating, financial and hazard risks.

The Group's most significant strategic risks concern corporate acquisitions and their integration into the Group, and changes occurring in the Group's business sectors and in its customer relationships. There are significant concentrations of customers in the Seafood business in Norway and in the concept business in Finland.

The main operating risks concern raw material availability, the time lags between purchasing and sale or use, and fluctuations in raw material prices. Managing price risks is especially important in the Group's Grain Trading, Vegetable Oils and Seafood businesses, 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 both the Vegetable Oils and Grain Trading businesses, 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 25 of the Notes to the consolidated financial statements.

Fire, serious process disruptions and disease epidemics can all lead to major property damage, losses from breaks in production, 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-monitoring, 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

Financial uncertainty has increased the counterparty risks, and so special attention is being given in Group companies to the management of risks concerning customers' solvency and the ability of suppliers to deliver.

The economic recession may have both positive and negative effects on the demand for different products and product groups.

Projects to renew Lännen Tehtaat's enterprise resource planning systems were launched in 2007. In the Vegetable Oils business the new ERP system was introduced during the same year, and new systems were introduced in the parent company, in Apetit Suomi and in Apetit Kala during autumn 2008. The aim is to replace all of the Group's old operating and financial control systems with integrated solutions. This will be done in the Frozen Foods and Grain Trading businesses during 2009. Lännen Tehtaat is aware of the risks involved in transferring to the new systems, and to ensure that these risks are managed the project's progress is being regularly monitored by steering and working groups.

Management

At its organizational meeting on 9 April 2008, Lännen Tehtaat plc's Supervisory Board elected Helena Walldén as chairman and Juha Nevavuori as vice chairman of the Supervisory Board.

The company's Board of Directors elected by the Supervisory Board on 9 April 2008 comprises Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen, Hannu Simula, Soili Suonoja and Tom v. Weymarn. Tom v. Weymarn was elected chairman of the Board of Directors and Hannu Simula was elected vice chairman.

Matti Karppinen has been Lännen Tehtaat plc's CEO since 1 September 2005. The Board of Directors appointed the Group's CFO, Eero Kinnunen, as Deputy CEO, the appointment taking effect on 1 January 2008.

Personnel

Lännen Tehtaat's personnel strategy focuses on improving employee wellbeing, professional competence and management skills. During the year, particular attention was given to the development of professional competence, multiskilling and the creation of a system of stand-ins.

In 2008, the Group employed an average of 755 (continuing operations in 2007: 705 and 2006: 662). The distribution of personnel across the different businesses is as follows:

	2008	2007	2006
Frozen Foods	**237**	248	275
Seafood	**441**	379	303
Vegetable Oils	**35**	36	36
Grain Trading	**30**	29	29
Other Operations	**12**	11	19
Continuing operations	**755**	705	662
Salaries and other remuneration paid, continuing operations, EUR million	**28.5**	23.8	20.6

The increase in Seafood business personnel was due to the incorporation of the companies of the Maritim Food group into the Lännen Tehtaat Group in 2007 and the growing number of personnel in the concept sales following the transfer of previously franchised Kalatori service counters to be managed by Apetit Kala personnel.

Incentive plans

As part of the incentive plan for Grain Trading personnel, Lännen Tehtaat plc decided to offer Avena Nordic Grain's personnel the opportunity to obtain a stake in the ownership of Avena Nordic Grain Oy. To this end, Lännen Tehtaat plc sold 20% of its shares in Avena Nordic Grain Oy to a new company, Foison Oy, set up for this purpose. Almost the entire personnel at Avena Nordic Grain Oy joined the scheme, subscribing 73.1% of the new company's shares, with the remaining 26.9% being subscribed by Lännen Tehtaat plc. The Foison Oy shares owned by Lännen Tehtaat can be used for share-based incentive purposes on the decision of Lännen Tehtaat plc whenever new personnel are recruited to Avena.

On 2 April 2008, the Lännen Tehtaat plc Board of Directors decided to set up a share-reward scheme as part of the Group's commitment plan for key personnel. Under the scheme, key personnel have the opportunity to receive Lännen Tehtaat plc shares as a reward for achieving defined earning-criteria targets for the earning period. The earning period for the scheme is 1 January 2008 to 31 December 2008. The reward paid on this 2008 earning period was based on the earnings per share for the Group's continuing operations. As the defined target was not achieved in 2008, no reward will be paid for that earning period. The share reward scheme covered 13 personnel during the 2008 earning period.

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

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 considerations in all its activities. The aim is that production should be efficient and in harmony with the environment.

The most important environmental matters concern, in Frozen Foods, process waters and vegetable waste from production; in Seafood, process waters and fish waste from the fish raw material in processing; in Vegetable Oils, odorous gases, weeds separated at raw material reception and bleaching clay used in processing. A certain amount of packaging waste is also produced during manufacture in all the businesses.

Lännen Tehtaat's management has defined the company's environmental goals as part of its overall operating policy. All production units that are required to have an environmental permit have a current permit.

Lännen Tehtaat is not aware of any significant individual environmental risks at the time of completion of the financial statements.

The Group's environmental costs in 2008 came to EUR 0.5 million, representing 0.2% of net sales.

Environmental issues are reported in more detail (in Finnish) on the Lännen Tehtaat website at www.lannen.fi/fi/ymparisto.

Events since the end of the financial year

With the aim of bringing production and costs into line, Mildola Oy began co-determination talks in January concerning lay-offs affecting its entire personnel. Co-determination talks regarding the need for lay-offs were also begun in January at Apetit Kala Oy concerning the salaried and waged personnel at the Kuopio fish processing plant.

Outlook for 2009

The global economic downturn may have an impact on Lännen Tehtaat's businesses during the year. Forecasting changes in consumer demand and in customer behaviour is difficult, however, but it is widely believed that consumer demand for food products will increasingly be channelled towards basic foodstuffs and low value added products.

The net sales of Lännen Tehtaat's continuing operations will be affected particularly 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 from continuing operations, excluding non-recurring items, is estimated to be at about the same level as in 2008. This forecast is nevertheless subject to considerable uncertainty given the economic circumstances prevailing in 2009.

In contrast to 2008, the profit accrual in 2009 is expected to be heavily weighted towards the latter half of the year. The first-quarter operating profit excluding non-recurring items is expected to fall short of the figure for the same period in 2008.

The need for investment in non-current assets is significantly less than in 2008.

Proposed dividend

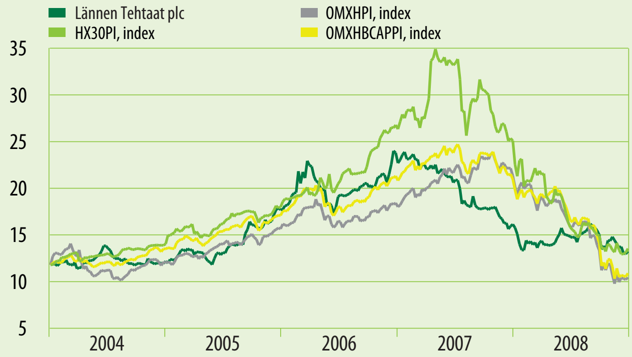
The aim of the Board of Directors of Lännen Tehtaat plc is that the company's shares provide shareholders with a good return on investment and retain their value. It is the company's policy to distribute in dividends at least 40% of the profit for the financial year attributable to shareholders of the parent company.

The parent company's distributable funds totalled EUR 78,888,764.38 on 31 December 2008, of which EUR 23,596,200.59 is profit for the financial year.

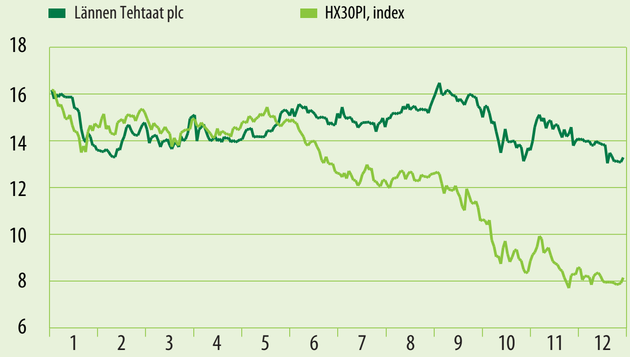
The Lännen Tehtaat Group's profit for 2008 included significant non-recurring items related to implementation of the strategy of Group companies. For this reason, the Board of Directors of Lännen Tehtaat plc will propose that the company deviates from its dividend policy. The Board will propose to the Annual General Meeting that a dividend of EUR 0.85 (0.85) per share be paid, amounting to EUR 5,259,439.60, and that EUR 73,629,324.78 remain in its equity. The proposed dividend is thus 31.1% of the earnings per share.

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.

Share performance 2004 – 2008, EUR

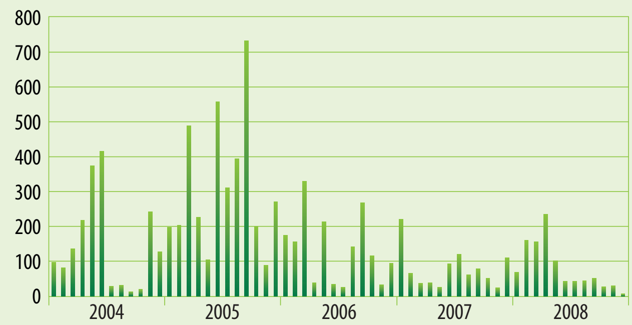


Share performance 2008, EUR



Market capitalization 2004 – 2008, EUR million

Share trading 2004 – 2008, 1,000 shares



Consolidated income statement

EUR million	Note	2008	2007
Net sales	(2)	**349.1**	309.6
Other operating income	(5)	**3.8**	1.4
Materials and services	(8)	**-272.3**	-239.2
Employee benefits expense	(6,28)	**-34.6**	-29.1
Depreciation	(3,9)	**-5.1**	-5.0
Impairments	(3,9)	**-0.2**	-0.5
Other operating expenses	(5)	**-35.9**	-34.1
Share of profits of associated companies	(2)	**9.1**	2.1
Operating profit	(2)	**13.9**	5.3
Financial income	(10)	**0.9**	2.0
Financial expenses	(10)	**-4.1**	-2.7
Profit before taxes		**10.7**	4.6
Income taxes	(11)	**-0.7**	-0.4
Profit for the period, continuing operations		**10.0**	4.2
Discontinued operations			
Profit for the period, discontinued operations	(4)	**7.1**	9.2
Profit for the period		**17.1**	13.4
Attributable to:			
Shareholders of the parent company	(12)	**17.0**	13.3
Minority interests		**0.1**	0.1
Earnings per share, calculated of the profit attributable to the shareholders of the parent company			
Basic and diluted earnings per share, EUR, total		**2.73**	2.13
Basic and diluted earnings per share, EUR, continuing operations		**1.60**	0.66
Basic and diluted earnings per share, EUR, discontinued operations		**1.13**	1.48

Consolidated balance sheet

EUR million	Note	31 Dec. 2008	31 Dec. 2007
ASSETS			
Non-current assets			
Intangible assets	(13)	5.3	4.7
Goodwill	(13)	5.9	7.0
Tangible assets	(13)	43.5	43.5
Investment in associated companies	(14)	25.0	39.2
Available-for-sale investments	(15)	0.1	0.1
Receivables	(16)	3.1	4.6
Deferred tax assets	(11)	1.4	0.3
Total non-current assets		84.3	99.4
Current assets			
Inventories	(18)	55.1	64.4
Current income tax receivables		0.7	0.4
Trade receivables and other receivables	(17)	38.7	28.6
Financial assets at fair value through profit and loss	(19)	3.8	8.1
Cash and cash equivalents	(20)	9.9	5.1
Total current assets		108.0	106.6
Total assets	(2)	192.3	205.9
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital		12.6	12.6
Premium fund		23.4	23.4
Own shares		-1.8	-0.8
Revaluation reserve and other reserves		6.4	7.6
Retained earnings		77.5	71.2
Net profit for the period		17.0	13.3
Total equity		135.1	127.3
Minority interests		0.5	0.7
Total equity	(21)	135.6	128.0
Non-current liabilities			
Deferred tax liabilities	(11)	4.5	4.8
Interest-bearing long-term borrowings	(23)	4.5	5.3
Long-term provisions	(22)	0.1	0.1
Other liabilities		0.2	-
Total non-current liabilities		9.3	10.2
Current liabilities			
Interest-bearing short-term borrowings	(23)	10.7	28.2
Current income tax liabilities		0.7	0.7
Trade payables and other liabilities	(24,26)	36.1	38.7
Total current liabilities		47.4	67.6
Total liabilities	(2)	56.8	77.9
Total equity and liabilities		192.3	205.9

Consolidated cash flow statement

EUR million	Note	2008	2007
Net profit for the period		17.1	13.4
Adjustments, total *)		-8.5	-1.5
Change in net working capital		-5.1	-3.3
Interests paid from operating activities		-2.4	-2.8
Interest received from operating activities		0.4	0.7
Taxes paid		-1.8	-1.2
Net cash flow from operating activities		-0.4	5.3
Investments in tangible and intangible assets		-8.1	-7.6
Proceeds from sales of tangible and intangible assets		3.0	0.2
Acquisition of subsidiaries deducted by cash	(3)	-0.4	-9.9
Proceeds from sales of subsidiaries	(4)	-	42.0
Transactions with minority		1.5	-
Acquisition of associated companies		-0.4	0.0
Proceeds from sales of associated companies	(4)	27.0	0.6
Purchases of other investments		-14.0	-35.1
Proceeds from sales of other investments		18.1	27.0
Dividends received from investing activities		3.6	5.3
Net cash flow from investing activities		30.3	22.5
Repayments of short-term loans		-18.4	-16.7
Repayments of long-term loans		-0.1	-8.1
Payment of financial lease liabilities		-0.1	-0.1
Purchase of own shares		-1.0	-
Dividends paid to minority		-0.3	-
Dividends paid		-5.3	-5.3
Cash flows from financing activities		-25.1	-30.2
Net change in cash and cash equivalents		4.8	-2.4
Cash and cash equivalents at the beginning of the period		5.1	7.5
Cash and cash equivalents at the end of the period		9.9	5.1
***Adjustments to cash flow from operating activities:**			
Depreciation and impairments		5.3	5.7
Gains and losses on sales of fixed assets and shares		-9.1	-5.8
Share of profits of associated companies		-9.6	-3.6
Financial income and expenses		3.3	1.4
Income taxes		0.7	1.2
Other adjustments		0.9	-0.3
Total		-8.5	-1.5

Statement of changes in shareholders' equity

	Attributable to equity holders of the parent									
EUR million	Share capital	Share premium account	Revaluation reserve	Other reserves	Own shares	Translation differences	Retained earnings	**Total**	Minority interest	**Total equity**
Shareholders' equity at 1 Jan. 2007	12.6	23.4	0.5	7.3	-0.8	-0.2	76.5	119.2	-	119.2
Translation differences	-	-	-	-	-	0.1	-	0.1	-	0.1
Cash flow hedges gains / losses recorded in equity	-	-	-0.1	-	-	-	-	-0.1	-	-0.1
Taxes related to items entered into equity and removed from equity	-	-	0.0	-	-	-	-	0.0	-	0.0
Increase / decrease in subsidiary	-	-	-	-	-	0.2	-	0.2	0.7	0.9
Other changes	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Profit for the period	-	-	-	-	-	-	13.3	13.3	0.1	13.4
Total recognised income and expense	-	-	-0.1	-0.1	-	0.3	13.3	13.4	0.7	14.2
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-	-5.3
Shareholders' equity at 31 Dec. 2007	12.6	23.4	0.4	7.2	-0.8	0.1	84.5	127.3	0.7	128.0
Shareholders' equity at 1 Jan. 2008	12.6	23.4	0.4	7.2	-0.8	0.1	84.5	127.3	0.7	128.0
Translation differences	-	-	-	-	-	-2.1	-	-2.1	-	-2.1
Cash flow hedges gains / losses recorded in equity	-	-	-1.6	-	-	-	-	-1.6	-	-1.6
Taxes related to items entered into equity and removed from equity	-	-	0.4	-	-	-	-	0.4	-	0.4
Increase / decrease in subsidiary	-	-	-	-	-	-	0.4	0.4	-	0.4
Other changes	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Profit for the period	-	-	-	-	-	-	17.0	17.0	0.1	17.1
Total recognised income and expense	-	-	-1.2	-	-	-2.1	17.4	14.1	0.1	14.1
Purchase of own shares	-	-	-	-	-1.0	-	-	-1.0	-	-1.0
Dividend distribution	-	-	-	-	-	-	-5.3	-5.3	-0.3	-5.6
Shareholders' equity at 31 Dec. 2008	12.6	23.4	-0.8	7.2	-1.8	-1.9	96.6	135.1	0.5	135.6

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 PO Box 100, FI-27801 Säkylä, Finland. Business ID is 0197395-5.

On February 18, 2009, 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 Oy. The trading code of the share is LTE1S.

The primary reporting form is based on business and the reporting segments from 2007 are: Frozen Foods, Seafood, Vegetable Oil, Grain Trading and Other Operations. The geographical segment format from the beginning of the year 2007 is: Finland, Scandinavia, the Baltic countries and Russia, and Other Countries. Lännen Tehtaat's primary market is Finland.

Through a transaction concluded at the beginning of June 2007, Lännen Tehtaat plc sold 51 per cent of the shares in Suomen Rehu Ltd to Hankkija-Maatalous Oy. At the beginning of September 2008 parties signed an agreement transferring the remaining shares owned by Lännen Tehtaat in Suomen Rehu Ltd to Hankkija-Maatalous Oy. Suomen Rehu is reported as discontinued operations in accordance with IFRS 5 in the financial statements.

Business divisions	Products and services
Frozen Foods	
Apetit Pakaste Oy	Frozen foods
Seafood	
Apetit Kala Oy	Fish products and conceptsales
Maritim Food AS	Shellfish and fish products
Maritim Food Sweden AB	Shellfish
Maritim Food Sweden Egendom AB	Real estate management
Sandanger AS	Fish products
Vegetable Oil	
Mildola Oy	Vegetable oils and protein feed
Grain Trading	
Avena Nordic Grain Oy ZAO Avena St. Petersburg, Russia UAB Avena Nordic Grain, Lithuania	Trade in grains, oil seeds, pulses and raw materials for feeds
Other operations	
Lännen Tehtaat plc	Group administration, business structure development and holdings of shares and properties
Apetit Suomi Oy	Marketing, IT, HR, financial management and environmental organisation services

Associated companies and joint ventures:	
Sucros Oy	Manufacture, marketing and sales of sugar
Foison Oy	Holding in Avena Nordic Grain Oy
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 December 31, 2008. 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 recognized 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'.

Subsidiaries

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. 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.

Associates

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

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 recognized 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 recognized in the income statement.

Exchange gains and losses from operating activities are included in the corresponding items above the operating profit. Hedge accounting has been applied to some of the forward exchange contracts used to hedge foreign currency denominated sales and purchases, and these contracts have been treated in accordance with the hedge accounting model. The financial impact of these forward exchange contracts is therefore recognized in the income statement simultaneously with that of the hedged sale or purchase. The financial impact of the effective portion of forward exchange contracts is recognized as an adjustment to sales or purchases. Any ineffective portion of hedges is recognized under financial items.

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

Net sales and the principles for recognition as income

Income is recognized on the basis of the fair value of the consideration received or receivable. An item is recognized 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 is calculated, indirect taxes and trade discounts are deducted from proceeds.

Interest income is recorded under the effective interest method and dividend income when the right to the dividend has been created.

Pension liabilities

The pension contributions for defined contribution pension plans are paid to the pension insurance company. Payments for defined contribution plans are recorded as expenditure in the income statement for the financial year to which they are attributable. The Group does not have material defined benefit pension plans nor other benefits subsequent to the termination of employment.

Provisions

A provision is recognized 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 recognized 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 recognized 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 recognized 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 recognized up to an amount where it is probable that they can be utilized against future taxable profits. Deferred taxes are not recognized 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 recognized directly under shareholders' equity are also recognized 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 recognized under the expenses for the period in which they arose. Where clearly linked to a specific loan, transaction costs arising directly from loans are included in the loan's original amortized cost and divided into a series of interest expenses using the effective interest method.

Research and development costs

Research and development costs are recognized in the income statement under expenses for the period in which they arose. Development expenses for new products and processes are not recognized 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 capitalized 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 recognized as expenses in the balance sheet and amortized 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 recognized as an asset only if its financial benefit to the company exceeds the originally estimated level of performance. Otherwise the expenditure is recognized 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 estimated useful lives are as follows:

Property and plant	10 – 40 years
Machinery and equipment	5 – 15 years

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.

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.

Government grants

Government grants received for the acquisition of fixed assets are recognized 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 recognized 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 recognized. 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 at the balance sheet date 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 recognized if the balance sheet value of the asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognized 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 recognized on it in previous years. Impairment losses recognized on goodwill are not reversed.

Inventories

Inventories have been measured at the lower of acquisition cost and net realizable value. The net realizable 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 recognized in income at fair value includes assets held for trading. Financial assets held for trading have been acquired primarily for the purpose of making a profit on short-term changes in market prices. Derivative financial instruments, to which hedging does not apply, have been classified as held for trading. Both unrealized and realized gains and losses from changes in fair value are recognized in the income statement for the period in which they occur.

The Group does not have any and held-to-maturity investments.

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 recognized directly in shareholders' equity until the investment is sold or otherwise disposed of, when the changes in fair value are recognized in the income statement. Permanent impairment of assets is recognized 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.

Derivative financial instruments are initially recognized at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The method of recognizing any resulting gain or loss depends on the purpose of the derivative financial instrument. Those derivative financial instruments where hedge accounting applies and are effective hedge instruments, the fair value changes are recognised congruent with the hedged item in the income statement.

Fair values are measured using publicly quoted prices. If publicly quoted prices are not available, fair value is measure based on discounted cash flows and price quotation of the counterparty. Short-term receivables or payables are not discounted.

The carrying amounts of the financial assets are tested at each reporting date 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 recognized.

The Group applies hedge accounting to certain interest-rate swaps, forward currency contracts and asset derivatives that meet the terms for hedge accounting defined in the IAS 39 standard. 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 recognized in shareholders' equity, and any residual ineffective portion is recognized in income. The cumulative change in fair value recognized under shareholders' equity is recognized in income on the same date that the projected cash flow is recognized in the income statement. If a derivative financial instrument does not meet the hedge accounting terms defined in IAS 39, the change in its fair value is recognized directly in income.

Despite certain hedging relationships fulfill 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 are among others derivatives to hedge operative commodity and currency risks and fair value changes are recognized to other operating income and expense in line with Group's accounting policy.

Equity

Purchases of own shares are deducted from equity attributable to shareholders of the parent company up till the shares are cancelled or transferred back to circulation.

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Share-based payment transactions

Incentive programmes where the payments are made in part as company shares and in part as money, the benefits granted are recognised at current value at time of payments and recognised into the income statement as a cost arising from employee benefits evenly throughout the accrual and commitment period. The amount of money granted in the arrangement is determined based on the share price at the time of the financial statements, and recognised into the income statement as a cost arising from employee benefits evenly from the day of granting until the money is transferred to the recipient.

On 2 April 2008, Lännen Tehtaat plc's Board of Directors granted a share reward scheme as part of the Group's long-term commitment plan for key personnel. Under the scheme there was an opportunity to receive a maximum of 17,000 Lännen Tehtaat plc shares and a maximum cash payment equal to the total value of these shares if achieving defined targets for the earnings period 1 January 2008 to 31 December 2008. The targets were based on the Group's earnings per share for its continuing operations. There were no benefits given based on the scheme and no costs recognised in the income statement.

Non-current assets held for sale and discontinued operations
Non-current asset (or disposal group) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciations are ceased from the moment of classification. Non-current asset and the assets of a disposal group classified as held for sale are presented separately from the assets and liabilities of the continuing operations in the balance sheet. The income or expense and any gain or loss on sale of discontinued operations is presented separately in the Group's income statement.

Accounting principles requiring executive judgement and the main uncertainties concerning the assessments made
In preparing the consolidated financial statements in accordance with international accounting practices, the company's management has had to make assessments and assumptions that affect the amount of assets, liabilities, income and expenses recognized 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 recognized in the financial statements. The outcome may deviate from these estimates.

The Group tests annually goodwill for possible impairment and assesses any indication of impairment. The recoverable amounts of units that generate cash flow are based on value in use calculations. These calculations require the use of estimates.

Determination of the fair value of tangible and intangible assets acquired in business combinations requires estimations by management and is often based on assessment of asset cash flows.

Other assessments including management judgement are mainly related to restructuring plans, the extent of obsolescent inventories, environmental, litigation and tax risks, asset measurement and the use of deferred tax assets against future taxable profits.

Application of new and updated IFRS
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 2009 are not relevant to the group's operations. Adoption of the new IFRS 8 standard will not have significant changes to the financial statements.

- Amendment to IAS 1, 'Presentation of Financial Statements'
- Amendment to IAS 23, 'Borrowing Costs'
- Amendment to IFRS 2, 'Share-based payment'
- IFRS 8, 'Operating Segments'
- IFRIC 13, 'Customer Loyalty Programmes'
- IFRIC 15, 'Agreements for the Construction of Real Estate'
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'
- IFRIC 18, 'Transfers of Assets from Customers '
- Amendment to IAS 32 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements' (puttable instruments and obligations arising on liquidation)
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' (eligible hedged item)

The Group will adopt in 2010 the following standards and interpretations:
- Amendment to IFRS 3, 'Business combinations'
- Amendment to IAS 27, 'Consolidated and separate financial statements'
- IFRIC 17, 'Distributions of Non-cash Assets to Owners'

Management is assessing the impact of the revisions and interpretations in 2010 on the financial statements of the group.

Note 2. Segment information

Segment information is presented according to the Group's business and geographical segment reporting format. The Group's primary reporting form is the business segment format. The business segments are based on the internal organisation structure and internal financial reporting structure.

The business segments consist of groups of assets and business operations, whose risks and profitability of their products or services differ from the other business segments.

Regarding the geographical segment format the income is based on the geographical location of the customers, and correspondingly the assets and liabilities are divided according to the geographical location of the assets.

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 have been allocated to the segment "Other operations".

Business segments
Frozen Foods
Seafood
Vegetable Oil
Grain Trading
Other Operations

Geographical segments
The secondary segment reporting format of Lännen Tehtaat is according to the geographical segment. The market areas have been defined into four segments: Finland, Scandinavia, the Baltic countries and Russia and Other countries.

Discontinued operations
Suomen Rehu Ltd is presented as discontinued operations apart from continuing operations of Lännen Tehtaat.

Business segments 1-12/2008

EUR million	Frozen Foods	Seafood	Vegetable Oils	Grain Trading	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	49.3	89.7	62.0	148.5	3.0	352.4	-	352.4
Intra-group sales	-0.1	0.0	0.0	-1.1	-2.1	-3.3	-	-3.3
Net sales	49.2	89.7	62.0	147.4	0.9	349.1	-	349.1
Share of profit/losses of associated companies included in operating profit / loss	-	-	-	-	9.1	9.1	-	9.1
Operating profit/loss	5.1	-2.4	-0.1	5.4	5.8	13.9	6.6	20.5
Share of profit/losses of associated companies	-	-	-	-	-	-	0.5	0.5
Assets	32.4	45.0	15.7	46.0	37.5	176.6	-	176.6
Unallocated						15.7	-	15.7
Assets total						192.3		192.3
Liabilities	7.1	10.3	4.1	10.5	4.2	36.2	-	36.2
Unallocated						20.6	-	20.6
Liabilities total						56.8		56.8
Gross investments in non-current assets	6.0	1.5	0.2	0.3	0.2	8.1	-	8.1
Corporate acquisitions and other share purchases	-	0.1	-	0.4	-	0.5	-	0.5
Depreciations	1.4	2.1	0.7	0.0	0.8	5.1	-	5.1
Impairments	-	0.2	-	-	-	0.2	-	0.2
Personnel	237	441	35	30	12	755	-	755

Unallocated assets include tax, financing and other items common to the whole Group.

Geographical segments 1-12/2008

EUR million	Finland	Scandinavia	Baltic countries and Russia	Other countries	Continuing operations total	Discontinued operations	Total
Net sales	209.9	65.8	7.6	65.9	349.1	-	349.1
Assets	159.7	28.3	4.4	-	192.3	-	192.3
Gross investments in non-current assets	7.2	0.9	-	-	8.1	-	8.1
Corporate acquisitions and other share purchases	0.4	0.1	-	-	0.5	-	0.5

Consolidated financial statements, IFRS

Business segments 1-12/2007

EUR million	Frozen Foods	Seafood	Vegetable Oils	Grain Trading	Other Operations	Continuing operations total	Discontinued operations	Total
Total external sales	49.3	81.7	46.0	132.8	4.4	314.2	78.8	393.0
Intra-group sales	-0.1	-0.1	0.0	-1.2	-3.2	-4.6	-11.6	-16.2
Net sales	49.2	81.6	46.0	131.6	1.2	309.6	67.2	376.8
Share of profit/losses of associated companies included in operating profit / loss	-	0.1	-	-	2.1	2.1	-	2.1
Operating profit/loss	3.3	-1.7	0.9	3.9	-0.9	5.3	9.1	14.5
Share of profit/losses of associated companies	-	-	-	-	-	-	1.4	1.4
Assets	28.3	49.9	15.0	43.9	55.0	192.0	-	192.0
Unallocated						13.9	-	13.9
Assets total						205.9		205.9
Liabilities	6.4	11.5	2.4	16.4	2.1	38.8	-	38.8
Unallocated						39.1	-	39.1
Liabilities total						77.9		77.9
Gross investments in non-current assets	2.0	4.3	0.4	-	0.2	6.9	0.6	7.5
Corporate acquisitions and other share purchases	-	11.6	-	-	-	11.6	-	11.6
Depreciations	1.7	1.6	0.6	0.1	1.0	5.0	0.2	5.2
Impairments	0.2	0.3	-	-	-	0.5	-	0.5
Personnel	248	379	36	29	11	705	123	827

Unallocated assets include tax, financing and other items common to the whole Group.

Geographical segments 1-12/2007

EUR million	Finland	Scandinavia	Baltic countries and Russia	Other countries	Continuing operations total	Discontinued operations	Total
Net sales	189.2	45.8	10.0	64.6	309.6	67.2	376.8
Assets	162.8	26.1	3.0	-	192.0	-	192.0
Gross investments in non-current assets	6.6	0.3	-	-	6.9	0.6	7.5
Corporate acquisitions and other share purchases	-	11.6	-	-	11.6	-	11.6

Note 3. Acquisitions

Lännen Tehtaat acquired on 28 February 2007 the shares of the Norwegian fish product manufacturer Maritim Food AS. The deal included Maritim Food AS and its wholly-owned Swedish subsidiaries Maritim Food Sweden AB and Maritim Food Sweden Egendom AB, as well as its 47.5% minority interest in the Norwegian Sandanger AS.

The purchase price of the shares was EUR 11.1 million. In 2008 additional purchase price of EUR 0.4 million was paid.

EUR million	Fair value 28 Feb. 2007	Acquiree's carrying amounts 28 Feb. 2007
Intangible assets	2.8	0.0
Tangible assets	4.2	3.6
Deferred tax assets	0.0	0.0
Inventories	3.6	3.1
Trade receivables and other receivables	2.6	2.6
Cash and cash equivalents	1.3	1.3
Total assets	14.5	10.7
Deferred tax liabilities	1.0	0.0
Long-term liabilities	5.7	5.7
Short-term liabilities	2.8	2.8
Total liabilities	9.5	8.6
Acquired portion of the net assets	5.0	2.2
Acquisition cost	11.5	
Goodwill	6.5	
Purchase consideration settled in cash	11.5	
Cash and cash equivalents in subsidiary acquired	1.3	
Cash outflow on acquisition	10.2	

The goodwill mainly comprises of synergies related sales, logistics, raw material purchases and planned savings on the fixed costs.

Net sales of Lännen Tehtaat between 1 January – 31 December 2007 would have increased by EUR 4.5 million if Maritim Food acquisition would have taken place on 1 January 2007. The corresponding effect to the net result would have been EUR 0.0 million when taking into account the depreciations on fair value allocations and calculatory interest expense to purchase cost starting from 1.1 2007.

Maritim Food AS, a Norwegian subsidiary of Lännen Tehtaat plc exercised an option to purchase shares in the fish-processing company Sandanger AS and purchased for EUR 0.1 million 3.5% of Sandanger AS's shares in accordance with the option agreement. The transaction made Maritim Food the majority shareholder in Sandanger AS, with its holding rising to 51%. Sandanger AS was incorporated into the Lännen Tehtaat Group on 31 August 2007.

The total purchase price for the 51 % ownership was EUR 1.1 million. There were no goodwill recognised after fair value determination of the company's assets and liabilities. Fair value allocations mostly related to intangible assets such as customer relationships.

Note 4. Discontinued operations

The sale of the majority holding in Suomen Rehu Ltd was completed at the start of June 2007, when Suomen Rehu and its subsidiaries were transferred to Hankkija-Maatalous Oy. In 2007 the net profit from discontinued operations includes a tax-free sale profit related to the sold 51% share ownership totalling EUR 5.6 million. Lännen Tehtaat plc and SOK subsidiary Hankkija-Maatalous Oy signed an agreement on 1 September 2008, transferring the remaining shares owned by Lännen Tehtaat in Suomen Rehu Ltd to Hankkija-Maatalous Oy. The transaction price for the 49% shareholding was some EUR 27 million. Lännen Tehtaat recognized a non-recurring tax-free profit of approximately EUR 6.6 million for the sale of these minority shares in its financial performance for the third quarter.

Because of the transaction, the profit of the associated company Suomen Rehu is presented differently in the consolidated income statement. Previously shown beneath the operating profit, the share of profit of associated company Suomen Rehu for the period 1 January –31 August 2008 will be presented under discontinued operations. The information for the comparative year for the period subsequent to the sale of the majority shareholding, 1 June–31 December 2007, will be adjusted accordingly.

EUR million	**1-8/2008 8 mths**	1-5/2007 5 mths
Profits	**6.6**	85.2
Costs	-	-76.5
Profit before taxes	**6.6**	8.6
Income taxes	-	-0.8

EUR million	**1-8/2008 8 mths**	6-12/2007 7 mths
Share of results of associated companies	**0.5**	1.4

EUR million	**1-12/2008 12 mths**	1-12/2007 12 mths
Profit for the period	**7.1**	9.2

Profits 1-5/2007 include revenue from the sale of Suomen Rehu Ltd shares totalling EUR 5.8 million and Costs include sale related expenses totalling EUR 0.2 million.

EUR million	5/2007
Cash flows from operating activities	7.6
Cash flows from investing activities	-0.6
Cash flows from financing activities	-6.9
Total cash flows	0.1

The change in the net working capital has a significant effect on the operating cash flows.

Carrying amounts of sold assets and liabilities

EUR million	5/2007
Tangible and intangible assets	50.2
Inventories	20.9
Trade receivables and other receivables	14.6
Cash and cash equivalents	5.1
Total assets	90.9
Long-term liabilities	15.1
Short-term liabilities	38.0
Total liabilities	53.1
Consideration received	47.5
Cash disposed of	5.1
Net cash inflow	42.5

Suomen Rehu Ltd sale proceeds in cash flow statement relate to subsidiaries total of EUR 42.0 million and associated companies total of EUR 0.5 million.

Note 5. Other operating income and expenses

EUR million	2008	2007
Other operating income		
Government grants received	0.1	0.2
Gains from sales of non-current assets	2.5	0.2
Rental income	0.4	0.4
Other	0.7	0.6
Total	3.8	1.4
Other operating expenses		
Rental expenses	2.4	3.0
Other	33.4	31.1
Total	35.9	34.1

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	2008	2007
Audit fees	0.2	0.2
Non-audit fees	0.1	0.1
Total	0.2	0.3

Note 6. Employee benefits expense

EUR million	2008	2007
Wages and salaries	27.8	23.8
Pensions, defined contribution plans	4.6	3.8
Termination benefits	0.7	0.0
Other personnel costs	1.5	1.4
Total	34.6	29.1

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. Since the disability component of Finnish statutory pension system (“TyEL”) was changed into a defined contribution at the beginning of 2005 there have not been any significant defined contribution plans within the Group. Only Maritim companies have an insignificant defined benefit plan.

Note 7. R & D expenses

R & D expenses of the Group amounted to EUR 0.8 (0.7) million, representing 0.2% (0.2%) of the net sales.

Note 8. Materials and services

EUR million	2008	2007
Raw materials and consumables	252.7	227.1
Change in stocks	9.3	0.9
External services	10.3	11.2
Total	272.3	239.2

Note 9. Depreciations and impairments

EUR million	2008	2007
Depreciations		
Intangible assets	0.5	0.6
Buildings	1.7	1.5
Machinery and equipment	2.8	2.9
Other tangible assets	0.1	0.0
Total	5.1	5.0
Impairments		
Buildings	-	0.3
Machinery and equipment	0.2	0.2
Total	0.2	0.5

Note 10. Financial income and expenses

EUR million	2008	2007
Financial income		
Interest income	0.4	1.1
Foreign currency gains	0.3	0.4
Financial assets at fair value through profit and loss	0.0	0.1
Other financial income	0.2	0.4
Total	0.9	2.0
Financial expenses		
Interest expenses	-1.5	-2.3
Foreign currency losses	-1.3	-0.2
Avena minority dividend	-0.5	-
Financial assets at fair value through profit and loss	-0.7	0.0
Other financial expenses	-0.1	-0.2
Total	-4.1	-2.7

Material and services include foreign currency gains and losses total of EUR 0.1 (-0.1) million. Net sales include foreign currency gains total of EUR 0.4 (0.2) million.

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

Note 11. Income taxes

EUR million	2008	2007
Current period taxes	1.3	0.3
Previous periods' taxes	0.1	0.0
Deferred taxes	-0.7	0.1
Total	0.7	0.4

Reconciliation of income taxes

Profit before taxes	10.7	4.6
Tax calculated at the tax rate of the parent company 26%	2.8	1.2
Effect of different tax rates in foreign subsidiaries	0.0	-0.1
Avena minority dividend	0.1	-
Effect of associated companies	-2.4	-0.6
Expenses not deductible for tax purposes	0.1	0.0
Other items	0.1	-0.1
Tax expense in the income statement	0.7	0.4

Reconciliation of deferred tax assets and liabilities to balance sheet 2008

EUR million	1 Jan. 2008	Charge in income statement	Charged to equity	Exchange rate differences	31 Dec. 2008
Deferred tax assets					
Carry forward of unused tax losses	0.1	0.7	-	-	0.8
Derivative instruments	0.0	-	0.6	-	0.6
Intra-group margin in inventories	0.0	-	-	-	0.0
Timing difference of long term receivables	0.1	0.0	-	-	0.1
Other	0.1	-0.1	-	-	0.0
Total	0.3	0.6	0.6	-	1.4
Deferred tax liabilities					
Accumulated depreciation difference	-2.8	0.1	-	-	-2.7
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.3	-0.2	-	-	1.1
Valuation of assets in acquisition cost allocation calculations	-1.6	0.1	0.0	0.2	-1.3
Inventories	-0.7	0.0	-	-	-0.7
Goodwill	-0.1	-	0.0	-	-0.1
Tangible assets	-0.5	-	-	-	-0.5
Other	-0.4	0.1	0.0	0.0	-0.3
Total	-4.8	0.1	0.0	0.2	-4.5

Total of EUR 0.4 million of carry forwards of unused tax losses expire in 2018. Other carry forwards of unused tax losses do not expiry.

Reconciliation of deferred tax assets and liabilities to balance sheet 2007

EUR million	1 Jan. 2007	Charge in income statement	Charged to equity	Acquisition, disengaged companies	31 Dec. 2007
Deferred tax assets					
Carry forward of unused tax losses	0.1	-	-	0.0	0.1
Derivative instruments	-	-	0.0	-	0.0
Intra-group margin in inventories	0.0	-	-	-	0.0
Timing difference of long term receivables	0.2	-0.1	-	-	0.1
Other	0.0	0.1	-	-	0.1
Total	0.3	0.0	0.0	0.0	0.3
Deferred tax liabilities					
Accumulated depreciation difference	-4.7	0.5	-	1.4	-2.8
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	1.6	-0.3	-	-	1.3
Valuation of assets in acquisition cost allocation calculations	-0.8	0.4	-	-1.2	-1.6
Inventories	-0.7	0.0	-	0.1	-0.7
Goodwill	-1.7	-0.2	-	1.8	-0.1
Depreciations in discontinued operations	0.0	-0.4	-	0.4	0.0
Tangible assets	-0.5	-	-	-	-0.5
Other	-0.2	-0.1	-	-0.1	-0.4
Total	**-7.0**	**-0.1**	**-**	**2.3**	**-4.8**

Note 12. 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	**2008**	2007
Profit attributable to the shareholders of the parent company basic and diluted	**17.0**	13.3
Weighted average number of outstanding shares (1,000 pcs)	**6 221**	6 253
Diluted average number of shares outstanding (1,000 pcs)	**6 221**	6 253
Basic and diluted earnings per share (EUR per share)	**2.73**	2.13

Note 13. 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 2008

EUR million	Goodwill	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	15.5	7.6	0.8	23.9
Additions	0.1	1.1	1.2	2.3
Disposals	-	-2.4	-	-2.4
Translation difference and other changes	-1.2	-0.5	0.0	-1.7
Transfers	-	0.2	-0.2	0.0
Acquisition cost 31 Dec.	14.4	6.0	1.8	22.2
Accumulated depreciation 1 Jan.	-8.5	-3.7	-	-12.2
Disposals, accumulated depreciation	-	1.7	-	1.7
Depreciation for the period	-	-0.5	-	-0.5
Accumulated depreciation 31 Dec.	-8.5	-2.5	-	-11.0
Book value 31 Dec. 2008	5.9	3.5	1.8	11.2

Intangible assets 2007

EUR million	Goodwill	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan.	34.2	7.4	0.2	41.8
Additions	-	0.2	0.9	1.1
Additions through acquisitions	6.4	3.5	-	9.9
Disposals of subsidiaries	-25.1	-3.6	-	-28.7
Translation difference and other changes	-	-0.1	-	-0.1
Transfers	-	0.2	-0.3	-0.1
Acquisition cost 31 Dec.	15.5	7.6	0.8	23.9
Accumulated depreciation 1 Jan.	-16.8	-6.1	0.0	-22.9
Divestments of companies, accumulated depreciation	8.3	3.0	-	11.3
Depreciation for the period	-	-0.6	-	-0.6
Accumulated depreciation 31 Dec.	-8.5	-3.7	0.0	-12.2
Book value 31 Dec. 2007	7.0	3.9	0.8	11.7

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	2008	2007
Apetit Pakaste – Frozen Foods	0.4	0.4
Apetit Kala – Seafood	0.2	0.2
Maritim companies – Seafood	5.3	6.4
Total	5.9	7.0

The recoverable amount is based on value in use calculations. The defined expected future cash flows are based on the financial plans and prognoses approved by the Management and subsequent years to the forecasted period have been extrapolated using a growth rate between 1 – 2%.

The key variables used in the calculations are the budgeted gross margin and net sales. In Seafood business in Finland the estimated gross margin is somewhat higher than the actuals of the last two years.

In Frozen Foods the sale of jams and marmalades business increased the estimated relative gross margin and decreased somewhat the estimated net sales compared to 2008 actuals. Centralisation of production to Säkylä also has other cost savings and benefits. The pre-tax discount rates used in the calculations are: Apetit Kala 10.7% (10.9%), Maritim companies 10.3% (10.7%) and Frozen Foods 9.2% (9.8%).

The recoverable amount exceeds considerably the carrying amount of the tested assets in all cash-generating units.

Sensitivity analyses of key variables: If in Apetit Kala the gross profit in the cash flow calculations decreases by 2.1% (2.1%) in every forecasted period, other variables remaining constant, the estimated cash flow would match with the carrying amount of the tested assets. The corresponding change in Maritim companies is 1.5 % (1.5%) and in Frozen Foods 4.0% (3.3%).

If in Apetit Kala net sales decreases by 8.0% (8.8%) in every forecasted period, other variables remaining constant, the estimated cash flow would match with the carrying amount of the tested assets. The corresponding change in Maritim companies is 8.5% (9.8%) and in Frozen Foods 11.8% (10.5%).

Tangible assets 2008

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.7	35.4	41.0	0.3	0.2	80.6
Additions	-	0.1	0.4	0.2	5.2	5.9
Disposals	0.0	-0.4	-3.9	0.0	-	-4.3
Translation differences and other changes	0.0	-0.3	-0.4	0.0	0.0	-0.6
Transfers	-	3.7	1.6	-	-5.3	0.0
Acquisition cost 31 Dec.	3.7	38.5	38.7	0.5	0.2	81.5
Accumulated depreciation 1 Jan.	-0.2	-9.1	-27.8	-0.1	-	-37.2
Accumulated depreciation on disposals and transfers	-	0.2	3.8	0.0	-	4.0
Depreciation for the period	-	-1.7	-2.8	-0.1	-	-4.6
Impairments	-	-	-0.2	-	-	-0.2
Accumulated depreciation 31 Dec.	-0.2	-10.6	-27.0	-0.1	-	-38.0
Book value 31 Dec. 2008	3.5	27.9	11.7	0.3	0.2	43.5

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

Tangible assets 2007

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	4.4	64.3	64.8	0.5	0.7	134.7
Additions	-	2.9	2.6	-	0.9	6.4
Acquired companies	0.3	3.5	3.9	-	-	7.7
Disposals of subsidiaries	-0.9	-35.2	-30.2	-0.2	-0.3	-66.8
Disposals	-0.1	-0.1	-0.1	-	-	-0.3
Transfers	-	-	-	-	-1.1	-1.1
Acquisition cost 31 Dec.	3.7	35.4	41.0	0.3	0.2	80.6
Accumulated depreciation 1 Jan.	-0.2	-23.5	-43.3	-0.2	-	-67.2
Accumulated depreciation on disposals and transfers	-	-0.1	0.1	0.0	-	0.0
Disposals of subsidiaries accumulated depreciation	-	16.3	18.5	0.1	-	34.9
Depreciation for the period	-	-1.5	-2.9	0.0	-	-4.4
Impairments	-	-0.3	-0.2	-	-	-0.5
Accumulated depreciation 31 Dec.	-0.2	-9.1	-27.8	-0.1	-	-37.2
Book value 31 Dec. 2007	3.5	26.3	13.2	0.2	0.2	43.5

The Group received a government grant of EUR 0.7 million from TE-Centre for investing in machinery and buildings. The grant has been recognised as deduction of the acquisition cost. Machinery and equipment includes assets acquired through finance leases totalling EUR 0.3 million.

Note 14. Investment in associated companies and joint ventures

EUR million	**2008**	2007
1 Jan.	**39.2**	23.1
Additions / Acquisitions	**0.4**	18.5
Decreases / Disposals	**-20.6**	-0.7
Share of profits for the period	**9.6**	3.5
Dividends	**-3.6**	-5.3
31 Dec.	**25.0**	39.2

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

Associated companies

2008 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	140.6	50.4	183.7	45.6	20.0%
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	26.9%

2007 EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	154.8	60.5	190.8	10.3	20.0%
Suomen Rehu group	Helsinki	98.1	60.5	195.5	4.3	49.0%

Joint ventures

The Group holds 50% share of ownership in the following joint ventures

2008						
EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	3.5	3.3	32.1	0.0	50.0%

2007						
EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding. %
Ateriamestarit Oy	Raisio	3.6	3.4	30.9	0.0	50.0%

Note 15. Available-for-sale investments

The shares of unlisted companies are reported at acquisition cost as their values are not reliably available.

EUR million	2008	2007
Investments in shares of unlisted companies	0.1	0.1
Total	0.1	0.1

Note 16. Receivables, non-current

EUR million	2008	2007
Receivables from associated companies	2.7	3.9
Receivables based on derivative instruments, hedge accounting	0.0	0.2
Connection fees	0.4	0.4
Other items	0.0	0.1
Total	3.1	4.6

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

Note 17. Trade receivables and other receivables

EUR million	2008	2007
Trade receivables	21.6	21.1
Loan receivables	0.0	1.7
Receivables based on derivative instruments, hedge accounting	1.5	0.5
Accrued income and deferred expenses	10.6	1.4
Other receivables	2.6	0.0
Receivables from associated companies and joint ventures:		
Trade receivables	0.9	2.5
Loan receivables	1.5	1.4
Total	38.7	28.6

The substantial items in the accrued income and deferred expenses related to raw materials purchases, accruals of employment benefits and income taxes. Accrued income and deferred expenses includes Avena's commercial receivables total of EUR 9.7 million.

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

During the financial year the group recorded credit losses of EUR 0.0 (0.0) million on trade receivables.

Note 18. Inventories

EUR million	2008	2007
Materials and consumables	13.6	16.2
Work in progress	0.2	0.4
Finished goods	41.3	47.8
Total	55.1	64.4

A write-down of EUR 1.6 (1.2) million in inventory value was booked to correspond the net realization value.

Note 19. Financial assets at fair value through profit and loss

EUR million	2008	2007
Receivables based on derivative instruments, no hedge accounting	0.0	0.0
Bond funds	3.8	8.1
Total	3.8	8.1

Note 20. Cash and cash equivalents

EUR million	2008	2007
Cash and bank receivables	8.6	2.7
Short-term investments	1.3	2.3
Total	9.9	5.1

Note 21. Shareholders’ equity

Reconciliation of the number of shares

EUR million	Number of shares (1 000 pcs)	Share capital	Premium fund	Total
31 Dec. 2007	6 318	12.6	23.4	36.0
31 Dec. 2008	**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 minimum share capital is EUR 10,000,000 and the maximum share capital EUR 40,000,000. The maximum number of the shares according to the Articles of Association is 20 million shares. 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 subreserves: fair value reserve for available-for-sale financial assets and hedging reserve for the revaluations of the fair values of derivative instruments used for cash flow hedges.

Other reserves

Other reserves consist of contingency reserve and capital reserve accounts. Contingency reserve includes the proportion transferred from retained earnings according to the decision by the annual general meeting. Capital reserve accounts include items that are based on the local regulation of foreign subsidiaries.

Treasury shares

Treasury shares include the acquisition cost of the own shares that are in Group’s possession. The company possessed 130,000 (65,000) 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

Subsequent to the financial statement date the Board of Directors has proposed a dividend of 0.85 euros per share to be paid.

Note 22. Provisions

EUR million	2008	2007
Pension provision 1 Jan.	0.1	-
Changes	-	0.1
Pension provision 31 Dec.	0.1	0.1

Note 23. Interest-bearing liabilities

EUR million	2008	2007
Non-current		
Loans from credit institutions	3.4	3.9
Other loans	1.0	1.2
Finance lease liabilities (note 26)	0.1	0.2
Total	4.5	5.3

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 2.0 (2.6) million and in Norwegian crowns totalling EUR 2.5 (2.5) million.

EUR million	2008	2007
Current		
Commercial paper debts	9.0	27.5
Current portion of long-term loans	0.5	0.7
Other interest-bearing liabilities	1.1	-
Finance lease liabilities (note 26)	0.1	0.1
Total	10.7	28.2

Commercial papers are denominated in euros, floating rate and have maturity of 1 – 2 months. It is assessed that the book values of the borrowings correspond to their fair values.

Note 24. Trade payables and other liabilities

EUR million	2008	2007
Current		
Trade payables	19.7	26.4
Payables to associated companies and joint ventures	0.0	0.1
Payables based on derivative instruments, no hedge accounting	0.2	0.1
Payables based on derivative instruments, hedge accounting	0.8	-
Accrued expenses and deferred income	8.6	10.3
Other liabilities	6.8	1.8
Total	36.1	38.7

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

Derivatives are measured at fair value through profit and loss. All other balances are measured at amortised cost.

Note 25. 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 minimize 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 finance risk management principles observed by the Group are subject to approval by the Board of Directors, and the practical implementation of these principles is the responsibility of the Financing Department, which operates under the CEO.

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 and Norwegian crown. Other currencies causing some currency risk are Canadian dollar and Swedish crown.

As at December 31, 2008 the most significant net investments to foreign subsidiaries are in Norwegian crowns EUR 7.2 million and Swedish crowns EUR 2.1 million. Group's policy is not to hedge balances related to subsidiary ownership such as net investments to foreign operations or long-term intra-group loans.

The principle followed by the Group is to hedge the original transaction risk in the case of all financially significant currency positions. The Group's financial policy is to look on open currency positions with a value in excess of EUR 100,000 as significant. Hedging can also be made against a probable future open currency position. The instruments available in currency hedging are forward currency contracts, currency options and currency swaps. The Group's business units are responsible for currency risk hedging. Risk management policy specifically defined for the purpose, and this is monitored by the Group's Financing Department.

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

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, ie 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 at December 31, 2008 (December 31, 2007) Norwegian crown would have been 10% stronger / weaker against euro, group's net profit would have increased / decreased by EUR 0.8 / -0.6 (0.3 / -0.3) 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 at December 31, 2008 (December 31, 2007) US dollar would have been 10% stronger / weaker against euro, group's net profit would have increased / decreased by EUR 0.1 / 0.0 (0.0 / 0.0) million and equity decreased / increased by EUR -0.2 / 0.2 (-0.1 / 0.1) 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 4.5 (4.6) million in long-term floating rate loans from financial institutions, EUR 10.7 (27.5) million in commercial papers, and EUR 9.9 (5.1) million in liquid cash assets. Group's interest rate swaps expired in summer 2008.

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

With the balance sheet structure as at December 31, 2008 (December 31, 2007), a rise / decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR 0.0 / 0.0 (0.0 / 0.0) million and equity increased / decreased EUR 0.0 / 0.0 (0.1 / -0.1) 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. It seeks to reduce these risks by using certain quoted commodity futures, forward agreements and options. The most significant single commodity risks concern grains; wheat, barley, oats, soy and rapeseed. 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.

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

If at December 31, 2008 (December 31, 2007) 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 -0.6 / 0.4 (0.2 / -0.2) 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 and the position on the balance sheet date may not be representative for the financial period on average. 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. Interest rate risk varies depending on working capital requirements of business operations.

2. Credit risk

Derivative financial instruments are only entered into with domestic and foreign banks that have a good credit rating. Commodity derivative instruments can be entered into on the appropriate commodity exchanges if necessary. Liquid assets are invested within the approved limits in targets with a good credit rating.

To minimize the operational credit risk, the business units endeavour to obtain collateral security, as credit insurance, in the event that a customer's credit rating so requires.

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

Aging of Group's receivables

EUR million	2008	2007
Neither or less than a month past due	38.4	28.0
Past due 1 – 3 months	0.2	0.4
Past due 4 – 6 months	0.0	0.1
Past due over 6 months	0.1	0.1
Total	38.7	28.6

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 (15) million was available in credit on December 31, 2008. The total amount of commercial papers issued were EUR 9.0 (27.5) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

Group's interest-bearing loan repayments and interest cash flows as at December 31, 2008

EUR million	0–3 months	4–12 months	1–5 years	over 5 years
Loans from financial institutions and other loans	-1.3	-0.8	-3.1	-2.1
Commercial papers	-9.0	-	-	-
Finance leasing	0.0	-0.1	-0.1	-
Total	-10.3	-0.9	-3.2	-2.1

Group's interest-bearing loan repayments and interest cash flows as at December 31, 2007

EUR million	0–3 months	4–12 months	1–5 years	over 5 years
Loans from financial institutions and other loans	-0.2	-0.9	-3.6	-2.5
Commercial papers	-27.5	-	-	-
Finance leasing	0.0	-0.1	-0.2	-
Interest-rate swaps	0.0	0.1	-	-
Total	-27.7	-0.9	-3.8	-2.5

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 40%. The equity ratio can deviate from the target ratio in the short term. The equity ratio as of 31 December 2008 was 70,5% (31 December 2007: 62,1%). 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	2008	2007
Interest bearing liabilities	15.2	33.6
Liquid assets	13.7	13.2
Interest bearing net debt	-1.5	-20.4
Equity	135.6	128.0
Interest bearing net debt and equity total	134.1	107.6
Gearing	1.1 %	16.0 %
Equity ratio	70.5 %	62.1 %

Note 26. Finance lease liabilities

EUR million	2008	2007
Finance lease liabilities, Total amount of minimum lease payments	0.2	0.3
Within one year	0.1	0.1
After one year but not more than five years	0.1	0.2
Finance lease liabilities, present value of minimum lease payments	0.2	0.3
Within one year	0.1	0.1
After one year but not more than five years	0.1	0.2
Finance charges accruing in the future	0.0	0.0

Note 27. Contingent liabilities

EUR million	2008	2007
Mortgages given for debts		
Real estate mortgages	8.6	7.3
Corporate mortgages	-	1.3
Other securities given	7.0	12.8
Other leases – present value of minimum lease payments		
Within one year	1.7	2.3
After one year but not more than five years	2.1	2.9
After more than five years	-	0.9
Total	3.8	6.1

The present value of minimum lease payments includes real estate leases a total of EUR 3.0 (5.3) million.

Investment commitments

Lännen Tehtaat does not have investment commitments at 31 December 2008

Market values of derivative instruments 2008

EUR million	Positive market values	Negative market values	Market values
Forward currency contracts, cash flow hedge	0.0	-	0.0
Forward currency contracts, no hedge accounting	0.0	-0.2	-0.2
Commodity derivative instruments, cash flow hedge	1.5	-1.0	0.5

Market values of derivative instruments 2007

EUR million	Positive market values	Negative market values	Market values
Forward currency contracts, cash flow hedge	0.0	-	0.0
Forward currency contracts, no hedge accounting	-	-0.1	-0.1
Commodity derivative instruments, cash flow hedge	0.6	-0.0	0.6
Interest rate swaps, cash flow hedge	0.1	-	0.1

Outstanding values of derivative instruments

EUR million	2008	2007
Forward currency contracts, cash flow hedge	-	2.2
Forward currency contracts, no hedge accounting	6.3	2.8
Commodity derivative instruments, cash flow hedge	11.4	2.6
Commodity derivative instruments, no hedge accounting	1.9	-
Interest rate swaps, cash flow hedge	-	25.0

Other information related to cash flow hedge

Group applies cash flow hedging to commodity and currency derivatives. Electricity derivatives expiry in three years being more emphesized to the two subsequent years from the balance sheet date. Other derivatives become due inside a year. Due to cash flow hedge accounting equity was decreased by EUR -1.2 (-0.1) million. Derivatives affected the profit and loss statement related to net sales EUR 0.1 (0.3) million, purchases and other operating income and expense EUR -1.0 (0.2) million, financial income and expense EUR 0.1 (0.4) million and taxes EUR 0.2 (-0.2) 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		
Mildola Oy	Finland	100.0	100.0
Avena Nordic Grain Oy	Finland	80.0 1)	80.0
ZAO Avena St. Petersburg	Russia	80.0 1)	80.0
UAB Avena Nordic Grain	Lithuania	80.0 1)	80.0
Apetit Kala Oy	Finland	100.0	100.0
Apetit Suomi Oy	Finland	100.0	100.0
Apetit Pakaste Oy	Finland	100.0	100.0
Maritim Food AS	Norway	100.0	100.0
Maritim Food Sweden AB	Sweden	100.0	100.0
Maritim Food Sweden Egendom AB	Sweden	100.0	100.0
Sandanger AS	Norway	51.0	51.0
8 non-operative companies	Finland	100.0	100.0

1) In addition Lännen Tehtaat Group owns indirectly through Foison Oy 5.4% of the shares in Avena Nordic Grain Oy.

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

The Corporate Administration consists of the members of the Supervisory Board, the Board of Directors and the CEO of the parent company.

The chairman of the Supervisory Board was paid EUR 8,500 (6,800), the vice chairman EUR 6,000 (6,200) and the members EUR 250 – 1,000 (200 to 1,000) in fees and allowances.

The members of the Board of Directors and CEOs were paid in salaries, wages and fringe benefits as follows:

EUR 1 000	2008	2007
Tom v. Weymarn, chairman of the Board	35	33
Hannu Simula, vice chairman of the Board	22	20
Harri Eela, member of the Board	17	16
Aappo Kontu, member of the Board	17	16
Matti Lappalainen, member of the Board	17	16
Soili Suonoja, member of the Board	17	16
Heikki Halkilahti, member of the Board	13	-
Matti Karppinen, CEO	400	372

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 1 000	2008	2007
Matti Karppinen, CEO	78	64

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 2008 nor on 31 December 2007.

Transactions with associated companies and joint ventures

EUR million	2008	2007
Sales to associated companies	13.4	14.3
Sales to joint ventures	8.5	8.1
Purchases from associated companies	0.7	12.0
Purchases from joint ventures	0.3	0.1
Long-term receivables from associated companies	2.7	3.9
Trade receivables and other receivables from associated companies	1.6	3.1
Trade receivables and other receivables from joint ventures	0.6	0.8
Trade payables and other liabilities to associated companies	0.0	0.0

The sales of goods and services to the associated companies and joint ventures are based on valid price catalogues of the Group.

Note 29. Events since the end of the financial year

With the aim of bringing production and costs into line, Mildola Oy began co-determination talks in January concerning lay-offs affecting its entire personnel. Co-determination talks regarding the need for lay-offs were also begun in January at Apetit Kala Oy concerning the salaried and waged personnel at the Kuopio fish processing plant.

Note 30. Key indicators

Continuing operations

EUR million	2008 IFRS	2007 IFRS	2006 IFRS
Net sales	349.1	309.6	244.5
Exports from Finland	78.6	66.6	38.3
Operating profit	13.9	5.3	7.1
% of net sales	4.0	1.7	2.9
R & D expenses	0.8	0.7	1.1
% of net sales	0.2	0.2	0.5
Financial income (+)/ expenses(-), net	-3.3	-0.8	3.3
Profit before taxes	10.7	4.6	10.2
% of net sales	3.1	1.5	4.2
Profit for the period	10.0	4.2	7.5
% of net sales	2.9	1.4	3.1
Gross investments excluding acquisitions	8.1	6.9	1.9
% of net sales	2.3	2.2	0.8
Acquisitions and other investments in shares	0.5	11.6	3.0
% of net sales	0.1	3.7	1.2
Average number of personnel	755	705	662

Consolidated financial statements, IFRS

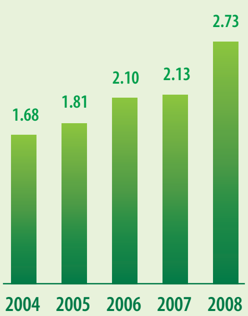
Group, continuing and discontinued operations

EUR million	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS
FINANCIAL INDICATORS					
Profitability					
Net sales	**349.1**	376.8	408.7	433.0	473.7
Operating profit	**20.5**	14.4	16.3	16.2	14.1
% of net sales	**5.9**	3.8	4.0	3.7	3.0
Profit before taxes	**17.7**	14.6	17.8	14.9	12.6
% of net sales	**5.1**	3.9	4.4	3.4	2.7
Profit for the period	**17.1**	13.4	13.1	11.3	10.5
% of net sales	**4.9**	3.6	3.2	2.6	2.2
Attributable to					
Shareholders of the parent company	**17.0**	13.3	13.1	11.3	10.4
Minority interests	**0.1**	0.1	-	0.1	0.1
Return on equity, % (ROE)	**12.9**	10.8	10.5	10.2	10.1
Return on investment, % (ROI)	**13.8**	10.0	11.2	10.8	8.7
Finance and financial position					
Equity ratio, %	**70.5**	62.1	50.3	50.0	49.6
Net gearing, %	**1.1**	16.0	40.7	29.9	33.8
Non-current assets	**84.3**	99.4	115.6	123.9	118.5
Inventories	**55.1**	64.4	65.3	54.5	49.5
Other current assets	**52.9**	42.1	56.5	53.7	46.8
Shareholders' equity	**135.6**	128.0	119.2	116.1	106.8
Distributable funds	**78.9**	61.6	40.1	65.7	55.3
Interest-bearing borrowings	**15.2**	33.6	56.0	45.9	46.4
Non-interest-bearing borrowings	**41.6**	44.3	62.3	70.1	62.2
Balance sheet total	**192.3**	205.9	237.5	232.2	215.4
Other indicators					
Gross investments excluding acquisitions	**8.1**	7.5	7.6	7.3	5.4
% of net sales	**2.3**	2.0	1.9	1.7	1.1
Acquisitions and other investments in shares	**0.5**	11.6	3.0	4.4	5.7
% of net sales	**0.1**	3.1	0.7	1.0	1.2
Average number of personnel	**755**	827	981	1 033	1 072

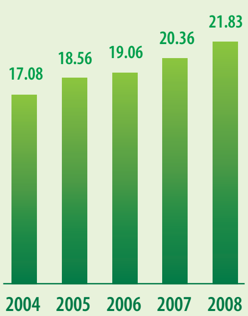
	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS
SHARE INDICATORS					
Earnings and dividend					
Earnings per share, EUR	**2.73**	2.13	2.10	1.81	1.68
Nominal dividend per share, EUR	1) **0.85**	0.85	0.84	0.73	0.65
Dividend per earnings, %	**31.1**	40.0	40.0	40.3	38.7
Effective dividend yield, %	**6.3**	5.3	3.5	4.1	5.4
P/E ratio	**4.9**	7.6	11.6	9.9	7.2
Shareholders' equity, EUR	**21.83**	20.36	19.06	18.56	17.08
Share performance, EUR					
Lowest price during the year	**13.00**	15.65	15.26	11.71	11.00
Highest price during the year	**17.00**	24.50	24.70	18.29	14.50
Average price during the year	**14.49**	20.86	20.21	14.34	12.57
At the end of the year	**13.49**	16.19	24.30	18.00	12.05
Share turnover					
Share turnover (1,000 pcs)	**963**	923	1 622	3 769	1 779
Turnover ratio, %	**15.2**	14.6	25.7	59.7	28.6
Share capital, EUR million	**12.6**	12.6	12.6	12.6	12.6
Market capitalization, EUR million	**85.2**	102.3	153.5	113.7	76.1
Dividends, EUR million	1) **5.3**	5.3	5.3	4.6	4.1
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	**6 220 618**	6 252 576	6 252 576	6 252 576	6 160 151
Adjusted number of shares at the end of the period	**6 187 576**	6 252 576	6 252 576	6 252 576	6 252 576

1) Board's proposal

Earnings per share, EUR



Shareholders' equity per share, EUR



Note 31. Calculation of key indicators

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

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

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

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

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

Earnings per share
$$= \frac{\text{Profit/loss for the year of parent company shareholders}}{\text{Average number of shares}}$$

Dividend per share
$$= \frac{\text{Dividend for the period}}{\text{Number of shares on 31 Dec.}}$$

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

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

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

Shareholders' equity per share
$$= \frac{\text{Equity of parent company shareholders}}{\text{Number of shares on 31 Dec.}}$$

Market capitalization = Number of shares x share price at the end of the period

Note 32. Shares and shareholders

Major shareholders on 10 February 2009

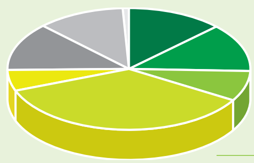
	Number of shares	%	Number of votes	%
Esko Eela	386 548	6.1	386 548	6.2
Odin Finland	364 909	5.8	364 909	5.9
Valio Ltd	327 912	5.2	327 912	5.3
OP-Suomi Arvo	292 100	4.6	292 100	4.7
Nordea Nordic Small Cap Fund	262 980	4.2	262 980	4.3
Skagen Global Verdipapirfond	214 350	3.4	214 350	3.5
Mutual Insurance 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
Mutual Fund Evli-Select	91 529	1.4	91 529	1.4
Nominee-registered shares;				
Skandinaviska Enskilda Banken AB	460 068	7.3	460 068	7.4
Nordea Bank Finland Plc	217 911	3.4	217 911	3.5
Svenska Handelsbanken AB	56 206	0.9	56 206	0.9
AB Nordnet	559	0.0	559	0.0
Other shareholders	3 078 219	48.7	3 078 219	49.7
External ownership total	6 187 576	97.9	6 187 576	100.0
Owned by the company	130 000	2.1		
	6 317 576	100.0		

Shares owned by the corporate management

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 23,974 shares on 10 February 2009. This corresponds to 0.4% of share capital and voting rights.

Distribution of shareholdings on 10 February 2009

Shares	Number of share-holders	% of share-holders	Number of shares	% of shares
1 – 100	3 997	49.1	179 857	2.8
101 – 500	3 113	38.3	748 719	11.9
501 – 1 000	628	7.7	456 478	7.2
1 001 – 5 000	334	4.1	612 728	9.7
5 001 – 10 000	23	0.3	154 147	2.4
10 001 – 50 000	21	0.3	461 423	7.3
50 001 – 100 000	8	0.1	561 251	8.9
100 001 – 500 000	12	0.1	3 091 063	48.9
Joint account			51 910	0.8
Total	8 136	100.0	6 317 576	100.0



Distribution of ownership on 10 February 2009, % of shares

	% of shareholders	% of shares
Companies	1.8	12.7
Financial and insurance institutions	0.4	12.9
Public organizations	0.4	8.1
Private households	95.9	35.5
Non-profit organizations	1.3	5.5
Foreign owners	0.1	12.8
Nominee-registered		11.6
Joint account		0.8
Total	100.0	100.0

Parent company income statement, FAS

EUR 1 000	Note	2008	2007
Other operating income	(1)	**21 976**	19 062
Personnel expenses	(2)	**-1 877**	-1 484
Depreciation and impairments	(3)	**-329**	-351
Other operating expenses		**-1 718**	-2 893
Operating profit		**18 051**	14 334
Financial income and expenses	(4)	**3 672**	8 065
Profit before extraordinary items		**21 723**	22 399
Extraordinary items	(5)	**1 465**	4 850
Profit before appropriations, taxes and minority interests		**23 188**	27 249
Appropriations	(6)	**51**	71
Income taxes	(7)	**357**	-537
Net profit		**23 596**	26 784

Parent company balance sheet, FAS

EUR 1 000	Note	31 Dec. 2008	31 Dec. 2007
ASSETS			
Non-current assets			
Intangible assets	(8)	123	810
Tangible assets	(9)	5 400	5 690
Investments in Group companies	(10,11)	35 338	35 907
Investments in associated companies	(10,11)	12 189	18 115
Other investments and receivables	(10,11)	76	76
		53 126	60 598
Current assets			
Long-term receivables	(12)	4 460	7 415
Deferred tax receivables	(13)	398	-
Current receivables	(14)	60 038	49 888
Financial assets at fair value through profit and loss		3 779	8 118
Cash and cash equivalents		6 778	2 853
		75 454	68 274
		128 579	128 872
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(15)		
Share capital		12 635	12 635
Premium fund		23 391	23 391
Contingency reserve		7 232	7 232
Retained earnings		48 060	27 583
Profit for the period		23 596	26 784
		114 915	97 624
Accumulated appropriations	(16)	34	85
Liabilities	(17)		
Deferred tax liabilities		-	17
Long-term borrowings		12 112	29 369
Current liabilities		1 519	1 777
		128 579	128 872

Parent company cash flow statement, FAS

EUR 1 000	2008	2007
Cash flow from operating activities		
Profit before extraordinary items	21 773	22 399
Adjustments	-23 221	-26 047
Change in working capital		
Change in non-interest-bearing current receivables	-12 327	3 877
Change in non-interest-bearing current liabilities	192	-8 031
Cash flow from operating activities before financial items and taxes	-13 583	-7 802
Dividends received	16	1 950
Interests paid	-1 371	-1 987
Received interests	2 614	2 853
Taxes paid	-861	106
Cash flow from operating activities (A)	-13 185	-4 880
Cash flow from investing activities		
Investments in tangible and intangible assets	-162	-18
Proceeds from sales of tangible and intangible assets	52	-
Investments in Group companies	-375	-11 298
Sales of Group companies	1 521	25 116
Proceeds from sales of associated companies	26 980	149
Investments in associated companies	-415	-
Investments in other shares	-14 000	-35 084
Proceeds from sales of other investments	18 118	26 999
Dividends received	3 612	5 250
Cash flow from investing activities (B)	35 331	11 114
Cash flow before financing	22 146	6 234
Cash flow from financing activities		
Change in short-term financing	-17 277	-10 500
Repayments of long-term loans	-	-6 400
Repayments of short-term loans	1 977	12 946
Purschase of own shares	-991	-
Dividends paid	-5 315	-5 252
Group contributions, received	3 385	-
Cash flow from financing activities (C)	-18 221	-9 206
Net increase/decrease in cash and cash equivalents	3 925	-2 972
Cash and cash equivalents at beginning of period	2 853	5 824
Cash and cash equivalents at end of period	6 778	2 853

The change in receivable and liability of Group account -847 (3,883) is included in the change in working capital.

Accounting principles, FAS

Valuation of fixed assets
Fixed assets have been capitalized at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life. Publicly quoted fixed asset shares have been valued at historical cost.

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 current receivables and liabilities have been charged to the profit and loss account. Likewise, unrealised exchange rate losses of long-term receivables and liabilities have also been charged to the profit and loss account. Unrealised exchange rate gains have been charged to the profit and loss account, but only up to the amount of loss from the same currency.

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.

Swap contracts and cap agreements have been used against interest risks in variable-rate long-term loans. The income or expenses from the contracts are recorded on accrual basis under other financial income or expenses. The swap contracts have been closed in June 2008.

Pension arrangements
Statutory pension coverage for corporate personnel is covered by pension insurance. Special pension insurance policies provide additional pension coverage under the Trust rules for former employees and retired staff previously covered by the Lännen Staff Pension Trust.

The retirement age for the parent company's CEO has been set at 62 years.

Notes to the parent company income statement, FAS

1. Other operating income

EUR 1 000	2008	2007
Gains from sales of non-current assets	21 486	18 531
Rental income	352	262
Ministration fees	119	127
Other	19	142
Total	21 976	19 062

2. Personnel expenses and average number of personnel

EUR 1 000	2008	2007
Personnel expenses		
Wages and salaries	1 632	1 287
Pension expenses	136	142
Other social security expenses	109	55
Total	1 877	1 484

Salaries, wages and benefits of the administration bodies are presented in Note 28 in the consolidated financial statements.

Average number of personnel	12	11

The pension commitments to the members of the Board of Directors and the CEO: The retirement age of the CEO is 62 years.

3. Depreciation and impairments

Depreciation according to plan has been calculated from the original acquisition cost on a straight line basis based on the probable economic life of the asset as follows.

Intangible rights	5 or 10 years
Other capitalized long-term expenses	5 or 10 years
Buildings	20 – 30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

EUR 1 000	2008	2007
Depreciation according to plan		
Intangible rights	4	2
Other capitalized long-term expenses	43	33
Buildings	254	270
Machinery and equipment	28	46
Total	329	351

4. Financial income and expenses

EUR 1 000	2008	2007
Dividend income		
From Group companies	-	1 950
From associated companies	3 612	5 250
From others	16	11
Total	3 628	7 211
Interest income from long-term investments		
From Group companies	156	321
From associated companies	-	11
Other interest and financial income		
From Group companies	2 359	1 996
From associated companies	-	9
From others	99	505
Total	2 458	2 510
Financial income, total	6 242	10 053
Interest expenses and other financial expenses		
To Group companies	74	172
To others	2 496	1 816
Total	2 570	1 988
Financial income and expenses, total	3 672	8 065

5. Extraordinary items

EUR 1 000	2008	2007
Group contributions received	1 465	4 850

6. Appropriations

EUR 1 000	2008	2007
Depreciation in excess of or less than plan		
Other capitalized long-term expenses	-3	4
Buildings	67	68
Machinery and equipment	-13	-1
Total	51	71

7. Income taxes

EUR 1 000	2008	2007
For the financial year	-	520
For the previous years	58	-
Change in deferred tax receivables	-398	-
Change in deferred tax liabilities	-17	17
Total	-357	537

8. Intangible assets

EUR 1 000	2008	2007
INTANGIBLE RIGHTS		
Acquisition cost 1 Jan.	35	1 722
Intra-balance sheet transfers	29	-
Disposals, transfer of business operations	-	-1 687
Acquisition cost 31 Dec.	64	35
Accumulated depreciation	-29	-1 334
Accumulated depreciations of transfer of business operations	-	1 307
Depreciation for the period	-3	-2
Accumulated depreciation 31 Dec.	-32	-29
Book value 31 Dec.	32	6
GOODWILL		
Acquisition cost 1 Jan.	-	6 334
Disposals, transfer of business operations	-	-6 334
Acquisition cost 31 Dec.	-	-
Accumulated depreciation	-	-6 334
Accumulated depreciation of transfers of business operations	-	6 334
Accumulated depreciation 31 Dec.	-	-
Book value 31 Dec.	-	-
OTHER CAPITALIZED LONG-TERM EXPENSES		
Acquisition cost 1 Jan.	311	1 063
Disposals	-156	7
Intra-balance sheet transfers	81	-
Disposals, transfer of business operations	-	-759
Acquisition cost 31 Dec.	236	311
Accumulated depreciation	-257	-813
Accumulated depreciation of disposals	156	-7
Accumulated depreciation of transfers of business operations	-	597
Depreciation for the period	-43	-34
Accumulated depreciation 31 Dec.	-144	-257
Book value 31 Dec.	92	54

EUR 1 000	2008	2007
ADVANCE PAYMENTS		
Acquisition cost 1 Jan.	750	-
Additions	-	750
Disposals	-750	-
Acquisition cost 31 Dec.	-	750
Intangible assets, total	123	810

9. Tangible assets

EUR 1 000	2008	2007
LAND AND WATERS		
Acquisition cost 1 Jan.	2 349	2 491
Disposals	-75	-
Disposals, transfer of business operations	-	-142
Book value 31 Dec.	2 274	2 349
BUILDINGS		
Acquisition cost 1 Jan.	5 772	24 532
Disposals, transfer of business operations	-	-18 760
Intra-balance sheet transfers	31	-
Acquisition cost 31 Dec.	5 803	5 772
Accumulated depreciation	-2 580	-11 178
Accumulated depreciation of disposals	-	8 869
Depreciation for the period	-253	-271
Accumulated depreciation 31 Dec.	-2 833	-2 580
Book value 31 Dec.	2 970	3 192
MACHINERY AND EQUIPMENT		
Acquisition cost 1 Jan.	603	26 560
Additions	87	-
Disposals	-109	-
Disposals, transfer of business operations	-	-25 957
Acquisition cost 31 Dec.	581	603
Accumulated depreciation	-517	-21 727
Accumulated depreciation	59	-
Accumulated depreciation of transfers of business operations	-	21 256
Depreciation for the period	-29	-46
Accumulated depreciation 31 Dec.	-487	-517
Book value 31 Dec.	94	86

EUR 1 000	2008	2007
OTHER TANGIBLE ASSETS		
Acquisition cost 1 Jan.	64	65
Disposals, transfer of business operations	-	-1
Acquisition cost 31 Dec.	64	64
ADVANCE PAYMENTS AND CONSTRUCTION IN PROGRESS		
Acquisition cost 1 Jan.	-	6
Disposals, transfer of business operations	-	-6
Book value 31 Dec.	-	-
Tangible assets, total	5 400	5 690
REVALUATION		
Land and waters 1 Jan. and 31 Dec.	1850	1850
Buildings 1 Jan.	-	812
Disposals, transfer of business operations	-	-812
Buildings 31 Dec.	-	-

10. Investments

EUR 1 000	2008	2007
HOLDINGS IN GROUP COMPANIES		
Acquisition cost 1 Jan.	35 907	28 136
Additions	104	20 723
Disposals	-673	-6 601
Intra-balance sheet transfers	-	-6 342
Disposals, transfer of business operations	-	-9
Book value 31 Dec.	35 338	35 907
RECEIVABLES FROM GROUP COMPANIES		
Acquisition cost 1 Jan.	-	9 430
Disposals	-	-9 430
Book value 31 Dec.	-	-
HOLDINGS IN ASSOCIATED AND PARTICIPATING INTEREST COMPANIES		
Holdings in associated companies		
Acquisition cost 1 Jan.	18 115	12 163
Additions	416	-
Disposals	-6 342	-364
Intra-balance sheet transfers	-	6 342
Disposals, transfer of business operations	-	-26
Book value 31 Dec.	12 189	18 115

EUR 1 000	2008	2007
OTHER INVESTMENTS AND RECEIVABLES		
OTHER INVESTMENTS		
Acquisition cost 1 Jan.	44	52
Disposals, transfer of business operations	-	-8
Book value 31 Dec.	44	44
OTHER RECEIVABLES		
Acquisition cost 1 Jan.	31	425
Intra-balance sheet transfers	-	-111
Disposals, transfer of business operations	-	-283
Book value 31 Dec.	31	31
Other investments and receivables, total	76	76
Investments total	47 602	54 098

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	100.0
Apetit Suomi Oy	Säkylä	100.0
Avena Nordic Grain Oy	Helsinki	80.0
Mildola Oy	Kirkkonummi	100.0
Maritim Food AS	Norway	100.0
7 non-operative companies	Säkylä	100.0
Associated companies		
Sucros Ltd	Helsinki	20.0
Foison Oy	Helsinki	26.9

Other shares, holdings and receivables

	Book value 31 Dec. 2008 EUR 1 000
Other	
Shares and holdings	44
Connection fees, long-term receivables	31
Total	76

12. Long-term receivables

EUR 1 000	2008	2007
Loans receivables from Group companies	1 560	3 065
Other receivables from associated companies	2 900	4 350
Long-term receivables total	4 460	7 415

13. Deferred tax receivables

EUR 1 000	2008	2007
From tax calculation of the loss for the period	398	-

14. Current receivables

EUR 1 000	2008	2007
Accounts receivable	46	17
Amounts owed by the Group companies		
Accounts receivable	2 970	304
Loans receivable	49 151	38 430
Group account receivables	4 210	3 363
Group contributions receivables	1 465	4 850
Prepayments and accrued income	114	1 215
Total	57 910	48 162
Amounts owed by the associated companies		
Accounts receivable	7	39
Other receivables	1 450	1 450
Total	1 457	1 489
Other receivables	73	90
Prepayments and accrued income		
Pension assurance and other legal assurances	34	7
Income tax receivables	476	-
Other	41	123
Total	551	130
Current receivables total	60 038	49 888

15. Changes in shareholders' equity

EUR 1 000	2008	2007
Share capital 1 Jan.	12 635	12 635
Share capital 31 Dec.	12 635	12 635
Premium fund 1 Jan.	23 391	23 391
Premium fund 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.	27 583	30 470
Transfer from previous year profit	26 783	2 365
Dividends paid	-5 315	-5 252
Purchase of own shares	-991	-
Retained earnings 31 Dec.	48 060	27 583
Profit for the financial year	23 596	26 783
Shareholders' equity 31 Dec.	114 915	97 624
Distributable funds		
Contingency reserve	7 232	7 232
Retained earnings	48 060	27 583
Profit/loss for the financial year	23 596	26 783
Distributable funds 31 Dec.	78 889	61 598

16. Accumulated appropriations

EUR 1 000	2008	2007
Accumulated depreciation in excess of plan	34	85

17. Liabilities

EUR 1 000	2008	2007
Deferred tax liabilities		
From accruals	-	17
Current liabilities		
Trade payables	326	279
Amounts owed to Group companies		
Trade payables	20	23
Other liabilities	69	66
Group account liabilities	3 043	1 869
Accruals and deferred income	-	11
Total	3 132	1 969
Amounts owed to associated companies		
Trade payables	-	3
Other current liabilities		
Commercial papers emitted	9 000	27 500
VAT liabilities	314	-
Other	260	222
Total	9 574	27 722
Accrued expenses and deferred income		
Holiday pay reserve including social security expenses	465	294
Accruals of expenses	134	163
Interests on the loans	-	78
Income taxes	-	328
Other	-	260
Total	599	1 123
Current liabilities with interest, total	12 112	29 369
Current liabilities interest-free, total	1 519	1 777

18. Contingent liabilities

EUR 1 000	2008	2007
Lease liabilities		
Real estate lease liabilities		
Falling due during the following year	366	366
Falling due at later date	120	479
Other lease liabilities		
Falling due during the following year	24	26
Falling due at later date	23	16
Contingent liabilities on behalf of the Group companies		
Guarantees	5 830	5 173
Liabilities total	6 363	6 060
Outstanding derivative instruments		
Interest rate swaps		
Market value	-	89
Value of underlying instruments	-	25 000
Commodity derivate instruments		
Market value	-351	402
Value of underlying instruments	1 851	1 409
Forward currency contracts		
Market value	-226	-34
Value of underlying instruments	4 842	2 819

Proposal of the Board of Directors for the distribution of profits

The parent company's distributable funds totalled EUR 78,888,764.38 on 31 December 2008, of which EUR 23,596,200.59 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	73,629,324.78
Total	EUR	78,888,764.38

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 jeopardize the company's solvency.

Signatures to the Board of Directors' report and financial statements

Espoo, 18 February 2009

Tom v. Weymarn	Harri Eela	Heikki Halkilahti
Aappo Kontu	Matti Lappalainen	Hannu Simula
Soili Suonoja	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 period 1.1. – 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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 the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the Chief Executive Officer of the parent company have complied with the Limited Liability Companies Act.

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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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.

Säkylä, February 25, 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannu Pellinen	Tomi Moisio
APA	APA, CPFA

Statement by the Supervisory Board

The Supervisory Board has today reviewed Lännen Tehtaat plc's financial statements 2008 including the consolidated financial statements, the Board of Directors' report and the related Board of Directors' proposal concerning the distribution of profit funds, and the auditor's 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, Pasi Jaakkola, Jouni Kaitila, Markku Länninki and Ilkka Markkula.

Espoo, 3 March 2009

For the Supervisory Board

Helena Walldén	Asmo Ritala
Chairwoman	Secretary

Shares, share capital, shareholders 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.

Shares and voting rights

The shares of Lännen Tehtaat plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association prescribe that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a shareholders' meeting.

Share capital

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

The Annual General Meeting on 2 April 2008 authorized the Board of Directors to decide on the issuing of new shares and on the transfer of Lännen Tehtaat shares held by the company in one or more lots in a share issue, to a total of no more than 947,635 shares. The share issue authorization covers all the Lännen Tehtaat shares held by the company on the date of the decision (65,000 shares). The authorization further covers all the Lännen Tehtaat shares to be acquired under the authorization, given on 2 April 2008, to acquire Lännen Tehtaat shares. The maximum number of Lännen Tehtaat shares that may be acquired under this authorization is 250,878. The maximum number of new shares that can be issued is 631,757, and the maximum number of Lännen Tehtaat shares held by the company that can be transferred is 315,878. The subscription price for each of the new shares must be at least the nominal share value of EUR 2. The transfer price for Lännen Tehtaat shares held by the company must be at least the current value of the share at the time of transfer, which is determined by the price quoted in public trading on the Helsinki stock exchange. However, in the case of share-based incentive systems, shares can be issued without remuneration. The authorization includes the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has a substantial financial reason to do so, such as development of the company's capital structure, financing and implementing corporate acquisitions or other arrangements, or building a share-based incentive system, the right to offer shares not only against money payment but also against capital consideration in kind or under other specified terms or by exercising right of set-off and to decide on the subscription price of shares and other conditions of and matters related to the share issue.

The authorization is valid until the next AGM. The authorization revoked the earlier authorization to issue shares, given on 29 March 2007, and the authorization to transfer Lännen Tehtaat shares held by the company given on the same date.

The Board of Directors has not until 18 February 2009 used the authorization granted to it for issuing new shares or for transferring Lännen Tehtaat shares held by the company.

Own shares

The Annual General Meeting on 2 April 2008 authorized the Board of Directors to decide on the acquisition of a maximum total of 250,878 Lännen Tehtaat shares for the company using untied equity, under the following conditions. Shares may be acquired for the purpose of developing the company's capital structure, financing or implementing corporate acquisitions or other arrangements, implementing share-based incentive systems, or for onward transfer or annulment.

Shares may be acquired in one or more lots, to a maximum total of 250,878 shares. The combined number of Lännen Tehtaat shares held by the company following this acquisition must not, however, exceed five (5) per cent of the total number of Lännen Tehtaat shares. The Board is entitled to decide on how to proceed in acquiring shares. The shares will be acquired in public trading on the Helsinki stock exchange, and the current value at the time of the transaction will be paid for the shares. During the validity of the authorization, the minimum price of the shares shall be the lowest price quoted in public trading, and the maximum price correspondingly shall be the highest price quoted in public trading. The acquisition price will be paid to the parties selling the shares within the period of payment specified by the rules of OMX Nordic Exchange Helsinki Oy and the Finnish Central Securities Depository. Because this acquisition will be performed by buying shares in public trading, the shares will not be acquired in accordance with the holding percentages of the shareholders. The share acquisition will decrease the company's distributable untied equity. The Board will decide on any other terms and conditions related to the company's acquisition of its own shares.

The authorization is valid until the next AGM.

Under the authorization granted by the Annual General Meeting on 2 April 2008, the Board of Directors of Lännen Tehtaat plc on 6 May 2008 decided to purchase a maximum total of 65,000 Lännen Tehtaat plc own shares. During 19 May – 20 August 2008 a total of 65,000 company's own shares were purchased in the trading organized by NASDAQ OMX Helsinki Ltd. A total of EUR 1.0 million was spent on the purchases, and the average price for the shares was EUR 15.25 per share. The highest price paid was EUR 15.89 and the lowest price EUR 14.35.

At the end of the financial year the company held a total of 130,000 own shares, which have been purchased during the financial year and in years 2000-2001. 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.

Lännen Tehtaat plc's share options

The Board of Directors has no authorization to decide on the issuance of options or other special rights entitling to shares.

Major shareholders on 10 February 2009

	Number of shares	%	Number of votes	%
Esko Eela	386 548	6.1	386 548	6.2
Odin Finland	364 909	5.8	364 909	5.9
Valio Ltd	327 912	5.2	327 912	5.3
OP-Suomi Arvo	292 100	4.6	292 100	4.7
Nordea Nordic Small Cap Fund	262 980	4.2	262 980	4.3
Skagen Global Verdipapirfond	214 350	3.4	214 350	3.5
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
Mutual Fund Evli-Select	91 529	1.4	91 529	1.4
Nominee-registered shares;				
Skandinaviska Enskilda Banken AB	460 068	7.3	460 068	7.4
Nordea Bank Finland Plc	217 911	3.4	217 911	3.5
Svenska Handelsbanken AB	56 206	0.9	56 206	0.9
AB Nordnet	559	0.0	559	0.0
Other shareholders	3 078 219	48.7	3 078 219	49.7
External ownership total	6 187 576	97.9	6 187 576	100.0
Owned by the company	130 000	2.1		
	6 317 576	100.0		

Shares owned by the corporate management

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 23,974 shares on 10 February 2009. This corresponds to 0.4% of share capital and voting rights.

Distribution of shareholdings on 10 February 2009

Shares	Number of share-holders	% of share-holders	Number of shares	% of shares
1 – 100	3 997	49.1	179 857	2.8
101 – 500	3 113	38.3	748 719	11.9
501 – 1 000	628	7.7	456 478	7.2
1 001 – 5 000	334	4.1	612 728	9.7
5 001 – 10 000	23	0.3	154 147	2.4
10 001 – 50 000	21	0.3	461 423	7.3
50 001 – 100 000	8	0.1	561 251	8.9
100 001 – 500 000	12	0.1	3 091 063	48.9
Joint account			51 910	0.8
Total	8 136	100.0	6 317 576	100.0

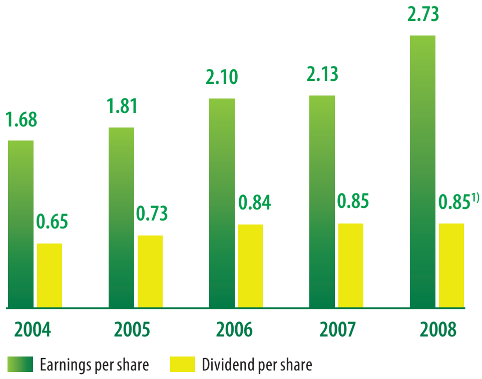
Distribution of ownership on 10 February 2009

	% of share-holders	% of shares
Companies	1.8	12.7
Financial and insurance institutions	0.4	12.9
Public organizations	0.4	8.1
Private households	95.9	35.5
Non-profit organizations	1.3	5.5
Foreign owners	0.1	12.8
Nominee-registered		11.6
Joint account		0.8
Total	100.0	100.0

Dividend policy

The aim of the Lännen Tehtaat plc Board is to ensure that the share generates a good return and retains its value. Dividend policy supports this goal. The company will distribute a dividend of no less than 40% of the proportion of the profit for the financial year that is assigned to parent company shareholders.

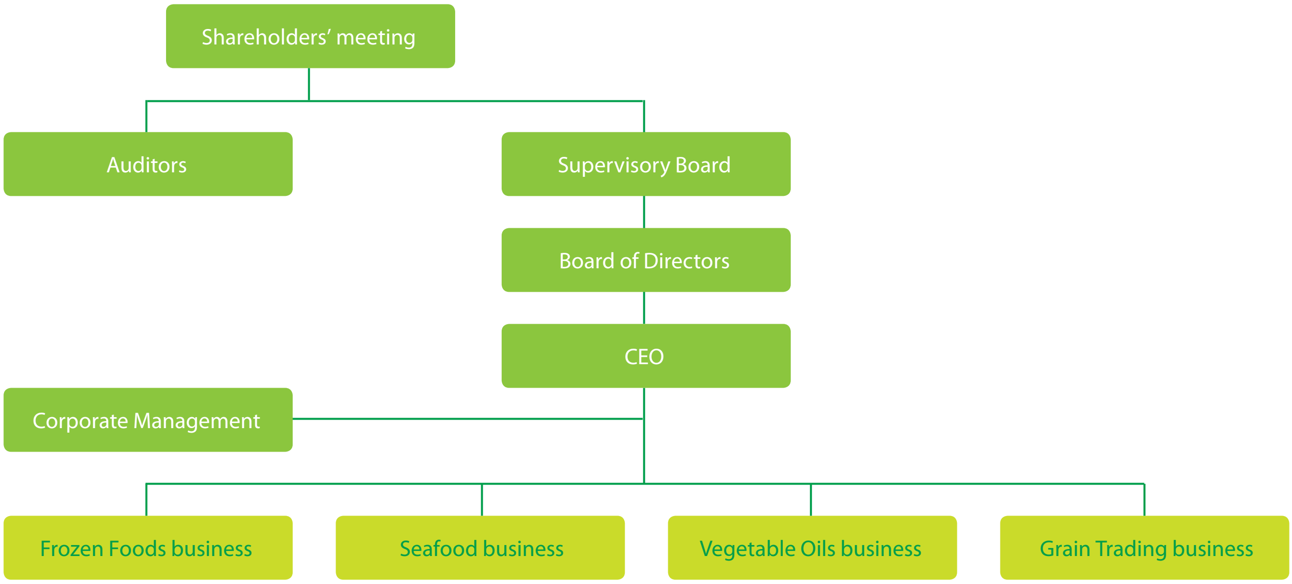
Earnings per share and dividend per share, EUR



1) Board's proposal

Corporate Governance of Lännen Tehtaat plc

Chain of control



The main components in Lännen Tehtaat plc's chain of control are as follows:

- Shareholders' meeting
- Auditors
- Supervisory Board
- Board of Directors
- CEO
- Operating organization

The roles and responsibilities pertaining to each of the components in the chain of control are described below. The closest possible cooperation between the components in the chain of control is essential for the success of Lännen Tehtaat plc and for ensuring growth in shareholder value. The Board of Directors and the operating organization's management occupy a critical position and bear the primary responsibility for developing Lännen Tehtaat plc and increasing the shareholder value.

Corporate structure

The Lännen Tehtaat Group comprises Lännen Tehtaat plc and its subsidiaries. The most significant subsidiaries are Apetit Kala Oy, Maritim Food AS, Apetit Pakaste Oy, Mildola Oy and Avena Nordic Grain Oy. The Group's legal structure is shown in Appendix 1 and the structure of the operating organization's management in Appendix 2.

Applied provisions

Lännen Tehtaat plc is a Finnish public limited company. Its decision-making and administration are in accordance with the Limited Liability Companies Act, other acts which apply to public listed companies, and the Lännen Tehtaat plc Articles of Association. In addition, the company follows the Guidelines on Insider Trading of the NASDAQ OMX Helsinki Ltd, which entered into force on 2 June 2008 and the Finnish Corporate Governance Code (CG recommendation) for listed companies issued by the Securities Market Association, which entered into force on 1 January 2009.

Shareholders' meeting

The company's highest decision-making organ, the shareholders' meeting, is convened at the invitation of the company's Board of Directors. Shareholders' meetings are either Annual General Meetings or Extraordinary General Meetings.

The Annual General Meeting is held by the end of May each year, at a time specified by the Board of Directors. The issues that must be dealt with at an AGM as set out in the Articles of Association are discussed, together with any other proposals that have been put to the shareholders' meeting. The Annual General Meeting is usually held in March or April.

An Extraordinary General Meeting is convened as necessary in order to deal with a specific proposal that has been put to a shareholders' meeting.

Summons to a shareholders' meeting

Shareholders are invited to shareholders' meetings with a summons that is published in at least two national newspapers determined by the Board of Directors, mentioning the matters to be dealt with in the meeting. In addition to this, the summons and Board of Directors' proposals that will be put to the shareholders' meeting are published in a stock exchange release and on the company website at least 21 days before the shareholders' meeting. The total number of shares and voting rights on the date of the summons, the documents to be submitted to the shareholders' meeting and other items on the agenda of the shareholders' meeting are also made available to shareholders on the company website.

Attending a meeting
In order to attend a meeting, shareholders must notify the company of their attendance in advance by the date specified in the summons. A shareholder may attend the shareholders' meeting in person or appoint a representative. A shareholder or representative may also have an assistant at the meeting. Minutes of the meeting are drawn up and made available to the shareholders on the company website within two weeks of the meeting. In addition, a stock exchange release is issued without delay after the shareholders' meeting, stating the decisions made at the meeting.

Presence of the Board of Directors, the CEO and the Auditor
The CEO, the chairman of the Board of Directors and a sufficient number of the Board members must be present at a shareholders' meeting, and the auditor must be present at the Annual General Meeting.

Decision-making at the shareholders' meeting
The company has one series of shares and all shares carry equal voting rights. No single shareholder is entitled to exercise voting rights representing more than one tenth of the votes at any meeting. Upon voting, a proposal supported by more than half of the votes usually constitutes the meeting's decision; in the event of a tie, the decision will be the proposal that was supported by the chairman. According to the Limited Liability Companies Act, there are, however, many situations (e.g. an amendment to the Articles of Association or a decision on a targeted share issue) when a decision requires a statutory majority of two thirds.

The Articles of Association do not include a redemption clause. To the knowledge of the company, there are no shareholder agreements about the use of voting rights or any agreements that limit the conveying of shares.

Supervisory Board

Composition and term
The Supervisory Board comprises a minimum of 15 and a maximum of 20 members elected by the shareholders' meeting. Persons who have attained the age of 68 are ineligible for election to the Supervisory Board. In addition to this, members of the company's permanent personnel may appoint to the Supervisory Board a maximum of four members, with personal deputies, from among themselves, in accordance with section 4 of the Act on Personnel Representation in the Administration of Undertakings (725/1990). Personnel representatives are not entitled to attend Supervisory Board meetings when the matters dealt with concern the election of the company management, dismissal, the terms of agreements concerning management, the terms of personnel employment or industrial action.

The term of office of the members of the Supervisory Board is three years and ends at the close of the third Annual General Meeting following their election. The Supervisory Board generally convenes three times a year.

Function of the Supervisory Board
Once it has heard the opinions of the biggest shareholders, the Supervisory Board elects the members of the Board of Directors, the chairman and vice chairman and decides on their fees. 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 and auditors' report and other duties that are prescribed in the Limited Liability Companies Act.

Deviation from the Corporate Governance Recommendation
According to recommendation 8 of the Corporate Governance Recommendation, the members of the Board of Directors are chosen at the shareholders' meeting. According to the Articles of Association, the Supervisory Board elects the members of the Board and decides on their fees. This practice, which deviates from what is prescribed in the Recommendation, has been adopted because the Supervisory Board is responsible for monitoring the Board of Directors and therefore has the best competence for assessing the composition of the Board and the characteristics that are required from Board members.

Board of Directors

Composition and term
In accordance with the Articles of Association, Lännen Tehtaat plc's Board of Directors consists of a minimum of five and a maximum of seven members. The term of office of the Board of Directors comes to an end at the close of the Supervisory Board meeting convened following the AGM subsequent to the election. The composition of the Board of Directors must take into account the needs of the company's operations and the company's development stage. A person elected to the Board of Directors must have the competence required by the task and be able to spend enough time on dealing with it. The Board of Directors must reflect both sexes. The Articles of Association do not limit the number of terms of office that can be held by a member of the Board, nor do they in any other way limit the power of decision of the Supervisory Board when members of the Board are being chosen. Persons who are 68 years of age or older are ineligible for election to the Board of Directors.

Function 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 term they produce the maximum amount of added value for the invested capital, taking into account at the same time the expectations of the different stakeholders.
In order to fulfil its functions, 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 operational 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 of the company's internal control, ensuring annually that they are kept up-to-date, and monitors the effectiveness of the internal control
- confirms the company's risk management policy and principles as well as the risk limits, which are to be confirmed annually,

and monitors the effectiveness of the risk management systems
- goes through quarterly the main risks associated with the company's operations and the management of them
- monitors the financial statements reporting process and the statutory auditing of the financial statements and consolidated financial statements
- supervises the financial reporting process
- deals with and approves interim reports, the Board of Directors' report and financial statements
- confirms the Group's organizational structure
- appoints and releases the CEO and his deputy his duty, and decides on the conditions of their terms of service and incentive schemes
- sets personal targets for the CEO annually and assesses their realization
- 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, conditions of employment and their incentive plans
- monitors the company's working atmosphere and the way in which personnel manage in their tasks
- convenes at least once a year without the current management in attendance
- holds a meeting with the auditors at least once a year
- assesses the independence of the auditor and the additional services provided for the companies that are to be audited
- prepares for a shareholders' meeting a draft resolution on the choice of auditors
- assesses its own performance once a year and provides the Supervisory Board with the results of the assessment
- confirms its rules of procedure, which are reviewed annually

Duties of the Chairman of the Board of Directors

The duties of the Chairman of the Board of Directors are

- to act as the Board of Directors' chairperson
- to be responsible for the planning and efficient running of meetings
- to familiarize new members with the company's operations
- to attend to the development of members' industry expertise
- to attend to owner relationships and to bring the wishes of the owners to the attention of the members of the Board of Directors
- to ensure that the Board of Directors obtains sufficient information for making its decisions
- to decide together with the CEO on the working order of meetings
- to monitor the implementation of decisions of the Board of Directors
- to attend to the assessment of the performance of the Board of Directors.

Evaluation of independence

The company's Board of Directors has carried out an evaluation of independence of the company in accordance with recommendation 15 of the Corporate Governance Recommendation. The evaluation determined that all the members of the Board, the chairman of the Board Tom v. Weymarn, deputy chairman Hannu Simula and Board members Harri Eela, Heikki Halkilahti, Aappo Kontu, Matti Lappalainen and Soili Suonoja were independent of the company. All members of the Board are independent of a significant shareholder, as referred to in the Corporate Governance Recommendation.

Decision-making

The Board of Directors must always promote the interests of the company and ensure that its actions do not provide an unfair advantage to a shareholder or any other party at the expense of the company or any other shareholder. A member of the Board is disqualified from taking part in the handling of an issue between him/her and the company. When a vote is taken, the opinion of the majority forms the decision of the Board of Directors and, in the event of a tie, the opinion of the chairman forms the decision. In the event of a tie in personal elections, the election is decided by lot.

Meetings of the Board and self-evaluation

The Board of Directors convenes about 10 times a year. The Board has not allocated any specific focus areas to the members for the monitoring of business operations. The CEO of Lännen Tehtaat plc, or another member of the corporate management assigned by the CEO, is responsible for presenting the issues to be dealt with at the meeting. According to the Board rules of procedure, the CEO is responsible for providing the Board with sufficient information in order for it to be able to assess the operations and financial position of the Group. The CEO also supervises the implementation of Board decisions and reports to the Board on any deficiencies or problems in their implementation. The Board secretary is the company's corporate counsel. The Board regularly evaluates its performance and working methods by carrying out a self-evaluation once a year. The results of the evaluation are issued to the Supervisory Board.

The Board's fees and other benefits

The Supervisory Board decides on the Board's fees and the grounds for compensation for expenses every year. Fees to members of the Board are paid as monetary compensation. The fees paid are stated on the company website.

CEO and Deputy CEO

Lännen Tehtaat plc has a CEO and a Deputy CEO. The CEO's task is to direct the operations of the company according to instructions and provisions issued by the Board and to inform the Board about the development of the company's business operations and financial situation. The CEO is also responsible for the arrangement of the day-to-day management of the company. The CEO 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.

The CEO is primarily responsible for introducing the issues that will be dealt with at the Board meeting and responsible for drawing up the proposals for decisions. In matters it considers appropriate, the CEO may also delegate these tasks to a member of the Corporate management. The CEO and the deputy are elected by the Board of Directors, which also decides on their salary, performance-related benefits and other conditions of the terms of their service. The CEO's terms of service have been agreed in writing. The CEO does not have a fixed term of office, but has been appointed for the task until further notice.

Retirement age and benefits

The retirement age for the CEO is 62 and pension benefits are 62 per cent of pensionable salary.

CEO's salary and terms of employment

The salary paid to the CEO including fringe benefits in 2008 was EUR 400,459.

The agreed 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 month´s pay.

Corporate Management

The Lännen Tehtaat Group's Corporate Management is chaired by the CEO of Lännen Tehtaat plc. Its members comprise the directors of the largest business units, the financial director and other directors of the Group companies elected separately. The Corporate Management does not exercise powers based on law or the Articles of Association. The Corporate Management is an advisory organ appointed by the CEO, and it has the task of carrying out development projects that apply to the entire Group and deal with principles and operating policies at the Group level. The Corporate Management is also informed of the business plans and financial performance of the Group and the subsidiary companies and of the issues dealt with by the Board, the preparation of which it participates in. The Corporate Management convenes about four times a year. The CEO is responsible for choosing the members of the Corporate Management. Personal details about members of the Corporate Management and their ownership arrangements can be seen on the company website.

Commitment and incentive plans for management

The commitment and incentive plans for management are made up of monetary wages, fringe/pension benefits and performance-related compensation, by which the basis of success in the yearly level is measured. Longer-term development is measured with the share-based commitment plan. The levels of the systems as a whole are compared annually with the general market level.

The Board of Directors of Lännen Tehtaat plc decides on the principles for the commitment and incentive plans for the CEO and other members of the management. The Board also confirms annually the indicators to be used for the plans and their level in relation to the chosen targets. Indicators also include key figures connected with annual budgets as well as development targets selected on a function-specific basis. The maximum amount of performance-related compensation corresponds to three months' salary.

The management's share-based commitment plan is based on the authorisation granted to the Board of Directors annually at the General Meeting to use company shares as part of the commitment plan. The Board defines the indicators utilised in the plan and their target levels. The indicator for 2008 has been the company's earnings per share. According to the plan the CEO can receive a maximum of 2,000 shares as a reward and other management members 1,000. In addition to shares, the reward includes a cash portion that will be the equivalent of the amount of tax and tax-related costs based on the value of the reward. The shares earned on the basis of the plan cannot be transferred, pledged or used otherwise during the period of commitment placed on them. The commitment period starts from the payment of the reward and ends with the termination of the calendar year following the year of payment.

External audit

The primary function of the statutory auditing of the accounts is to verify that the financial statements provide correct and sufficient information on the Group's results and financial position for the financial period. Lännen Tehtaat plc's financial year is the calendar year.

The auditor is responsible for inspecting the accuracy of the company's bookkeeping and financial statements for the financial year, and for issuing an auditors' report for the shareholders' meeting. According to Finnish law, the auditor must also inspect the lawfulness of the company's administration. The auditors report their observations to the Board of Directors at least once a year.

Auditor

In accordance with the Articles of Association, Lännen Tehtaat plc has a minimum of two and a maximum of three auditors appointed by the Annual General Meeting. An auditor's term ends at the close of the Annual General Meeting subsequent to the election. The auditors must be Authorized Public Accountants or Accounting Companies.

Fees paid

The audit fees are stated on the company website.

Group reporting and internal control

The achievement of financial targets is monitored by means of monthly reports which cover the entire Group. The reports compare the monthly and cumulative results with the budget, the previous year and regularly updated forecasts. The up-to-date forecasts cover the following 12 months. Data from the monthly reports are regularly reconciled with the accounts. The Group CEO and members of the Corporate Management are issued with the reports, and the Group's Board of Directors is issued with a summary for the Group and summaries of the data for each business unit.

Internal control has been incorporated into the Group's financial management. The Board of Directors approves the common guidelines for the internal control of the entire Group and assesses at least once a year the state of the internal control. The boards of directors of the Group companies are charged with the highest-management duties that are related to the internal control of the company in question. The executive management 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 reports on the company's operations, risk-bearing ability and risk situation in accordance the Group's management system. A person who holds responsibility for financial matters and who ensures that legislation and Group guidelines are adhered to has been appointed to each company or business unit within the Group. The Group's internal audit assesses the efficiency of the internal control in the audits it carries out and identifies and reports on areas for development. The parent company's head of bookkeeping and taxation matters acts as an internal auditor in Group companies. The internal auditor reports on his observations to the Board of the parent company. The Group's auditors carry out a supervising audit as a part of their annual audit programme. The auditors report their observations to the director of the unit inspected, the person in charge of financial matters, the Group's financial director, financial manager and the manager responsible for accounting and tax issues, and the CEO.

Risk management

The Lännen Tehtaat Group has a documented and comprehensive risk management system under which all Group companies and business units regularly identify, assess and report the risks involved in their operations and the adequacy of their control and 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 the strategic, operating, financial and hazard risks.

Each year, the Lännen Tehtaat plc Board of Directors confirms that the Group's risk management policy and its risk management principles and limits are relevant and up-to-date. The existing guidelines on risk management are shown in Appendix 3.

Governance principles of business units

The governance principles of the business units ensure that the units' operations follow the decisions that have been taken and that the people in the various units have a clear idea of the responsibilities and powers associated with the tasks in the unit. These principles are applied by Lännen Tehtaat plc's Group administration and all the fully-owned subsidiaries.

Directors working in the business units and Group administration must ensure that the operations and decision-making conform to agreed administrative principles. Directors must also ensure that operations in their business units follow the operating principles approved for them.

Decision-making and responsibility apply at a personal level. The role of the management groups and work groups is to act as bodies that prepare decision-making. The delegation of powers of decision is also at a personal level.

The legal structure of the Group does not correspond to the operational structure of the Group's business operations. The legal units form only the basis for the legal structure of the business operations. The boards of directors of subsidiaries fully owned by the parent company are made up of people employed by the Group. One or more members of the Group's Corporate Management are on the board of the major Group companies.

Apetit Pakaste

Apetit Pakaste Oy develops, produces and markets frozen vegetables, potato products and ready meals. The company's main market area is Finland. Its operations are based on operating plans that are consistent with its strategy and on budgets that are approved by its Board of Directors. Lännen Tehtaat's Board of Directors confirms Apetit Pakaste's operating plan and annual plan every year. Decision-making by Apetit Pakaste's Managing Director is based not only on the Limited Liability Companies Act and Apetit Pakaste's Articles of Association but also on the approved operating plan and budget. Management reviews held twice a year ensure the suitability of the operational management system for implementing the company's operating policy. The monitoring of set targets is based on continuous internal reporting.

Apetit Kala

Apetit Kala Oy develops, produces and markets fish products in its main market area, Finland. The company's concept business offers solutions for customers outsourcing their service-sales counters. Its operations are based on operating plans that are consistent with its strategy and on budgets that are approved by its Board of Directors. Lännen Tehtaat's Board of Directors confirms Apetit Kala's operating plan and annual plan every year. Decision-making by Apetit Kala's Managing Director is based not only on the Limited Liability Companies Act and Apetit Kala's Articles of Association but also on the approved operating plan and budget. The monitoring of set targets is based on continuous internal reporting.

Maritim Food

Maritim Food AS develops, markets and sells fish and shellfish products to the consumer market and hotel, restaurant and catering sector in Norway, Sweden and Finland. It has subsidiaries in Norway and Sweden. Maritim Food's operations are based on operating plans and budgets which are approved by its Board of Directors and are consistent with its strategy. The Lännen Tehtaat Board of Directors confirms the operating plan and annual plan every year. Decision-making by Maritim Food's Managing Director is based on Norway's legislation concerning limited liability companies, Maritim Food's Articles of Association and the approved operating plan and budget. Monitoring of progress against the targets set is based on continuous internal reporting by the company and its subsidiaries.

Mildola

Mildola Oy develops, produces and markets vegetable oils and protein feeds. The main market area for the protein feeds is Finland. Half of the vegetable oils are exported, the focus being on Scandinavia and the Baltic countries. Mildola's operations are based on operating plans that are consistent with its strategy and on budgets that are approved by its Board of Directors. The Lännen Tehtaat Board of Directors confirms Mildola's operating plan and annual plan every year. Decision-making by Mildola's Managing Director is based not only on the Limited Liability Companies Act and Mildola's Articles of Association but also on the approved operating plan and budget. Management reviews held annually ensure the suitability of the operational management system for implementing the company's operating policy. The monitoring of set targets is based on continuous internal reporting.

Avena Nordic Grain

Avena Nordic Grain Oy is active in the trading of grains, oilseeds, pulses and feed raw materials both in Finland and internationally. It has subsidiaries in Russia and Lithuania, and representative offices in Russia and Kazakhstan. Avena's activities are based on its operating plans and budgets, which are approved by its Board of Directors and are consistent with its strategy. The Lännen Tehtaat Board of Directors confirms the operating plan and annual plan every year. Decision-making by Avena's Managing Director is based on the Limited Liability Companies Act, Avena's Articles of Association and the approved operating plan and budget. Monitoring of progress against the targets set is based on continuous internal reporting.

Apetit Suomi

Apetit Suomi Oy produces services in human resources management, marketing, IT, and financial and environmental administration for the Group's business units. The role of the human resources unit is to support the line management and supervisors in achieving the strategic and operative goals by developing and managing the core processes of personnel administration.

The marketing function deals with the marketing of the products produced by Apetit Kala and Apetit Pakaste. It is responsible for the companies' product brands in Finland. Decisions about the processes are taken within the framework of Apetit Kala's and Apetit Pakaste's existing business strategies and annual plans. The strategies and operating plans associated with marketing are approved by the Managing Directors of Apetit Kala and Apetit Pakaste after preparation by the management group. Reports on operations and on deviations from the strategic plans are provided to the management groups of Apetit Kala and Apetit Pakaste.

The information technology unit produces IT services for the Group's business units. The unit is responsible for the Group's basic information technology and IT infrastructure and for the quality and cost-effectiveness of the IT services produced for the units. The ownership of the business operation systems lies with the business units themselves. In projects concerning these systems, the information technology unit provides support while changes are being made and provides technical and project expertise as well as back-up once a system has been introduced.

Apetit Suomi's financial administration unit is responsible for the Group's cash management and payment services and for agreed tasks concerning the invoice processing and invoicing of the Group's businesses.

The environmental management unit is responsible for handling matters concerning water, waste management and wastewater treatment at the Säkylä industrial estate, for advising and instructing the Group's companies in questions concerning environmental matters, and for monitoring implementation of the Group's environmental goals.

Group Administration

Group Administration is responsible for financial management at the Group level and legal services.

The financial management unit is responsible for monthly reporting at the Group level and it produces financial statements, the annual report and quarterly interim reports. The financial management unit is also responsible for financing and insurance at the Group level, stock exchange releases, guidance on profit forecasting and the annual plan, monitoring the appropriate arrangement of the internal control and risk management, and developing internal control and risk management.

The legal service operates as a legal advisor to the business units and is responsible for producing the legal services they need.

Updating Corporate Governance

The regularly updated Lännen Tehtaat plc Corporate Governance section with enclosures can be found on the company web pages at www.lannen.fi/en/investor_information.

Corporate Governance on 31 December 2008

Supervisory Board

The Supervisory Board of Lännen Tehtaat plc comprises 19 members elected by the shareholders' meeting and four members elected by the company's permanent personnel. The Supervisory Board on 9 April 2008 elected Helena Walldén chairwoman of the Supervisory Board and Juha Nevavuori deputy chairman. The members of the Supervisory Board are shown on page 89.

In 2008 the Supervisory Board met four times.

As decided by the Annual General Meeting on 2 April 2008, the yearly fee paid to the Supervisory Board's chairman is EUR 7,500, and to the deputy chairman EUR 5,000. The meeting allowance paid to the chairman and the members of the Supervisory Board is EUR 250. The members of the Supervisory Board were paid a total of EUR 31,833 in fees and allowances in 2008.

Board of Directors

On 9 April 2008 the Supervisory Board of Lännen Tehtaat plc elected seven Board members.

Tom v. Weymarn was elected chairman of the Board and Hannu Simula deputy chairman. The members of the Board of Directors are shown on page 90.

In 2008 the Board met 15 times. The average attendance rate of members was 88.1%.

As decided by the Supervisory Board on 9 April 2008, the monthly fee paid to the chairman of the Board of Directors is EUR 3,025, and to the deputy chairman EUR 1,870 and to the Board members EUR 1,485. In 2008, the members of the Board of Directors received a total of EUR 148,160 in fees and allowances.

CEO

Matti Karppinen took up his duties as CEO of Lännen Tehtaat plc on 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 2008 amounted EUR 400,459.

Eero Kinnunen, M.Sc. (Econ.), Chief Financial Officer of the Lännen Tehtaat Group was appointed Deputy CEO as of 1 January 2008.

Auditors

Lännen Tehtaat's 2008 Annual General Meeting decided to elect two auditors for the company. The auditors chosen were Hannu Pellinen, APA, and PricewaterhouseCoopers Oy Authorized Public Accountants, with Tomi Moisio, APA, CPFA, as the auditor with principal responsibility. Auditors for the Lännen Tehtaat Group's subsidiaries are mostly member firms of PricewaterhouseCoopers or auditors working for such firms.

The Group's auditors based in Finland and elsewhere were paid a total of EUR 164,012 in 2008 for their auditing of the Lännen Tehtaat Group companies' accounts. In addition to the auditors' fees, companies belonging to PricewaterhouseCoopers were paid a total of EUR 57,067 in fees for non-audit services such as tax, IFRS and other services.

Insider issues

Lännen Tehtaat plc's insider trading regulations approved by the Board of Directors came into effect on 19 June 2008. 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 2 June 2008. The regulations include guidelines for concerning persons in public insider registers, permanent company-specific insiders and project-specific insiders, and on the organization and procedures concerning insider administration.

The following persons are all categorized as public insiders of Lännen Tehtaat plc by virtue of their position and duties: the members and deputy members of the company's Board of Directors and Supervisory Board; the CEO and the Deputy CEO; the auditors and deputy auditors, including the auditing firm's auditor with principal responsibility for Lännen Tehtaat; the Chief Financial Officer; the Director of Seafood business; the Managing Director of Apetit Pakaste Oy; the Managing Director of Mildola Oy and the Managing Director of Avena Nordic Grain Oy.

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/investor_information, under 'Corporate Governance'.

Summary of the stock exchange releases in 2008

The stock exchange releases and announcements of Lännen Tehtaat plc are available on the company web pages at www.lannen.fi/en/investor_information. Some of the information of the releases and announcements included in the summary 2008 might be out of date.

January

21 January 2008 SER, Sami Haapasalmi to head Lännen Tehtaat's fish business

February

15 February 2008 SEA, Personnel to become part-owners of Avena.
15 February 2008 SER, Lännen Tehtaat plc financial statements bulletin 1 Jan. – 31 Dec. 2007
20 February 2008 SER, Proposals of the Board of Directors to the Annual General Meeting of Lännen Tehtaat plc

March

11 March 2008 SEA, Invitation to the Annual General Meeting of Lännen Tehtaat plc
18 March 2008 SEA, Lännen Tehtaat plc Annual Report 2007 and summary of stock exchange releases published

April

2 April 2008 SER, Decisions by the Annual General Meeting of Lännen Tehtaat plc
2 April 2008 SER, Lännen Tehtaat plc's Board decides on incentive plan for key personnel
9 April 2008 SER, Organization of the Supervisory Board and election of the Board of Directors

May

8 May 2008 SER, Interim Report for 1 January – 31 March 2008
8 May 2008 SE, Lännen Tehtaat plc to purchase company's own shares
19 May 2008 SER, Acquisition of own shares
20 May 2008 SER, Acquisition of own shares
22 May 2008 SER, Acquisition of own shares
26 May 2008 SER, Acquisition of own shares
27 May 2008 SER, Acquisition of own shares
28 May 2008 SER, Acquisition of own shares

June

3 June 2008 SER, Acquisition of own shares
6 June 2008 SER, Acquisition of own shares
9 June 2008 SER, Acquisition of own shares
10 June 2008 SER, Acquisition of own shares
12 June 2008 SER, Acquisition of own shares
17 June 2008 SER, Acquisition of own shares
19 June 2008 SER, Acquisition of own shares
23 June 2008 SER, Acquisition of own shares
24 June 2008 SER, Acquisition of own shares
27 June 2008 SER, Acquisition of own shares
27 June 2008 SER, Acquisition of own shares
30 June 2008 SER, Acquisition of own shares

July

1 July 2008 SER, Acquisition of own shares
4 July 2008 SER, Acquisition of own shares
7 July 2008 SER, Acquisition of own shares
7 July 2008 SER, Acquisition of own shares
8 July 2008 SER, Acquisition of own shares
9 July 2008 SER, Acquisition of own shares
10 July 2008 SER, Acquisition of own shares
11 July 2008 SER, Sale of shares in the joint book-entry account
11 July 2008 SER, Acquisition of own shares
15 July 2008 SER, Acquisition of own shares
17 July 2008 SER, Acquisition of own shares
18 July 2008 SER, Acquisition of own shares
23 July 2008 SER, Acquisition of own shares
24 July 2008 SER, Acquisition of own shares
28 July 2008 SER, Acquisition of own shares
28 July 2008 SER, Acquisition of own shares
31 July 2008 SER, Acquisition of own shares

August

1 August 2008 SER, Acquisition of own shares
4 August 2008 SER, Acquisition of own shares
5 August 2008 SER, Acquisition of own shares
6 August 2008 SER, Acquisition of own shares
7 August 2008 SER, Acquisition of own shares
8 August 2008 SER, Acquisition of own shares
11 August 2008 SER, Acquisition of own shares
12 August 2008 SER, Interim Report 1 January 30 June 2008
12 August 2008 SER, Acquisition of own shares
13 August 2008 SER, Acquisition of own shares
14 August 2008 SER, Acquisition of own shares
15 August 2008 SER, Acquisition of own shares
18 August 2008 SER, Acquisition of own shares
19 August 2008 SER, Acquisition of own shares
20 August 2008 SER, Acquisition of own shares
21 August 2008 SER, Jarno Järvinen appointed Managing Director of Apetit Kala Oy

September

1 September 2008 SER, Lännen Tehtaat sold its remaining holding in Suomen Rehu to Hankkija-Maatalous Oy
5 September 2008 SER, Significant non-recurring profit from associated company in third quarter
30 September 2008 SER, Entry of non-recurring profit from associated company delayed until fourth quarter

November

4 November 2008 SER, Interim Report 1 January – 30 September

December

16 December 2008 SER, Lännen Tehtaat's consolidated operating profit of the continuing operations for the whole year without non-recurring items lower than expected - the overall profit for the financial year substantially better than in the comparison period
16 December 2008 SEA, Lännen Tehtaat plc's financial information 2009
30 December 2008 SER, Efficiency improvements in Lännen Tehtaat's Fish Products Business and Group Management

SER = Stock Exchange Release
SEA = Stock Exchange Announcement

Supervisory Board and Auditors

Supervisory Board

Members elected by the Shareholders' meeting

Helena Walldén, b. 1953
Chairwoman since 2008,
Member since 1996
Principal occupation: Pohjola Insurance Ltd, Director
Main simultaneous positions of trust: Finnish Fur Sales, Metsähallitus

Juha Nevavuori, b. 1942
Deputy chairman since 2008, Chairman in 2007, Deputy chairman in 2003 – 2006,
Member since 1973

Heikki Aaltonen, b. 1956
Member since 2007

Matti Eskola, b. 1950
Member since 1991
Membership term expires 2009

Jussi Hantula, b. 1955
Member since 1995

Börje Helenelund, b. 1951
Member since 1998

Pasi Jaakkola, b. 1941
Member since 1982
Membership term expires 2009

Jouni Kaitila, b. 1963
Member since 1991
Membership term expires 2009

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 2009

Ilkka Markkula, b. 1960
Member since 2003
Membership term expires 2009

Marja-Liisa Mikola-Luoto, b. 1971
Member since 2005

Samu Pere, b. 1968
Member since 1998

Tuomo Raininko, b. 1966
Member since 2005

Esa Ruohola, b. 1946
Member since 1998

Esko Suomala, b. 1959
Member since 2008

Mauno Ylinen, b. 1965
Member since 2005

Personnel representatives

Aila Koivuniemi, b. 1944
Member since 1997
Membership term expires 2009

Veijo Kukkonen, b. 1981
Member since 2006
Membership term expires 2009

Tapio Mäki, b. 1962
Member since 2006
Membership term expires 2009

Marja Rusi, b. 1966
Member since 1997
Membership term expires 2009

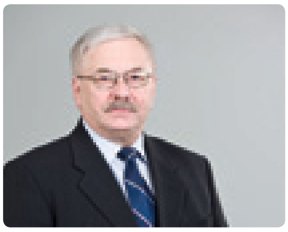
Auditors

Hannu Pellinen
APA

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

Board of Directors

Tom v. Weymarn, b. 1944
Chairman since 2003, Member since 1999
Main simultaneous positions of trust: Chairman of the Board: TeliaSonera AB, Turku Science Park Ltd
Member of the Board: Hartwall Capital Oy Ab, Hydrios Biotechnology Ltd, IK Partners Ab, Pohjola Bank plc, Sibelius Academy
Employment history: Oy Rettig Ab, President and CEO 1998 – 2004, Cultor Ltd, Deputy Managing Director 1991 – 1997, Oy Karl Fazer Ab, Divisional Director 1985 – 1991, Telko Oy, Managing Director 1983 – 1985, Oy Huber Ab, Divisional Director 1975 – 1982, Kymi-Kymmene Oy, Operating Engineer/Development Manager 1970 – 1975



Hannu Simula, b. 1947
Deputy chairman since 2003, 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

Harri Eela, b. 1960
Member since 2004
Principal occupation: Cursor Oy, Project Manager
Main simultaneous positions of trust: Chairman of the Board: DSTP-Engineering Oy
Employment history: Metso Panelboard Oy, Business Manager 1996 – 2006, Tresko Food Oy, Production Manager 1992 – 1995, Heilborn GmbH, Germany, Project/Sales Engineer 1991 – 1992, Rauma-Repola Loviisa Engineering Works Oy, Development Engineer 1985 – 1990

Heikki Halkilahti, b. 1947
Member since 2008. Deputy chairman of Supervisory Board in 2007, Member since 1990
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
Chairman: Finnish Food and Drink Industries' Federation, Labour Market Committee
Employment history: Valio Oy, since 1976 Administrative Director, President and CEO 2006 – 2007, 2003, Osuusteurastamo Karjaportti, Administrative Director 1973 – 1976

Aappo Kontu, b. 1952
Member since 2004
Principal occupation: Empower Oy, President
Main simultaneous positions of trust: Chairman of the Board: Vahterus Oy
Member of the Board: Empower Group Oy
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 Engineering Office 1977 – 1989

Matti Lappalainen, b. 1948
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

Soili Suonoja, b. 1944
Member since 2003
Main simultaneous positions of trust: Chairman of the Board: Alko Inc.
Member of the Board: Eilakaisla Oy Toimialapalvelu, Helsingin Diakonissalaitoksen Hoiva Oy, Nurmijärven Linja Oy, VR-Group Ltd
Employment history: Professional board-member since 2000, Fazer-Catering, Fazer-Amica, Head of Department / Director 1982 –, Managing Dirrector 1989 – 2000, Karl Fazer confectionery, Shop Manager / Head of Department 1974 – 1982, Työmaahuolto, Inspector 1971 – 1973, The Martha Organization 1970 – 1971

CEO and Corporate Management

Matti Karppinen, b. 1958
CEO of Lännen Tehtaat plc since 2005
Main simultaneous positions of trust: Chairman of the Board: Finnish Food and Drink Industries' Federation
Member of the Board: HKScan Oyj
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

Eero Kinnunen, b. 1970
Deputy CEO since 2008, Chief Financial Officer since 2006
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

Johanna Heikkilä, b. 1962
HR Director since 2005
Employment history: Fazer Leipomot Oy, HR Director 2003 – 2005, LU Suomi Oy, HR Director 2002 – 2003, LU Suomi Oy (earlier Fazer Keksit Oy) HR Manager, 1995 – 2002, Fazer Suklaa Oy, HR Manager 1992 – 1994, Fazer Suklaa Oy, HR specialist 1990 – 1991

Antti Kerttula, b. 1956
Managing Director of Apetit Pakaste Oy since 2007, Director since 1994
Main simultaneous positions of trust: Member of the Board: Ateriamestarit Oy, Finfood – Finnish Food Information Service
Chairman of the executive committee: Finnish Food and Drink Industries' Federation, Frozen Food and Potato Industries' Association
Employment history: Lännen Tehtaat plc, Director of frozen food business 1994 – 2006, Ingman Foods Oyj, Factory Manager 1989 – 1994

Erkki Lepistö, b. 1955
Managing Director of Mildola Oy since 2008, Director since 2001
Main simultaneous positions of trust: Deputy chairman of the Board: Sucros Ltd
Employment history: Suomen Rehu Ltd, Managing Director 2006 – 2007, Lännen Tehtaat plc, CEO, 2001 – 2005, Ata Gears Oy, Deputy Managing Director / Managing Director 1998 – 2001, Lännen Tehtaat plc, Director of Finance 1993 – 1998, Tampereen Seudun Osuuspankki, Manager, Corporate financing, 1987 – 1993

Asmo Ritala, b. 1958
Corporate Counsel since 1995
Employment history: Avena Ltd, Corporate counsel 1995 – 2002, Finnish Grain Board, lawyer 1990 – 1994, Oy Esso Ab, House Manager 1986 – 1990

Kaija Viljanen, b. 1952
Managing Director of Avena Nordic Grain Oy since 1995
Main simultaneous positions of trust: Member of the Board and various work groups: Coceral
Member of the Board: Munakunta
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

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 7103

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

Business ID: 0197395-5
Domicile: Säkylä, Finland

Subsidiaries

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
Sementtitehtaankatu 5
FI-04260 Kerava, Finland
Tel. +358 10 402 4500
Fax +358 10 402 4573

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

Maritim Food Sweden AB
Kallkärrsvägen 21-22
SE-450 52 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

Apetit Suomi Oy
P.O. Box 100
FI-27801 Säkylä, Finland
Tel. +358 10 402 00
Fax +358 10 402 4944
firstname.surname@apetit.fi
www.apetit.fi
Business ID 2077043-2

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

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

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
1 Artillerijskaja str., Europa House
RU-191104 St. Petersburg, Russia
Tel. +7 812 718 8090
Fax +7 812 718 8071

UAB Avena Nordic Grain
Odminiu g. 9-9
LT-01122 Vilnius, Lithuania
Tel. +370 5 243 0290
Fax +370 5 243 0291

Updated contact information on our web pages at www.lannen.fi/en under Contact information.

Oivallus / Eura Print Oy 2009

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