Apetit Plc Interim Report, January-September 2014

Third quarter (July-September)

- Consolidated net sales amounted to EUR 77.0 (91.6) million, down by 16 per cent.
- Operating profit excluding non-recurring items was EUR 1.6 (3.1) million. The reported operating profit was EUR -11.1 (1.0) million.
- The non-recurring items included in the reported operating profit were EUR -12.7 (-2.1) million. These consisted of EUR -10.2 million in impairments carried out in the Food Business on the basis of goodwill impairment testing and EUR -2.5 million in expenses related to the arbitration court process between Apetit and Nordic Sugar, which was concluded during the period.
- The profit for the period was EUR -11.1 (2.5) million, and earnings per share amounted to EUR -1.74 (0.48).
- The profit for the period excluding non-recurring items was EUR 1.0 (1.7) million, and earnings per share excluding non-recurring items was EUR 0.20 (0.35).
- The equity ratio remained strong and was 61.4 (67.4) per cent.

January - September

- Consolidated net sales amounted to EUR 264.0 (290.0) million, down by 9.0 per cent.
- Operating profit excluding non-recurring items came to EUR 2.0 (6.8) million. The reported operating profit was EUR -11.2 (4.3) million.
- The non-recurring items included in the reported operating profit were EUR -13.2 (-2.5) million. These consisted of EUR -10.2 million in impairments carried out in the Food Business on the basis of goodwill impairment testing and EUR -3.0 million in expenses related to the arbitration court process between Apetit and Nordic Sugar.
- The profit for the period was EUR -12.1 (4.9) million, and earnings per share amounted to EUR -1.86 (0.91).
- The profit for the period excluding non-recurring items was EUR 0.3 (4.4) million, and earnings per share excluding non-recurring items was EUR 0.15 (0.84).

The assessment of profit performance for the full year has been updated on a stock exchange release issued on 2 October 2014.

The information in this Interim Report has not been audited. The figures in parentheses are the equivalent figures for the same period in 2013, and the comparison period means the corresponding period of the previous year, unless stated otherwise.

Veijo Meriläinen, CEO:

The Apetit Group's third-quarter net sales were strongly affected by the low world market prices for grains and the smaller delivery volumes in the grain trade compared with the previous year. Sales performance in the Finnish retail trade and in staff restaurants has been lacklustre due to reduced household purchasing power, and in the Food Business we have been actively working to maintain our market position.

The third-quarter consolidated operating profit excluding non-recurring items was down from the previous year because of the impact of the unsatisfactory profitability of the Food Business's fish products group and the decline in the share of profits of the associated company Sucros. In the Grains and Oilseeds Business, the operating profit excluding non-recurring items improved especially as a result of the good performance in the refining margin of oilseed products. Profit performance was also good in the Food Business's frozen products group. During the period, impairments were carried out in the Food Business on the basis of goodwill impairment testing in the fish products group in Sweden and Norway and in the fresh products group.

Juha Vanhainen was appointed the new CEO of Apetit Plc, to take effect on 16 March 2015, and we are glad to have such an able and experienced expert from an international process industry company. Before he starts, we will continue our committed approach to the profitability and development programmes already under way in order to improve profitability and renew our business.

In Food Business, under fish and fresh products groups' long term profitability programs the business practices and structures of purchasing, sales and the order-delivery chain are being revised in order to achieve better profitability and sustainable competitiveness in these product groups. Most of the programme measures are focused on the years 2014-2015, and we expect them to improve profitability gradually as of 2015. The aim of the programmes is to achieve a reduction of EUR 4.5 million in annual expenses.

The significance of domestic content in consumers' purchasing decisions continues to increase, and this is also a cause that is supported in society at large. We believe that our long-term investment in the development of domestic contract growing, strong integration with primary production and the systematic building of the Apetit Kotimainen domestic food brand will continue to produce a competitive advantage that is difficult to imitate.

KEY FIGURES

EUR million	Q3/ 2014	Q3/ 2013	Change	Q1-Q3/ 2014	Q1-Q3/ 2013	Change	Q1-Q4/ 2013
Net sales	77.0	91.6	- 16%	264.0	290.0	- 9%	387.3
Operating profit excluding non-recurring items	1.6	3.1		2.0	6.8		12.2
Operating profit	-11.1	1.0		-11.2	4.3		9.4
Profit before taxes	-11.1	2.7		-12.1	4.7		9.3
Profit for the period	-11.1	2.5		-12.1	4.9		9.3
Profit for the period excluding non-recurring items	1.0	1.7		0.3	4.4		9.1
Earnings per share, EUR	-1.74	0.48		-1.86	0.91		1.63
Earnings per share excluding non-recurring items, EUR	0.20	0.35		0.15	0.84		1.60
Equity ratio, %				61.4	67.4		70.3

NET SALES AND PROFIT

Third quarter (July-September)

Consolidated net sales for the third quarter amounted to EUR 77.0 (91.6) million, down by 16% from the previous year. Net sales in the Grains and Oilseeds Business and in the Food Business were down year on year.

Consolidated operating profit excluding non-recurring items was EUR 1.6 (3.1) million. Operating profit excluding non-recurring items decreased in the Food Business and in Other Operations, and increased in the Grains and Oilseeds Business. Non-recurring items totalled EUR -12.7 (-2.1) million. These consisted of EUR -10.2 (-2.0) million in impairments carried out in the Food Business on the basis of goodwill impairment testing and EUR -2.5 (-0.1) million in expenses related to the arbitration court process between Apetit and Nordic Sugar, which was concluded during the period. The operating profit includes EUR -0.2 (1.3) million as the share of the profits of associated companies.

January-September

Consolidated net sales in January-September were down 9 per cent on the previous year and amounted to EUR 264.0 (290.0) million. Net sales in the Food Business and in the Grains and Oilseeds Business were down year on year.

Operating profit excluding non-recurring items was lower than a year earlier and came to EUR 2.0 (6.8) million. The Food Business operating profit for the comparison period included EUR 2.6 million recognised as income in association with the estimated additional purchase price of Caternet Finland Oy. Non-recurring items totalled EUR -13.2 (-2.5) million and were related to the Food Business and the Other Operations segment.

The operating profit includes EUR 0.4 (3.7) million as the share of the profits of associated companies.

Financial income and expenses came to a total of EUR -0.9 (0.4) million. This includes valuation items of EUR 0.1 (1.3) million with no cash flow implications. The valuation items included EUR 0.1 (-0.9) million in changes in foreign exchange rates for internal loans to the Maritim Food Group. Financial income for the previous year included EUR 2.2 million in changes in the fair value of the debt concerning the redemption obligation in Apetit Kala Oy's minority holding, with no cash flow implications. Financial expenses included EUR -0.7 (-0.4) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Oy.

The profit before taxes was EUR -12.1 (4.7) million. The profit for the period was EUR -12.1 (4.9) million, and earnings per share amounted to EUR -1.86 (0.91).

FINANCING AND BALANCE SHEET

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

The cash flow from operating activities after interest and taxes amounted to EUR -4.0 (16.7) million in January-September. The impact of the change in working capital was EUR -6.7 (14.6) million and was mainly attributable in the Grains and Oilseeds Business.

The net cash flow from investing activities was EUR 3.5 (2.3) million. The cash flow from financing activities was EUR 5.8 (-22.1) million, including EUR 12.0 million in loan withdrawals (EUR -16.3 million in repayments) and EUR -6.2 (-5.6) million in dividend payments. The net change in cash and cash equivalents was EUR 5.3 (-3.0) million.

At the end of the period, the Group had EUR 26.7 (21.1) million in interest-bearing liabilities and EUR 8.1 (2.2) million in liquid assets. Net interest-bearing liabilities totalled EUR 18.6 (18.8) million. The consolidated balance sheet total stood at EUR 204.6 (206.5) million. At the end of the period, equity totalled EUR 125.6 (139.2) million. The equity ratio was 61.4 (67.4) per cent. The Group's liquidity is secured with committed credit facilities; EUR 25.0 (25.0) million was available in credit at the end of the period.

INVESTMENT

The Group's gross investment in non-current assets came to EUR 1.6 (2.1) million in January-September.

PERSONNEL

The Apetit Group employed an average of 726 (774) people in January-September.

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. With production focusing on harvest time, raw materials are processed into finished products mainly during the final quarter of the year, which means that the inventory volumes and balance-sheet values are at their highest at the end of the year. Since the entry of the fixed production overheads included in the historical cost as an expense item is deferred until the time of sale, most of the Group's annual profit is accrued in the final quarter. The seasonal nature of operations is most marked in frozen foods and the operations of the associated company Sucros, where production reflects the crop harvesting season.

In Finland, sales of fish products peak at weekends and in connection with public holidays. In the fish products group in Finland, a significant proportion of the full-year result depends on a successful Christmas season. Due to the growing season for fish, the profit accumulated by the Taimen Group, which is reported as an associated company, is normally smaller during the summer than at other times of the year. Net sales in the Grains and Oilseeds Business vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

OVERVIEW OF OPERATING SEGMENTS

Food Business

EUR million	Q3/ 2014	Q3/ 2013	Change	Q1-Q3/ 2014	Q1-Q3/ 2013	Change	Q1-Q4/ 2013
Net sales	40.2	42.6	-6%	124.7	132.5	-6%	178.5
Operating profit excluding non-recurring items	0.1	1.2		-1.5	1.6		4.0
Operating profit	-10.2	-0.8		-11.7	-0.4		2.0

Third quarter (July-September)

July-September net sales in the Food Business amounted to EUR 40.2 (42.6) million. The decline in net sales is attributable mainly to the lower sales of fresh products group than in the same quarter the previous year. In Norway and Sweden, sales of fish products group in euros were at the previous year's level, but in local currencies there was an increase in sales. Sales in euros declined slightly in the frozen products group.

Sales of the Apetit Kotimainen product range continued to grow, and were 4 per cent higher than in the same period in 2013. However, the year-on-year sales growth was slowed by the discontinuation of less profitable products in the fish products group during the first half of 2014. In the frozen products group, sales growth of the Apetit Kotimainen range continued to be solid. Its sales to retailers and professional food service sector customers was 9 per cent higher than in the previous year.

The Food Business operating profit excluding non-recurring items was lower than a year earlier and came to EUR 0.1 (1.2) million. The profitability of the Food Business was good in the frozen products group, but remained unsatisfactory in the fish and fresh products groups. In Sweden, the profitability of the fish products group suffered due to the rapid increase in shellfish procurement costs and the delay in transferring this cost to customer prices because of tough competition and long agreement periods.

The overhead savings and layoffs that were decided for this year in response to the weak state of the market were continued during the third quarter in the Food Business in Finland. The aim is to achieve a EUR 1.6 million reduction in overhead costs in 2014 in comparison with the figures for 2013. Savings of EUR 0.4 million towards this total were made during the July-September period. Overhead costs for January-September were EUR 1.4 million lower than in the same period the previous year.

Changes in the fair value of currency hedges had an impact of EUR 0.0 (-0.2) million on the operating profit. The share of the profit of the associated company Taimen was EUR -0.2 (0.3) million.

Non-recurring items totalled EUR -10.2 (-2.0) million.

January-September

January-September net sales in the Food Business were lower than a year earlier and amounted to EUR 124.7 (132.5) million. The decline in net sales is attributable mainly to the lower sales of fresh products group.

The operating profit in the Food Business excluding non-recurring items was EUR -1.5 (1.6) million. The Food Business operating profit for the comparison period included EUR 2.6 million recognised as income in association with the estimated additional purchase price of Caternet Finland Oy. The share of the profit of the associated company Taimen was EUR 0.1 (0.5) million.

In the frozen products group, profitability was better in January-September than in the same period the previous year, but in other product groups it remained unsatisfactory. The profit performance of the frozen products group was partly attributable to the success of harvest-time production in 2013.

Non-recurring items totalled EUR -10.2 (-2.0) million.

The average number of people employed in the Food Business decreased from a year earlier, to 633 (692), as a result of the adjustment measures carried out in response to the weak state of the market and unsatisfactory profitability.

Investment in the Food Business totalled EUR 1.3 (1.3) million.

Food Business long-term profitability programmes launched

Apetit has launched long-term profitability programmes for the fish and fresh products groups of its Food Business in Finland. The programmes are designed to bring substantial changes in the product groups' operating methods and structures in order to achieve a lasting competitive edge. The measures are to be carried out in stages by the end of 2015 and are expected to have a positive effect on the profitability of the Food Business as of 2015. The aim of the programmes is to achieve a reduction of EUR 3 million in annual costs in fish products group and EUR 1.5 million in fresh products group in Finland. In addition, the measures to reshape business operations are expected to substantially increase the product groups' competitiveness on the markets.

The measures launched in the fish products group in Finland cover the operations of the entire product group and include changes concerning optimisation of the product portfolio, re-evaluation of the production structure, and establishing a clearer division of responsibilities for production units in different locations. The long-term profitability programme measures for the fresh products group focus on optimising the product portfolio and raw material procurement, raising operating efficiency to a new level, and developing distribution logistics.

Goodwill impairment testing carried out in Food Business

On the basis of goodwill impairment testing carried out during the period, EUR -10.2 (-2.0) million in impairments was recognised for the Food Business. The company has lowered the expectations of future cash flows in the Food Business with respect to the fish and fresh products groups. In fish products group, the revised view is based on lower expectations regarding gross margins attainable in Norway and Sweden and, in fresh products group, lower expectations regarding the sales performance of the Finnish professional food service sector and the weaker economic outlook for the coming years.

On the basis of the goodwill impairment testing, an impairment of EUR -6.4 million was carried out in the fish products group in Norway and Sweden, and the goodwill associated with the product group was impaired in full. In the fresh products group, an impairment of the entire remaining goodwill, EUR -3.0 million, was made, as well as EUR -0.8 million for tangible and intangible assets. The impairments carried out have no cash flow implications. In the comparison period, a non-recurring EUR -2.0 million impairment was recognised in the Food Business for the fish products group in Finland. After these impairments, the Food Business has EUR 0.4 million in goodwill with respect to the frozen foods product group.

Decision on claim for recovery of investment support granted to Caternet Finland Oy

At the beginning of November 2012, Caternet Finland Oy received a decision from the Uusimaa Centre for Economic Development, Transport and the Environment regarding a partial recovery of investment support that was granted to Caternet's Kivikko plant in 2008-2009. The claim for recovery is due to the change of ownership of the company's share capital that occurred on 27 March 2012. The proposed sum claimed for recovery is approximately EUR 2 million.

Caternet Finland Oy considered the claim for recovery to be unfounded and appealed against the decision. On 30 May 2013, the Rural Businesses Appeals Board dismissed the company's appeal and upheld the recovery decision of the Uusimaa Centre for Economic Development, Transport and the Environment. The company has submitted an appeal against the decision to the Supreme Administrative Court and requests that the Court rescind the decision. Any claim for recovery will not take effect before the Supreme Administrative Court has processed the case and issued its decision. If the decision on the claim for recovery remains in force, its cost impact is estimated to be EUR 1.3 million. The final profit impact of the claim for recovery will depend on the vendor's liabilities and the judgement of the Supreme Administrative Court. The profit for the period and for the comparison period does not include the cost impact of the decision on the claim for recovery.

Grains and Oilseeds Business

EUR million	Q3/ 2014	Q3/ 2013	Change	Q1-Q3/ 2014	Q1-Q3/ 2013	Change	Q1-Q4/ 2013
Net sales	36.9	49.0	-25%	139.4	157.7	-12%	209.0
Operating profit excluding non-recurring items	1.9	1.2		5.5	3.8		5.1
Operating profit	1.9	1.2		5.5	3.8		5.1

Third quarter (July-September)

Third-quarter net sales in the Grains and Oilseeds business were lower than a year earlier and totalled EUR 36.9 (49.0) million. The grain trading volume in tonnes was exceptionally low for the time of year, and was lower than in the same period the previous year. The delay in harvesting caused by heavy rainfall and the need for analysis because of the wheat quality variations caused deliveries to be postponed to the final quarter of the year. Tonnage sales of both packaged and unpackaged vegetable oil products performed well and were at a higher level than in the same quarter of 2013.

The operating profit excluding non-recurring items increased to EUR 1.9 (1.2) million. The good profit performance was especially attributable to the volume increase and profitability of oilseed products. The profit margin of the grain trade was also good.

The harvesting of grains has been completed in the northern hemisphere. At the end of September, the International Grains Council raised its estimate of global grain production to 1,983 million tonnes. The EU's grain crop is expected to reach 320 million tonnes. According to the Information Centre of the Ministry of Agriculture and Forestry, the overall grain crop in Finland is at last year's level, at around 4 million tonnes.

Oilseed production in the EU is expected to increase compared with 2013 to about 34.2 million tonnes. Finland's total rapeseed crop is expected to be 64,000 tonnes, which will represent a reduction of 26 per cent lower for turnip rape and 9 per cent for oilseed rape compared with 2013. The decline is probably attributable to growers' uncertainty about the availability of treated seeds for rapeseed sowing.

January-September

January-September net sales in the Grains and Oilseeds Business were down as a result of the decrease in global market prices and were EUR 139.4 (157.7) million. Sales in euros were lower than in the comparison period in both the grain trade and in oilseed products. However, tonnage sales were higher in both the grain trade and in oilseed products. Delivery volumes of both packaged and unpackaged vegetable oil products increased.

The operating profit excluding non-recurring items rose to EUR 5.5 (3.8) million particularly as a result of the favourable trend in the refining margin for oilseed products. Profitability was also boosted by the higher grain trade volume than in the previous year.

An average of 83 (72) people were employed in the Grains and Oilseeds Business. The increase in the number of employees is due to the inclusion of the previously outsourced maintenance function at the vegetable oil mill and the strengthening of the grain trade purchasing team.

Investment in the Grains and Oilseeds Business during the period totalled EUR 0.3 (0.7) million and primarily concerned the machinery and equipment of the vegetable oil milling plant in Kantvik.

Ban on use of seeds treated with neonicotinoids in rapeseed sowing

As of 1 December 2013, the EU has banned the use of seeds treated with neonicotinoids in rapeseed sowing for two years. The possible effects of these treatments on pollinating insects will be studied during that time. The Finnish Safety and Chemicals Agency (Tukes) granted a special permit, valid for spring 2014, for the sale, marketing and use in Finland of seeds that were already treated earlier. To manage the purchasing risks related to Finnish rapeseed, the Apetit Group's Grains and Oilseeds Business has pursued a strategy that aims to ensure profitable growth by investing in oilseed product refining based on a very high utilisation rate and by focusing on expertise in refining and purchasing. The primary objective in vegetable oil milling is to ensure the maximal use of domestic raw materials, but the company also has the capability to operate profitably using greater volumes of imported raw materials if necessary.

Other Operations

EUR million	Q3/ 2014	Q3/ 2013	Change	Q1-Q3/ 2014	Q1-Q3/ 2013	Change	Q1-Q4/ 2013
Net sales	-	-		-	-		-
Operating profit excluding non-recurring items	-0.4	0.6		-2.0	1.5		3.1
Operating profit	-2.8	0.5		-5.0	0.9		2.3

The Other Operations segment comprises the Group Administration, items not allocated under any of the business segments, and the associated company Sucros Ltd.

Third quarter (July-September)

The segment's third-quarter operating profit excluding non-recurring items was down from the comparison period, to EUR -0.4 (0.6) million. The share of the profit of the associated company Sucros was EUR 0.0 (1.0) million. The result for the associated company Sucros was adversely affected by the declining market price of sugar. Non-recurring items amounted to EUR -2.5 (-0.1) million and comprised expenses paid to external advisors on Apetit Plc's own behalf and those ordered to be paid by it in the arbitration court case, which ended in mid-August, concerning the shareholder agreement dispute between Apetit Plc and Nordic Sugar.

January-September

The segment's January-September operating profit excluding non-recurring items was down from the comparison period, to EUR -2.0 (1.5) million. The share of the profit of the associated company Sucros was EUR 0.3 (3.3) million. The result for the associated company Sucros was adversely affected by the declining market price of sugar and by the exceptionally large post adjustment items for transfer prices reported in the first quarter. Non-recurring items amounted to EUR -3.0 (-0.5) million and comprised expenses paid to external advisors on Apetit Plc's own behalf and those ordered to be paid by it in the arbitration court case, which ended in mid-August, concerning the shareholder agreement dispute between Apetit Plc and Nordic Sugar.

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

Investment in non-current assets in Other Operations totalled EUR 0.1 (0.1) million.

Shareholder agreement dispute between Apetit Plc and Nordic Sugar ended on 19 August 2014

The arbitration court case between Apetit Plc and Nordic Sugar started in October 2011, when Apetit Plc decided to submit a dispute concerning the shareholder agreement of Sucros Ltd, which is jointly owned by the companies, to the arbitration court. In Apetit's view, the majority owner, Nordic Sugar, had repeatedly violated Apetit's minority rights in Sucros Ltd through its decision-making and actions, and despite the objections made, the majority owner had not rectified its practices. During the court case Nordic Sugar filed a counter-claim concerning an alleged breach of the shareholder agreement in connection with the dismissal of Sucros Ltd's managing director.

On 19 August 2014 the arbitration court rejected Apetit Plc's claims and Nordic Sugar's counter-claim regarding the alleged breaches of the shareholder agreement. In accordance with the court's decision, neither party is obliged to pay a contractual penalty to the other party. The arbitration court ordered Apetit Plc to pay part of the process costs of the arbitration court and the other party, totalling approximately EUR 2.4 million. The costs and compensation were entered as a negative non-recurring item under Other Operations' other operating expenses for the third quarter. Apetit Plc had already entered its own external advisor costs during the process as non-recurring items under Other Operations' other operating expenses for 2012–2014.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

On 28 March 2013, the Annual General Meeting authorised the Board of Directors of Apetit Plc to decide on issuing new shares and on transferring treasury shares held by the company. In accordance with a decision made by the Supervisory Board on 11 April 2014 regarding Board members' remuneration, 797 Apetit Plc shares held by the company were transferred to the Board members on 3 June 2014, and 888 shares held by the company were transferred to the Board members on 3 September 2014. The transfers were announced in stock exchange releases dated 3 June 2014 and 3 September 2014.

SHARES AND TRADING

The number of Apetit Plc shares traded on the stock exchange in January-September was 510,335 (567,499), representing 8.1 (9.0) per cent of the total number of shares. The euro-denominated share turnover was EUR 9.7 (9.2) million. The highest share price quoted was EUR 21.63 (19.30) and the lowest EUR 16.28 (14.41). The average price of shares traded was EUR 18.91 (16.22).

At the end of the period, the market capitalisation totalled EUR 104.7 (120.7) million.

OWN SHARES

At the close of the third quarter, the company had in its possession a total of 128,315 (130,000) of its own shares, with a combined nominal value of EUR 0.26 million. These treasury shares represent 2.0 (2.1) per cent of the company's total number of shares and votes.

EVENTS AFTER THE END OF THE REVIEW PERIOD

On 2 October 2014, Apetit announced that it was amending its profit guidance for 2014 and lowering its estimate of full-year net sales and operating profit excluding non-recurring items.

On 8 October 2014, Apetit announced that the long-term profitability programme affecting the fish products group of the Apetit Group's Food Business was proceeding to the implementation stage. The profitability improvement measures are to be carried out in stages by the end of 2015. The aim is to save approximately EUR 3 million in annual operating expenses. As part of the implementation of the changes, co-determination negotiations were commenced in the fish products group in Finland. These negotiations affect a total of 121 blue-collar and white-collar positions in the fish products group's business locations in Kuopio, Helsinki, Kustavi and Turku. The changes are estimated to reduce the product group's personnel need by a total of approximately 10–20 person-workyears.

On 5 November 2014, Apetit announced that Apetit Plc's forthcoming CEO Juha Vanhainen will take up the post as CEO earlier than previously announced, on 16 March 2015.

CORPORATE ADMINISTRATION AND AUDITORS

At its organisational meeting on 11 April 2014, Apetit Plc's Supervisory Board appointed Harri Eela as chairman and Marja-Liisa Mikola-Luoto as deputy chairman of the Supervisory Board.

Esa Härmälä, Aappo Kontu, Tuomo Lähdesmäki, Veijo Meriläinen, Samu Pere and Helena Walldén were elected as members of the Board of Directors. Aappo Kontu was appointed as chairman of the Board of Directors and Veijo Meriläinen as deputy chairman.

It was decided that the Board members will be paid an annual remuneration of EUR 19,560, and that the chairman and deputy chairman will receive an annual remuneration of EUR 39,060 and EUR 24,120, respectively. A total of 50 per cent of the annual remuneration will be paid in cash and 50 per cent in the form of Apetit Plc's shares held by the company at the current value of the shares at the time of transfer.

The remuneration will be paid in euros in four equal share and cash payments in June, September, December and March. It was also decided that the chairman and members of the Board of Directors will be paid a meeting allowance of EUR 510 and EUR 300, respectively. The deputy chairman will not be paid annual remuneration or a meeting allowance while serving as the company's CEO.

Hannu Pellinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Pasi Karppinen, APA, as responsible auditor, were selected as auditors for Apetit Plc by the Annual General Meeting on 26 March 2014.

CEO

The Board of Directors of Apetit Plc appointed Juha Vanhainen, M.Sc. (Tech.) (born 1961) as the CEO of Apetit Plc. Vanhainen will take up the post as CEO of Apetit Plc on 16 March 2015. He will be transferring from Stora Enso Oyj.

Until then, deputy chairman of the Board of Directors Veijo Meriläinen, who was appointed CEO of Apetit Plc on 29 April 2014, will continue as CEO while also taking care of his duties on the Board of Directors.

SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for the Apetit Group are related to the management of raw-material price changes and currency risks, the availability of raw materials, the solvency of customers, the delivery performance of suppliers and service providers, changes in the Group's business sectors and customer relationships, the recovery of business subsidies, and the success of the profitability programmes in the Food Business.

OUTLOOK FOR 2014

The Apetit Group's net sales will be affected particularly by the level of activity in the grain and oilseed markets and by changes in the price level of grains and oilseeds. As a result of the lower global market prices of grains, the Group's net sales for this year are expected to decrease from the previous year's level.

The Group's full-year operating profit excluding non-recurring items is expected to be down significantly from the previous year. In the Food Business, the market conditions are expected to remain challenging and, furthermore, the profitability of fish products will remain poor this year. In comparison with the same period in 2013, the profitability of the Grains and Oilseeds Business has been positively influenced by the volume growth in the grain trade and in packaged vegetable oil products, and by the success in raw material procurement. Lower market prices for sugar are expected to weaken the result considerably for the associated company Sucros, which is in the Other Operations segment.

In addition, the 2014 reported operating profit will be affected by non-recurring expenses in the form of Apetit's expert costs and the process costs ordered to be paid by Apetit in relation to the shareholder agreement dispute regarding Sucros, and by the impairments carried out in the Food Business in the third quarter on the basis of goodwill impairment testing.

CONSOLIDATED INCOME STATEMENT

EUR million

	Q3 2014	Q3 2013	**Q1-Q3 2014**	Q1-Q3 2013	Q1-Q4 2013
Net sales	**77.0**	91.6	**264.0**	290.0	387.3
Other operating income	**0.5**	0.2	**1.1**	3.6	4.1
Operating expenses	**-76.4**	-88.4	**-261.3**	-285.7	-379.2
Depreciation	**-1.6**	-1.8	**-5.0**	-5.4	-7.1
Impairments	**-10.4**	-2.0	**-10.4**	-2.0	-2.0
Share of profits of associated companies	**-0.2**	1.3	**0.4**	3.7	6.2
Operating profit	**-11.1**	1.0	**-11.2**	4.3	9.4
Financial income and expenses	**0.0**	1.7	**-0.9**	0.4	-0.2
Profit before taxes	**-11.1**	2.7	**-12.1**	4.7	9.3
Income taxes	**0.1**	-0.3	**0.0**	0.1	0.0
Profit for the period	**-11.1**	2.5	**-12.1**	4.9	9.3
Attributable to					
Equity holders of the parent	**-10.8**	2.9	**-11.5**	5.6	10.1
Non-controlling interests	**-0.3**	-0.5	**-0.6**	-0.8	-0.8
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	**-1.74**	0.48	**-1.86**	0.91	1.63

STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Q3 2014	Q3 2013	**Q1-Q3 2014**	Q1-Q3 2013	Q1-Q4 2013
Profit for the period	**-11.1**	2.5	**-12.1**	4.9	9.3
Other comprehensive income					
Items which may be reclassified subsequently to profit or loss:					
Cash flow hedges	**0.7**	-0.1	**0.3**	-0.6	0.0
Taxes related to cash flow hedges	**-0.1**	0.1	**-0.1**	0.1	0.0
Remeasurements of post employment benefit obligations					-0.3
Translation differences	**0.1**	-0.3	**0.0**	-1.2	-1.4
Total comprehensive income	**-10.4**	2.1	**-11.9**	3.2	7.6
Attributable to					
Equity holders of the parent	**-10.1**	2.6	**-11.3**	4.0	8.4
Non-controlling interests	**-0.3**	-0.5	**-0.6**	-0.8	-0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

	30 Sept 2014	30 Sept 2013	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets	**8.7**	9.6	9.3
Goodwill	**0.4**	9.9	9.7
Tangible assets	**42.1**	46.5	45.8
Investment in associated companies	**33.0**	35.0	37.5
Available-for-sale financial assets	**0.1**	0.1	0.1
Receivables	**0.4**	0.4	0.4
Deferred tax assets	**3.7**	3.5	2.5
Non-current assets total	**88.3**	104.8	105.3
Current assets			
Inventories	**71.2**	61.5	64.0
Receivables	**36.1**	37.1	31.0
Income tax receivable	**0.9**	0.8	1.3
Financial assets at fair value through profits		0.1	0.1
Cash and cash equivalents	**8.1**	2.2	2.8
Current assets total	**116.3**	101.7	99.2
Total assets	**204.6**	206.5	204.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

	30 Sept 2014	30 Sept 2013	31 Dec 2013
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent	**124.2**	137.3	141.7
Non-controlling interests	**1.4**	1.9	1.9
Total equity	**125.6**	139.2	143.6
Non-current liabilities			
Deferred tax liabilities	**4.5**	5.4	5.0
Long-term financial liabilities	**3.3**	4.7	4.0
Non-current provisions	**0.6**	0.4	0.6
Other non-current liabilities	**2.7**	2.7	2.8
Non-current liabilities total	**11.1**	13.2	12.3
Current liabilities			
Short-term financial liabilities	**23.5**	16.4	11.0
Income tax payable	**1.0**	0.5	0.2
Trade payables and other liabilities	**42.9**	36.9	37.1
Short-term provisions	**0.5**	0.3	0.1
Current liabilities total	**67.9**	54.1	48.5
Total liabilities	**79.0**	67.2	60.8
Total equity and liabilities	**204.6**	206.5	204.4

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013
Net profit for the period	**-12.1**	4.9	9.3
Adjustments, total	**16.1**	0.4	0.7
Change in net working capital	**-6.7**	14.6	17.8
Interests paid	**-1.0**	-1.2	-1.7
Interests received	**0.1**	0.1	0.1
Taxes paid	**-0.5**	-2.0	-1.9
Net cash flow from operating activities	**-4.0**	16.7	24.4
Investments in tangible and intangible assets	**-1.6**	-2.1	-3.0
Proceeds from sales of tangible and intangible assets	**0.1**	0.0	0.0
Dividends received from investing activities	**5.0**	4.4	4.4
Net cash flow from investing activities	**3.5**	2.3	1.4
Proceeds from and repayments of short-term loans	**12.7**	-15.4	-20.8
Proceeds from and repayments of long-term loans	**-0.7**	-0.9	-1.6
Payments of finance lease liabilities	**-0.1**	-0.2	-0.2
Dividends paid	**-6.2**	-5.6	-5.6
Cash flows from financing activities	**5.8**	-22.1	-28.1
Net change in cash and cash equivalents	**5.3**	-3.0	-2.4
Cash and cash equivalents at the beginning of the period	**2.8**	5.2	5.2
Cash and cash equivalents at the end of the period	**8.1**	2.2	2.8

STATEMENT OF CHANGES IN SHAREHOLDERS´EQUITY

A = Shareholders' equity at 1 January
B = Dividend distribution
C = Transactions with NCI
D = Other changes
E = Total comprehensive income
F = Shareholders' equity at 30 September

January - September 2014
EUR million

	A	**B**	**C**	**D**	**E**	**F**
Share capital	**12.6**					**12.6**
Share premium account	**23.4**					**23.4**
Net unrealised gains	**-0.2**				**0.3**	**0.1**
Other reserves	**7.2**					**7.2**
Own shares	**-1.8**			**0.0**		**-1.7**
Translation differences	**-0.3**				**0.0**	**-0.3**
Retained earnings	**100.7**	**-6.2**		**0.0**	**-11.5**	**83.0**
Attributable to equity holders of the parent	**141.7**	**-6.2**		**0.0**	**-11.3**	**124.2**
Non-controlling interests (NCI)	**1.9**			**0.0**	**-0.6**	**1.4**
Total equity	**143.6**	**-6.2**		**0.0**	**-11.9**	**125.6**

January - September 2013
EUR million

	A	B	C	D	E	F
Share capital	12.6					12.6
Share premium account	23.4					23.4
Net unrealised gains	-0.2				-0.4	-0.6
Other reserves	7.2					7.2
Own shares	-1.8					-1.8
Translation differences	1.1				-1.2	-0.1
Retained earnings	96.0	-5.6	0.0	0.4	5.6	96.4
Attributable to equity holders of the parent	138.4	-5.6	0.0	0.4	4.0	137.3
Non-controlling interests (NCI)	2.8				-0.8	1.9
Total equity	141.2	-5.6	0.0	0.4	3.2	139.2

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2013. New standards and interpretations adopted in 2014 have not had material effect to the interim report.

SEGMENT INFORMATION
EUR million

A = Food Business
B = Grains and Oilseeds Business
C = Other Operations
D = Total

Operating segments, January - September 2014
EUR million

	A	B	C	D
Total segment sales	**124.7**	**139.4**		**264.2**
Intra-group sales	**-0.1**	**-0.1**		**-0.2**
Net sales	**124.6**	**139.4**		**264.0**
Share of profits of associated companies included in operating profit	**0.1**		**0.3**	**0.4**
Operating profit	**-11.7**	**5.5**	**-5.0**	**-11.2**
Gross investments in non-current assets	**1.3**	**0.3**	**0.1**	**1.6**
Corporate acquisitions and other share purchases				
Depreciations	**4.3**	**0.5**	**0.2**	**5.0**
Impairments	**10.4**			**10.4**
Average number of personnel	**633**	**83**	**10**	**726**

Operating segments, January - September 2013
EUR million

	A	B	C	D
Total segment sales	132.5	157.7		290.2
Intra-group sales	-0.1	0.0		-0.1
Net sales	132.3	157.7		290.0
Share of profits of associated companies included in operating profit	0.5		3.3	3.7
Operating profit	-0.4	3.8	0.9	4.3
Gross investments in non-current assets	1.3	0.7	0.1	2.1
Corporate acquisitions and other share purchases				
Depreciations	4.5	0.6	0.2	5.4
Impairments	2.0		0.0	2.0
Average number of personnel	692	72	10	774

Operating segments,
January - December 2013
EUR million

	A	B	C	D
Total segment sales	178.5	209.0		387.5
Intra-group sales	-0.2	0.0		-0.2
Net sales	178.3	209.0		387.3
Share of profits of associated companies included in operating profit	0.6		5.6	6.2
Operating profit	2.0	5.1	2.3	9.4
Gross investments in non-current assets	2.0	0.8	0.2	3.0
Corporate acquisitions and other share purchases				
Depreciations	6.0	0.8	0.3	7.1
Impairments	2.0			2.0
Average number of personnel	699	73	10	782

KEY INDICATORS

	30 Sept 2014	30 Sept 2013	31 Dec 2013
Shareholders' equity per share, EUR	**20.08**	22.19	22.90
Equity ratio, %	**61.4**	67.4	70.3
Gearing, %	**14.8**	13.5	8.4
Gross investments in non-current assets, EUR million	**1.6**	2.1	3.0
Corporate acquisitions and other share purchases, EUR million			
Average number of personnel	**726**	774	782
Average number of shares, 1,000 pcs	**6188**	6188	6188

The key figures in this Interim Report are calculated with same accounting principles than presented in the 2013 annual financial statements.

COLLATERALS, CONTINGENT LIABILITIES,
CONTINGENT ASSETS AND OTHER COMMITMENTS
EUR million

	30 Sept 2014	30 Sept 2013	31 Dec 2013
Mortgages given for debts			
Real estate and corporate mortgages	**1.7**	2.4	2.4
Guarantees	**9.0**	10.2	9.5
Non-cancellable other leases, minimum lease payments			
Real estate leases	**7.8**	6.8	6.8
Other leases	**1.2**	0.9	1.0
DERIVATIVE INSTRUMENTS			
Outstanding nominal values of derivate instruments			
Interest rate swaps	**3.6**	4.8	4.2
Forward currency contracts	**8.4**	8.6	5.7
Commodity derivative instruments	**25.2**	21.0	1.7
CONTINGENT ASSETS			
The present value of proceeds from the sale of shares in the joint entry account	**0.7**	0.7	0.7

OTHER COMMITMENTS
Based on the shareholder agreements on the ownership arrangement between Apetit Kala Oy and Taimen Oy, once certain terms and conditions are met the contracting parties are entitled to terminate the cross ownership at fair value. The liability in any termination of ownership EUR 2.6 (2.6) million is, on the basis of IAS 32, recognised under non-current liabilities. The receivable arising in connection with this may not, under IFRS rules, be recognised.

DISPUTES
At the beginning of November 2012, Caternet Finland Oy has received a decision from the Uusimaa Centre for Economic Development, Transport and the Environment regarding a claim for recovery of investment support that was granted to Caternet's Kivikko plant in 2008-2009. The claim for recovery is due to the change of ownership of the company's share capital on 27 March 2012. Caternet Finland Oy considered the claim for recovery to be unfounded and decided to appeal against the decision on the claim for recovery. The Rural Businesses Appeals Board has dismissed the company's appeal and retained in force the recovery decision of the Uusimaa Centre for Economic Development, Transport and the Environment.
The company has appealed against the decision now issued and is consequently submitting a further appeal to the Supreme Administrative Court. The claim for recovery of the support will not be executed before the Supreme Administrative Court has dealt with the case and issued its judgement. If the decision regarding the claim for recovery is not rescinded, the cost impact of this is estimated to be EUR 1.3 million.

ADDITIONAL PURCHASE PRICE
In the terms for acquiring Caternet Finland Oy it was agreed that the price would include a variable element comprising an additional purchase price of EUR 0-6 million, which would be tied to the operating profit for 2012-2013. The initial estimate of the additional purchase price, which was EUR 3.7 million, was reduced in 2012 by EUR 1.2 million in regard to the element tied to the operating profit for 2012. During 2013 in regard to the element tied to the operating profit for 2013 EUR 2.6 million has been recognised as income under other operating income in the operating profit for Food Business.

MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REVIEW PERIOD

On 2 October 2014, Apetit announced that it was amending its profit guidance for 2014 and lowering its estimate of full-year net sales and operating profit excluding non-recurring items.

On 8 October 2014, Apetit announced that the long-term profitability programme affecting the fish products group of the Apetit Group's Food Business was proceeding to the implementation stage. The profitability improvement measures are to be carried out in stages by the end of 2015. The aim is to save approximately EUR 3 million in annual operating expenses. As part of the implementation of the changes, co-determination negotiations were commenced in the fish products group in Finland. These negotiations affect a total of 121 blue-collar and white-collar positions in the fish products group's business locations in Kuopio, Helsinki, Kustavi and Turku. The changes are estimated to reduce the product group's personnel need by a total of approximately 10–20 person-workyears.

On 5 November 2014, Apetit announced that Apetit Plc's forthcoming CEO Juha Vanhainen will take up the post as CEO earlier than previously announced, on 16 March 2015.

CHANGES IN TANGIBLE ASSETS

EUR million

	30 Sept 2014	30 Sept 2013	31 Dec 2013
Book value at the beginning of the period	**45.8**	49.8	49.8
Additions	**1.2**	1.8	2.3
Disposals	**-0.1**	-0.1	-0.6
Depreciations and impairments	**-4.8**	-4.6	-5.4
Other changes	**0.0**	-0.4	-0.3
Book value at the end of the period	**42.1**	46.5	45.8

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	Q1-Q3 2014	Q1-Q3 2013	Q1-Q4 2013
Sales to associated companies	**0.4**	0.3	1.2
Purchases from associated companies	**7.3**	7.2	10.1

	30 Sept 2014	30 Sept 2013	31 Dec 2013
Trade receivables and other receivables from associated companies	**0.6**	0.5	0.8
Trade payables and other liabilities to associated companies	**1.3**	1.1	0.8

In Espoo, 6 November 2014

APETIT PLC

Board of Directors