Apetit Plc Interim Report, January - June 2014

Second quarter (April-June)

- Consolidated net sales were at the previous year’s level and amounted to EUR 98.1 (98.4) million.
- Operating profit excluding non-recurring items was lower than a year earlier and came to EUR 0.7 (2.4) million; non-recurring items totalled EUR -0.1 (-0.3) million.
- The profit for the period was EUR 0.1 (1.7) million, and earnings per share amounted to EUR 0.02 (0.28).

January-June

- Consolidated net sales were down on the previous year and amounted to EUR 187.0 (198.4) million.
- Operating profit excluding non-recurring items came to EUR 0.4 (3.8) million; non-recurring items totalled EUR -0.5 (-0.5) million.
- The profit for the period was EUR -1.1 (2.4) million, and earnings per share amounted to EUR -0.12 (0.44).

The assessment of profit performance for the full year is unchanged.

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 second-quarter net sales were at the previous year’s level. Net sales grew in the Grains and Oilseeds Business as a result of high sales volumes in the grain trade and despite a decrease in market prices. In the Food Business, net sales declined as a result of a decrease in sales of fresh products to the professional food service sector.

Second-quarter operating profit excluding non-recurring items was down on the previous year. The Food Business operating profit in the comparison period included EUR 1.5 million recognised as income in association with the additional purchase price of Caternet Finland Oy. In the Other Operations segment, lower market prices for sugar weakened the result for the associated company Sucros.

Despite the decrease in operating profit, there were positive aspects in the profit performance of the business areas. The profitability of the Grains and Oilseeds Business improved on the previous year as a result of the volume growth in the grain trade and strong demand for vegetable oils and expeller. In Food Business, the profitability was better than the comparison period, taking into consideration the income recognition of the reduction in the additional purchase price of Caternet Finland Oy, which was included in the operating profit for the comparison period. The profitability of frozen products was good and the profitability of fish and fresh products improved or remained unchanged from the previous year, although this was again at an unsatisfactory level. In response to the weak state of the market and unsatisfactory profitability level, we are seeking to reduce overhead costs by EUR 1.6 million in comparison with the figures for 2013. Savings of EUR 1.0 million towards this total were made during the first half of the year.

We also launched long-term programmes early in the year aiming to improve the profitability of the fish and fresh products groups. The majority of the measures under the programmes will be carried out in 2014 and 2015, and we expect them to improve the efficiency of operations extensively in purchasing, in the supply chain and in sales. The expected financial impact of these programmes will be announced later in the year.

The import ban set by Russia effects a wide range of food products produced by Finnish food companies. Apetit Plc's business segments do not export to Russia in considerable amounts. Therefore the sanctions are not expected to have a direct impact on our sales or operations.

Our longer-term target is to strengthen Apetit as a Finnish company and brand operating in the food industry and solidly integrated with primary production. We will revise our food and vegetable oil solutions in order to better meet consumers' and customers' needs, and will actively seek opportunities to strengthen our market position in the grains and oilseeds market.

KEY FIGURES

EUR million	Q2/ 2014	Q2/ 2013	Change	Q1-Q2/ 2014	Q1-Q2/ 2013	Change	Q1-Q4/ 2013
Net sales	98.1	98.4	0%	187.0	198.4	-6%	387.3
Operating profit excluding non-recurring items	0.7	2.4		0.4	3.8		12.2
Operating profit	0.6	2.1		-0.1	3.3		9.4
Profit before taxes	0.0	1.3		-1.0	2.0		9.3
Profit for the period	0.1	1.7		-1.1	2.4		9.3
Earnings per share, EUR	0.02	0.28		-0.12	0.44		1.63

NET SALES AND PROFIT

Second quarter (April-June)

Consolidated net sales in April-June were at the previous year's level and amounted to EUR 98.1 (98.4) million. In the Group's business areas, the net sales of the Food Business were down and those of the Grains and Oilseeds Business were up, year on year.

Consolidated operating profit excluding non-recurring items was EUR 0.7 (2.4) million. The operating profit excluding non-recurring items decreased in the Food Business and Other Operations, and increased in the Grains and Oilseeds Business. The Food Business operating profit in the comparison period included EUR 1.5 million recognised as income in association with the additional purchase price of Caternet Finland Oy. Non-recurring items totalled EUR -0.1 (-0.3) million and were related to the Other Operations segment.

The operating profit includes EUR 0.9 (1.9) million as the share of the profits of associated companies.

January-June

January-June consolidated net sales were down 6 per cent on the previous year and amounted to EUR 187.0 million. January-June net sales were lower than a year earlier in the Food Business and in the Grains and Oilseeds Business.

Operating profit excluding non-recurring items was lower than a year earlier and came to EUR 0.4 (3.8) million. The Food Business operating profit in the comparison period included EUR 2.6 million recognised as income in association with the additional purchase price of Caternet Finland Oy. Non-recurring items totalled EUR -0.5 (-0.5) million during the period and were related to the Other Operations segment.

The operating profit includes EUR 0.6 (2.4) million as the share of the profits of associated companies.

Financial income and expenses came to a total of EUR -0.9 (-1.3) million. This includes valuation items of EUR -0.2 (-0.8) million with no cash flow implications. The valuation items included EUR -0.2 (-0.7) million in changes in foreign exchange rates for internal loans to the Maritim Food Group. Financial expenses also included EUR -0.5 (-0.3) 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 -1.0 (2.0) million. The profit for the period was EUR -1.1 (2.4) million, and earnings per share amounted to EUR -0.12 (0.44).

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 28.7 (35.5) million in January-June. The impact of the change in working capital was EUR 26.9 (35.5) million.

The net cash flow from investing activities was EUR -0.9 (-1.1) million. The cash flow from financing activities was EUR -16.5 (-36.4) million, including EUR -10.3 (-30.7) million in loan repayments and EUR -6.2 (-5.6) million in dividend payments. The net change in cash and cash equivalents was EUR 11.2 (-2.0) million.

At the end of the period, the Group had EUR 4.8 (6.4) million in interest-bearing liabilities and EUR 14.1 (3.3) million in liquid assets. Net interest-bearing liabilities totalled EUR -9.3 (3.2) million. The consolidated balance sheet total stood at EUR 177.3 (187.4) million. At the end of the period, equity totalled EUR 136.0 (137.0) million. The equity ratio was 76.7 (73.1) per cent. The Group's liquidity is secured with committed credit facilities; EUR 25 (25) million was available in credit at the end of the period.

INVESTMENT

The Group's gross investment in non-current assets came to EUR 1.1 (1.3) million. Investment in the Food Business totalled EUR 0.9 (0.7) million, in the Grains and Oilseeds Business EUR 0.2 (0.5) million and in Other Operations EUR 0.0 (0.1) million.

PERSONNEL

The Apetit Group employed an average of 731 (764) people in January-June. The average number of personnel in the Food Business was 640 (684), in the Grains and Oilseeds Business 82 (70) and in Other Operations 10 (10).

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing 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	Q2/ 2014	Q2/ 2013	Change	Q1-Q2/ 2014	Q1-Q2/ 2013	Change	Q1-Q4/ 2013
Net sales	43.0	44.6	-4%	84.6	89.8	-6%	178.5
Operating profit excluding non-recurring items	-0.1	0.7		-1.5	0.4		4.0
Operating profit	-0.1	0.7		-1.5	0.4		2.0

Second quarter (April-June):

Second-quarter net sales in the Food Business were down 4 per cent on the previous year and amounted to EUR 43.0 million. The decline in net sales is attributable especially to the lower sales of fresh products than in the same quarter of the previous year. Sales of fish products grew in all markets, and sales of frozen vegetables and frozen ready meals were about the same as the previous year. Easter had a positive effect on the period's sales in the fish and frozen products groups in Finland. This year, Easter affected the figures for April, while in the comparison period the impact of Easter was in March.

Sales of the Apetit Kotimainen product range continued to grow, and were 3 per cent higher than in the same period in 2013. However, the sales growth of the product range was slowed by the discontinuation of less profitable products in the fish products group as well as reduced sales. In the frozen products group, the sales growth of the Kotimainen product range continued to be solid.

The Food Business operating profit excluding non-recurring items was lower than a year earlier and came to EUR -0.1 (0.7) million. Taking into consideration the EUR 1.5 million positive effect of the reduction in the additional purchase price of Caternet Finland Oy, which was included in the operating profit for the comparison period, the profitability figure was better than the comparison period. The second-quarter profitability of the Food Business improved year on year in the frozen products group. The profitability of the fish and fresh products groups remained unsatisfactory, but improved in both product groups in comparison with the first quarter of this year. The profitability of the fresh products group was better than in the comparison period, and the profitability of the fish products group was at the previous year's level.

During the period savings in overhead and layoffs were carried out in the Food Business in Finland focusing to the current year in response to the weak state of the market and the unsatisfactory profitability. 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 0.8 million towards this total were made during the April-June period. The overhead costs for January-June were EUR 1.0 million lower than in the same period the previous year.

The long-term programmes to improve the profitability of the fish and fresh products groups in Finland are continuing. The measures will be carried out mainly in 2014 and 2015 and will improve the efficiency of operations in purchasing, the supply chain and sales. The programmes are designed to bring substantial changes in the product groups' operating methods and structures in order to achieve a lasting competitive edge.

Changes in the fair value of currency hedges had an impact of EUR 0.1 (0.1) million on the operating profit. The share of the profit of the associated company Taimen was EUR 0.4 (0.3) million.

January-June

January-June net sales in the Food Business were lower than a year earlier and amounted to EUR 84.6 (89.8) million. The most significant factor that reduced net sales was the year-on-year decline in sales of the fresh products group. In the frozen and fish products groups, sales in Finland were at the previous year's level. In Sweden and Norway, sales of fish products were lower than last year in euros, but in local currencies there was an increase in sales.

The Food Business operating profit excluding non-recurring items was lower than a year earlier and came to EUR -1.5 (0.4) million. Taking into consideration the EUR 2.6 million positive effect of the reduction in the additional purchase price of Caternet Finland Oy, which was included in the operating profit for the comparison period, the profitability figure was better than the comparison period. The profitability of the fish and fresh products groups remained unsatisfactory. The profitability of fish products was at the previous year's level in Finland and Norway but was down on the previous year in Sweden, because increased procurement costs of shellfish could not be transferred to customer prices due to long agreement periods. The profitability of the fresh products group was slightly better than a year earlier. The profitability of the frozen products group improved on the previous year. This was partly attributable to the success of the harvest-time production in 2013.

The share of the profit of the associated company Taimen was EUR 0.3 (0.1) million.

The average number of people employed in the Food Business decreased from a year earlier, to 640 (684), 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 0.9 (0.7) million.

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 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	Q2/ 2014	Q2/ 2013	Change	Q1-Q2/ 2014	Q1-Q2/ 2013	Change	Q1-Q4/ 2013
Net sales	55.2	53.8	+2%	102.5	108.7	-6%	209.0
Operating profit excluding non-recurring items	1.3	0.9		3.6	2.6		5.1
Operating profit	1.3	0.9		3.6	2.6		5.1

Second quarter (April-June)

Net sales in the second quarter were up year on year especially as a result of the high grain trade volume in tonnes, and rose to EUR 55.2 (53.8) million. Grain trade tonnage sales grew by approximately 40 per cent on the previous year, but lower prices in the global market reduced the net sales growth in euros. Tonnage sales of packaged vegetable oil products also grew on the previous year. The combined sales tonnage of oilseed products was at the previous year's level.

The operating profit excluding non-recurring items increased to EUR 1.3 (0.9) million. The good profit performance was supported by the strong grain trade tonnage growth, and in oilseed products, by the growth in sales of packaged vegetable oils and the success on the expeller market.

The EU grain crop for the current crop year is expected to be up by 3 million tonnes to approximately 305 million tonnes. In Finland, the grain crop is anticipated to be at last year's level, at approximately 4 million tonnes. The wheat and rye crops in Finland are expected to be up compared with the previous crop year, while the oat and barley crops are expected to decrease slightly.

Global oilseed production is expected to increase compared with 2013. Finland's turnip and oilseed rape crop is expected to be 66,000 tonnes, which is in turnip rape crop 22 per cent and in oilseed rape crop 8 per cent lower than in 2013. The decline was probably attributable to growers' uncertainty about the usability of treated seeds for rapeseed sowing.

As of 1 December 2013, the EU has banned the use of seed treatments that contain 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) has granted a special permit, valid for spring 2014, for the sale, marketing and use in Finland of seeds that were already treated earlier. However, new seeds must not be treated with the prohibited substances. 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 production with a very high utilisation rate in the refining of oilseed products and by focusing on expertise in refining and purchasing. This enables vegetable oil milling to be profitable even if it becomes necessary to use greater volumes of imported rapeseed.

January-June

January-June net sales were down as a result of the decrease in global market prices and were EUR 102.5 (108.7) million. Sales in euros declined in both the grain trade and in oilseed products. Tonnage sales of grains increased and were 21 percent higher than in the comparison period. Tonnage sales of packaged vegetable oils were also up on the previous year. Sales of packaged vegetable oils to the food industry grew, in particular. The combined sales tonnage of oilseed products was at the previous year's level.

The operating profit excluding non-recurring items increased to EUR 3.6 (2.6) million as a result of the volume growth of the grain trade and the better refining margin for oilseed products.

An average of 82 (70) 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 0.2 (0.5) million.

Other Operations

EUR million	Q2/ 2014	Q2/ 2013	Change	Q1-Q2/ 2014	Q1-Q2/ 2013	Change	Q1-Q4/ 2013
Net sales	-	-		-	-		-
Operating profit excluding non-recurring items	-0.6	0.9		-1.6	0.8		3,1
Operating profit	-0.6	0.6		-2.1	0.4		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.

Second quarter (April-June):

The segment's second-quarter operating profit excluding non-recurring items was down from the comparison period, to EUR -0.6 (0.9) million. The share of the profit of the associated company Sucros was EUR 0.5 (1.5) million. The result for the associated company Sucros was adversely affected by the declining market price of sugar. Non-recurring items amounted to EUR -0.1 (-0.3) million and comprised expenses paid to external consultants in the arbitration court case concerning the shareholder agreement dispute between Apetit Plc and Nordic Sugar.

January-June

The segment's January-June operating profit excluding non-recurring items was down from the comparison period, to EUR -1.6 (0.8) million. The share of the profit of the associated company Sucros was EUR 0.3 (2.3) million. The result for the associated company Sucros in January-June was adversely affected by the declining market price of sugar and by the exceptionally large post adjustment items for transfer prices in the first quarter. Non-recurring items amounted to EUR -0.5 (-0.5) million and comprised expenses paid to external consultants in the arbitration court case 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 0.0 (0.1) million.

Shareholder agreement dispute between Apetit Plc and Nordic Sugar

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

Apetit Plc asserts that the majority shareholder has repeatedly violated Apetit Plc's minority rights. In October 2011, Apetit Plc decided to submit the issue to arbitration, because despite the objections made the majority owner had not rectified its practices that are in breach of the shareholder agreement.

Apetit Plc considers that Nordic Sugar has committed three breaches of the agreement. Under the terms of the shareholder agreement, each proven breach will incur a contractual penalty of EUR 8.9 million, meaning that the contractual penalty could total nearly EUR 27 million. In response, Nordic Sugar requested that a contractual penalty of EUR 4.5 million be imposed on Apetit Plc on the grounds that the latter committed a breach of shareholder agreement in connection with the dismissal of Sucros Ltd's managing director.

Both parties have denied the breaches of agreement claimed by the other party. Apetit has received a notification from the Arbitral Tribunal that the Arbitral Award regarding the dispute is rendered to the Parties on Tuesday 19 August 2014, unless nothing unexpected will take place.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Apetit Plc, held on 26 March 2014, decided to distribute a dividend of EUR 1.00 per share from the profits of the 2013 financial year, in accordance with the proposal of the Board of Directors. A total of EUR 6.2 million was paid out in dividends on 7 April 2014.

The other decisions of the Annual General Meeting are given in more detail in the stock exchange release dated 26 March 2014 and in the Interim Report published on 13 May 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. The transfer was announced in a stock exchange release dated 3 June 2014.

SHARES AND TRADING

The number of Apetit Plc shares traded on the stock exchange during the review period was 380,756 (428,025), representing 6.0 (6.8) per cent of the total number of shares. The euro-denominated share turnover was EUR 7.4 (6.7) million. The highest share price quoted was EUR 21.63 (17.00) and the lowest EUR 17.57 (14.41). The average price of shares traded was EUR 19.49 (15.70).

At the end of the period, the market capitalisation totalled EUR 111.7 (105.2) million.

OWN SHARES

At the close of the second quarter, the company had in its possession a total of 129,203 (130,000) of its own shares, with a combined nominal value of EUR 0.26 million. These treasury shares represent 2.1 per cent of the company's total number of shares and votes.

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 released CEO Matti Karppinen from his duties on 29 April 2014 and began the search for a new CEO. Deputy chairman of the Board Veijo Meriläinen, M.Sc. (Agric.), eMBA, will carry out the CEO's duties until the new CEO takes up the post.

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 arbitration case, 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 or to be no higher than the previous year's level.

The Group's full-year operating profit excluding non-recurring items is expected to fall short of the previous year's level. In the Food Business, the market conditions are expected to continue to be challenging. 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 vegetable oil products, and by the success in raw material procurement. In the Other Operations segment, lower market prices for sugar are expected to weaken the result for the associated company Sucros. The Group's July-December operating profit excluding non-recurring items is expected to be no higher than the previous year's level.

In addition, the outcome of the shareholder agreement dispute concerning Sucros may have a significant effect on the result for 2014. Apetit has received a notification from the Arbitral Tribunal that the Arbitral Award regarding the dispute is rendered to the Parties on Tuesday 19 August 2014, unless nothing unexpected will take place.

CONSOLIDATED INCOME STATEMENT
EUR million

	Q2 2014	Q2 2013	**Q1-Q2 2014**	Q1-Q2 2013	Q1-Q4 2013
Net sales	**98.1**	98.4	**187.0**	198.4	387.3
Other operating income	**0.4**	1.8	**0.7**	3.4	4.1
Operating expenses	**-97.1**	-98.1	**-184.9**	-197.3	-379.2
Depreciation	**-1.7**	-1.8	**-3.4**	-3.7	-7.1
Impairments	**0.0**	0.0	**0.0**	0.0	-2.0
Share of profits of associated companies	**0.9**	1.9	**0.6**	2.4	6.2
Operating profit	**0.6**	2.1	**-0.1**	3.3	9.4
Financial income and expenses	**-0.6**	-0.8	**-0.9**	-1.3	-0.2
Profit before taxes	**0.0**	1.3	**-1.0**	2.0	9.3
Income taxes	**0.1**	0.4	**-0.1**	0.4	0.0
Profit for the period	**0.1**	1.7	**-1.1**	2.4	9.3
Attributable to					
Equity holders of the parent	**0.1**	1.7	**-0.7**	2.7	10.1
Non-controlling interests	**0.0**	0.0	**-0.3**	-0.3	-0.8
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	**0.02**	0.28	**-0.12**	0.44	1.63

STATEMENT OF COMPREHENSIVE INCOME
EUR million

	Q2 2014	Q2 2013	**Q1-Q2 2014**	Q1-Q2 2013	Q1-Q4 2013
Profit for the period	**0.1**	1.7	**-1.1**	2.4	9.3
Other comprehensive income					
Items which may be reclassified subsequently to profit or loss:					
Cash flow hedges	**-0.4**	-0.3	**-0.4**	-0.4	0.0
Taxes related to cash flow hedges	**0.1**	0.0	**0.1**	0.1	0.0
Remeasurements of post employment benefit obligations					-0.3
Translation differences	**-0.2**	-0.6	**-0.1**	-0.9	-1.4
Total comprehensive income	**-0.4**	1.4	**-1.5**	1.1	7.6
Attributable to					
Equity holders of the parent	**-0.4**	1.4	**-1.2**	1.4	8.4
Non-controlling interests	**0.0**	0.0	**-0.3**	-0.3	-0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

	30 June 2014	30 June 2013	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets	**9.1**	10.0	9.3
Goodwill	**9.6**	11.6	9.7
Tangible assets	**43.6**	47.6	45.8
Investment in associated companies	**38.1**	37.8	37.5
Available-for-sale financial assets	**0.1**	0.1	0.1
Receivables	**0.4**	0.4	0.4
Deferred tax assets	**3.2**	3.3	2.5
Non-current assets total	**104.0**	110.7	105.3
Current assets			
Inventories	**30.9**	40.3	64.0
Receivables	**27.6**	31.9	31.0
Income tax receivable	**0.8**	1.0	1.3
Financial assets at fair value through profits		0.1	0.1
Cash and cash equivalents	**14.1**	3.2	2.8
Current assets total	**73.3**	76.6	99.2
Total assets	**177.3**	187.4	204.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR million

	30 June 2014	30 June 2013	31 Dec 2013
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent	**134.4**	134.6	141.7
Non-controlling interests	**1.6**	2.4	1.9
Total equity	**136.0**	137.0	143.6
Non-current liabilities			
Deferred tax liabilities	**4.4**	5.3	5.0
Long-term financial liabilities	**3.3**	4.8	4.0
Non-current provisions	**0.6**	0.4	0.6
Other non-current liabilities	**2.7**	5.0	2.8
Non-current liabilities total	**11.1**	15.5	12.3
Current liabilities			
Short-term financial liabilities	**1.5**	1.7	11.0
Income tax payable	**0.8**	0.4	0.2
Trade payables and other liabilities	**27.3**	32.5	37.1
Short-term provisions	**0.7**	0.3	0.1
Current liabilities total	**30.3**	34.9	48.5
Total liabilities	**41.4**	50.4	60.8
Total equity and liabilities	**177.3**	187.4	204.4

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million

	Q1-Q2 2014	Q1-Q2 2013	Q1-Q4 2013
Net profit for the period	**-1.1**	2.4	9.3
Adjustments, total	**3.7**	0.1	0.7
Change in net working capital	**26.9**	35.5	17.8
Interests paid	**-0.8**	-1.1	-1.7
Interests received	**0.1**	0.1	0.1
Taxes paid	**-0.1**	-1.5	-1.9
Net cash flow from operating activities	**28.7**	35.5	24.4
Investments in tangible and intangible assets	**-1.1**	-1.3	-3.0
Proceeds from sales of tangible and intangible assets	**0.1**	0.0	0.0
Dividends received from investing activities	**0.1**	0.2	4.4
Net cash flow from investing activities	**-0.9**	-1.1	1.4
Proceeds from and repayments of short-term loans	**-9.4**	-29.9	-20.8
Proceeds from and repayments of long-term loans	**-0.8**	-0.8	-1.6
Payments of finance lease liabilities	**-0.1**	-0.1	-0.2
Dividends paid	**-6.2**	-5.6	-5.6
Cash flows from financing activities	**-16.5**	-36.4	-28.1
Net change in cash and cash equivalents	**11.2**	-2.0	-2.4
Cash and cash equivalents at the beginning of the period	**2.8**	5.3	5.2
Cash and cash equivalents at the end of the period	**14.1**	3.2	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 June

January - June 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**	**-0.5**
Other reserves	**7.2**					**7.2**
Own shares	**-1.8**			**0.0**		**-1.8**
Translation differences	**-0.3**				**-0.1**	**-0.4**
Retained earnings	**100.7**	**-6.2**	**0.0**	**0.0**	**-0.7**	**93.8**
Attributable to equity holders of the parent	**141.7**	**-6.2**	**0.0**	**0.1**	**-1.2**	**134.4**
Non-controlling interests (NCI)	**1.9**			**0.0**	**-0.3**	**1.6**
Total equity	**143.6**	**-6.2**	**0.0**	**0.1**	**-1.5**	**136.0**

January - June 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				-0.3	-0.5
Other reserves	7.2					7.2
Own shares	-1.8					-1.8
Translation differences	1.1				-0.9	0.2
Retained earnings	96.0	-5.6	0.0	0.2	2.7	93.3
Attributable to equity holders of the parent	138.4	-5.6	0.0	0.2	1.5	134.6
Non-controlling interests (NCI)	2.8				-0.4	2.4
Total equity	141.2	-5.6	0.0	0.2	1.1	137.0

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 - June 2014
EUR million

	A	B	C	D
Total segment sales	**84.6**	**102.5**		**187.1**
Intra-group sales	**-0.1**	**0.0**		**-0.1**
Net sales	**84.5**	**102.5**		**187.0**
Share of profits of associated companies included in operating profit	**0.3**		**0.3**	**0.6**
Operating profit	**-1.5**	**3.6**	**-2.1**	**-0.1**
Gross investments in non-current assets	**0.9**	**0.2**	**0.0**	**1.1**
Corporate acquisitions and other share purchases				
Depreciations	**2.9**	**0.4**	**0.1**	**3.4**
Impairments	**0.0**			**0.0**
Average number of personnel	**640**	**82**	**10**	**731**

Operating segments,
January - June 2013
EUR million

	A	B	C	D
Total segment sales	89.8	108.7		198.5
Intra-group sales	-0.1	0.0		-0.1
Net sales	89.8	108.6		198.4
Share of profits of associated companies included in operating profit	0.1		2.3	2.4
Operating profit	0.4	2.6	0.4	3.3
Gross investments in non-current assets	0.7	0.5	0.1	1.3
Corporate acquisitions and other share purchases				
Depreciations	3.0	0.4	0.2	3.7
Impairments	0.0		0.0	0.0
Average number of personnel	684	70	10	764

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 June 2014	30 June 2013	31 Dec 2013
Shareholders' equity per share, EUR	**21.71**	21.80	22.90
Equity ratio, %	**76.7**	73.1	70.3
Gearing, %	**-6.9**	2.3	8.4
Gross investments in non-current assets, EUR million	**1.1**	1.3	3.0
Corporate acquisitions and other share purchases, EUR million			
Average number of personnel	**731**	764	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 June 2014	30 June 2013	31 Dec 2013
Mortgages given for debts			
Real estate and corporate mortgages	**1.6**	**2.5**	2.4
Guarantees	**9.0**	**10.4**	9.5
Non-cancellable other leases, minimum lease payments			
Real estate leases	**8.4**	**6.0**	7.7
Other leases	**1.1**	**1.0**	1.0
DERIVATIVE INSTRUMENTS			
Outstanding nominal values of derivate instruments			
Interest rate swaps	**3.6**	**4.8**	4.2
Forward currency contracts	**7.0**	**8.3**	5.7
Commodity derivative instruments	**15.9**	**7.1**	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 (4.7) million is, on the basis of IAS 32, recognised under non-current liabilities. The receivable arising in connection with this may not, under IFRS rules, be recognised.

DISPUTES

In October 2011, Apetit decided to take its dispute with Nordic Sugar concerning breaches of shareholder agreement to arbitration. According to Apetit, Nordic Sugar has committed a total of three breaches of agreement. Under the terms and conditions of the shareholder agreement, one proven breach will incur a contractual penalty totaling about EUR 8.9 million. Therefore the penalty could total a maximum of nearly EUR 27 million.

Nordic Sugar expressed the view that Apetit committed a breach of shareholder agreement in connection with the dismissal of Sucros Ltd’s managing director, and requested the arbitration court to confirm the breach of shareholder agreement and order Apetit to pay a contractual penalty of EUR 4.5 million. Apetit’s view is that the shareholder agreement was complied with in the dismissal of Sucros Ltd’s managing director, and so the compensation claim is unfounded.

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

At the beginning of November 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.

CHANGES IN TANGIBLE ASSETS

EUR million

	30 June 2014	30 June 2013	31 Dec 2013
Book value at the beginning of the period	**45.8**	49.8	49.8
Additions	**0.7**	1.1	2.3
Disposals	**-0.1**	0.0	-0.6
Depreciations and impairments	**-2.7**	-2.8	-5.4
Other changes	**-0.1**	-0.5	-0.3
Book value at the end of the period	**43.6**	47.6	45.8

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million

	Q1-Q2 2014	Q1-Q2 2013	Q1-Q4 2013
Sales to associated companies	**0.2**	0.2	1.2
Purchases from associated companies	**4.7**	6.1	10.1

	30 June 2014	30 June 2013	31 Dec 2013
Trade receivables and other receivables from associated companies	**0.5**	0.5	0.8
Trade payables and other liabilities to associated companies	**0.8**	1.9	0.8

In Espoo, 14 August 2014

APETIT PLC

Board of Directors