Annual Report 2013

Delightfully satisfying flavours and service experiences

Apetit Group in brief

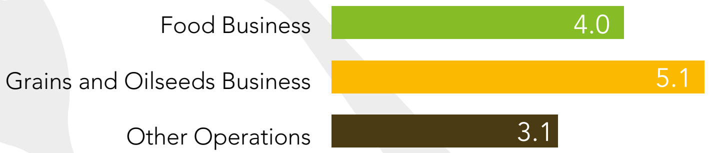
Apetit Group is a finnish food company well known for its frozen vegetables, frozen ready meals, fresh fish and fish products, ready-to-use fresh fruit and vegetable products and grains and vegetable oils. Apetit's business segments are the Food Business, The Grains and Oilseeds Business and Other Operations. The Group's shares are quoted in NASDAQ OMX Helsinki Ltd.

net sales
387.3 EUR million

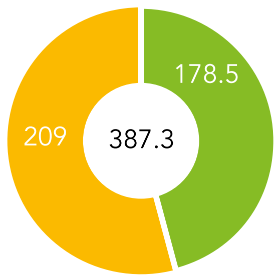
operating profit,
excl.non-recurring items
12.2 EUR million

dividend/share
1.00 EUR
Board's proposal

OPERATING PROFIT 2013,
EXCLUDING NON RECURRING ITEMS
EUR, million

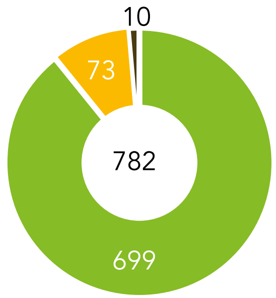


NET SALES 2013
EUR, million



Food Business
Grains and Oilseeds Business

AVERAGE NUMBER OF PERSONNEL IN 2013,
by segment



Food Business
Grains and Oilseeds Business
Other Operations

Contents

Food Business

The Food Business is made up of Apetit Pakaste Oy, Apetit Kala Oy, Myrskylän Savustamo Oy, the associated company Taimen Oy, the Maritim Food Group, Caternet Finland Oy and Apetit Suomi Oy. Apetit is one of the leaders in Finland's food industry. Its product groups are frozen vegetables and frozen ready meals, fresh fish and fish products, and ready-to-use fresh fruit and vegetable products. Apetit has also a strong position on the Swedish and Norwegian shellfish and fish products markets. Customers of the Food Business include consumers, retailers, professional food service sector and food industry.

Grains and Oilseeds

The Grains and Oilseeds business comprises Avena Nordic Grain and its subsidiaries. It is Finland's leading trader in grains, oilseeds and animal feedstuffs, and a manufacturer and supplier of vegetable oils and expeller. Customers of grains and animal feedstuffs include the food and the feed industries, other grain-using industries and farmers. Vegetable oils made in the company's own oil milling plant are sold to the food industry and food service providers, and for retail in Finland, the other Nordic countries and the Baltic countries.

Other Operations

The Other Operations segment comprises the Group Administration, items not allocated under any of the business segments, and the associated company Sucros Ltd (20%). Parent company Apetit Plc is responsible for Group administration, development of the Group structure, and the administration of share and real estate ownership. The associated company Sucros Ltd (20%) produces, sells and markets sugar products for the food industry and the retail trade, and for export.

New, more delicious Apetit

In 2013, the Apetit Group changed its name and completed a significant restructuring of its Finnish consumer businesses, the objective of which is to raise consumer and customer orientation to an entirely new level, improve profitability and boost growth.

Lännen Tehtaat became Apetit

The name of a company is one of the most visible messages it sends to its stakeholders and is a part of its identity. This is why we decided that our strategic renewal should also be visible in the company's name. Lännen Tehtaat was a name that had a rich tradition and was associated with industry but it was felt that it was not a good fit with the company's current business.

In March 2013, the Annual General Meeting decided to change the name of the parent company and Group to Apetit Plc. The new name is founded on the Apetit brand, one of the best-known food brands in Finland. The purpose of the change is to convey the message that the company is renewing itself and that our goal is to charm consumers and customers.

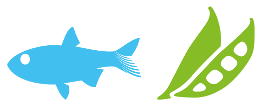
Charming the consumer

More than before, consumer trends involving food and eating are focusing on the importance of taste and wellbeing. The mealtime circumstances of today's active consumers vary, as does the role played by the

Apetit group structrure as of 1.1.2014

Apetit Group

FOOD BUSINESS



- Frozen vegetables and frozen ready meals
- Fresh fish and fish products
- Fresh ready-to-use vegetables and fruits

GRAINS AND OILSEEDS BUSINESS

- Trading in grains and oilseeds
- Vegetable oils
- Expeller

OTHER OPERATIONS

- Parent company and Group administration
- Sugar business through Sucros, an associated company

food itself. The common theme, however, is that delicious food is a delight and increases wellbeing.

Consumers value responsibly produced and Finnish-grown food. More and more consumers want to know precisely where their food comes from and how it has been grown and produced. Food companies that can provide transparent information on the origin of the raw materials they use and cooperate with primary producers will have a better chance of meeting consumer expectations.

Apetit Group has many strengths and it intends to use these more systematically in the future. The goal is to build a brand that will charm consumers and distinguish itself from others with its delicious, healthy, Finnish-grown and responsibly produced food products.

Food know-how all in one place

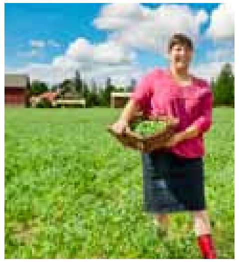
During the restructuring project, we identified various benefits and opportunities that we had anticipated would emerge from bringing together the food businesses. With a merged organisation and consistent processes, the effectiveness of strategic planning and implementation, operating profitability and growth potential can be improved. Benefits also include better overall monitoring of financial matters and quality, more efficient procurement, ordering and delivery processes and much improved consumer understanding and marketing.

Apetit Group's new business structure was in place from the beginning of 2014. The Food Business combines the previous Frozen Foods and the Seafood businesses, which were reported separately, and also includes Caternet Finland Oy and the business service company Apetit Suomi Oy, both of which were formerly included in the Other Operations segment. The changes to the company's legal structure to match the new operating model will take place during 2014. There were no changes in the Grains and Oilseeds Business, which continues to comprise Avena Nordic Grain Oy and its subsidiaries. The Other Operations segment includes the parent company Apetit Plc and the associated company Sucros.

Strong know-how in grains and oilseeds

The Grains and Oilseeds Business underwent a similar project at an earlier date. With its subsidiaries, Avena Nordic Grain Oy, which is responsible for the Grains and Oilseeds Business, is Finland's leading trader in grains, oilseeds and animal feedstuffs, and is a manufacturer and supplier of vegetable oils and expeller. Avena's principal market is the European Union, but it also trades in many other markets.

Vegetable oils made in the company's own oil milling plant are sold to the food industry and food service providers, and for retail in Finland, the other Nordic countries and the Baltic countries. With long partnerships, use of the best farmers and suppliers and an active presence on the various markets, Avena is able to develop its unique competence and offer this to its customers.



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Our goal is to become the preferred food solution for consumers who value wellbeing and the preferred partner for customers that value good service. To this end, we will offer delightful tastes and service experiences to consumers and customers.

CEO ***Matti Karppinen****, Apetit*

New Apetit

For the Apetit Group, 2013 was a year of significant changes undertaken to build the Group's future. Changing the organization and operating model of the Finnish consumer business affected a substantial part of our operations and personnel.

We can take special pride in our successful financial performance despite these changes and the challenges imposed by the state of the Finnish economy. The Group's operating profit, excluding non-recurring items, grew as anticipated. Consequently, our earnings per share increased by 52 per cent to EUR 1.63

Many positive experiences in a challenging year

In the Food Business, the frozen foods product group performed in line with expectations. Profitability improved thanks to better production efficiency and successful harvest-time production. Consumers value Finnish-grown food, and this was evident in the 13 per cent year-on-year sales growth of the Apetit Kotimainen range, as anticipated.

In the fish products group, there was a gratifying profitability improvement in Norway and Sweden. Performance was boosted by the sales and volume growth , the moderate growth of raw-material prices and the effect of efficiency boosting measures carried out earlier.

The profitability of Sucros Ltd, an associated company in the sugar business, also improved and was solid. Its performance was boosted by strong growth in net sales.

In the Grains and Oilseeds Business sales declined in grains and were on a par with the previous year in oilseed products. Profitability declined, due to a slower grain market and lower margins than in 2012. Despite the reduction in volumes, the Grains and Oilseeds Business did maintain its customarily high profit-earning capacity.

Difficult year for fish and fresh products in Finland

The fish products group in Finland did not meet its targets. Net sales grew but because of the disparity between high raw-material costs and end-customer prices, profitability declined substantially.

The Food Business's ready-to-use fresh vegetable and fruit product sales also fell short of its targets. Similarly to fish products, its profitability was held back by the disparity between procurement costs and end-customer prices. Moreover, staff restaurants saw a significant drop in customer numbers, which reduced sales and hence deteriorated operating efficiency and profitability.

We must now charm consumers and customers

Apetit's products are healthy, fresh and responsibly produced in Finland. In addition to providing nutrition, good food is part of our social life and its influence on our quality of life is growing. At Apetit, we understand this evolving role of food, which makes us even more determined to offer consumers delightful taste experiences and delicious wellbeing for their daily meals. As we embark on a new era of charming the consumer, this will require raising the consumer and customer orientation of our business to an entirely new level.

Our customers are the retail trade, the food industry, the professional food service sector and grain, oilseed and feedstuff trade and industry. Our goal is to improve and become the preferred partner of customers who value good service. By offering the best products, services and food know-how we can help our customers to succeed and, as a result, meet the expectations of their customers and consumers.

As we embark on a new era of charming the consumer, this will require raising the consumer and customer orientation of our business to an entirely new level.

Restructuring is an important part of our renewal

Raising consumer orientation to an entirely new level will require restructuring of our operations. During 2013 we combined the previously separate frozen foods, seafood and professional food service sector businesses into a new business segment. In March our Annual General Meeting decided to change the name of the parent company and Group from Lännen Tehtaat to Apetit in line with our strong consumer brand.

These changes have affected our personnel in many ways and have been carried out responsibly, guided and inspired by a common goal. We will now continue our work under the new operating model.

We promise delightfully satisfying flavours and service experiences

With the new structure and strategy our aim is to make Apetit a food solution that consumers believe offers delicious wellbeing and is the preferred partner for our customers in the retail and professional food service sectors. In the Grains and Oilseeds Business we want to lead the way in the grains trade in the Baltic region and to be an innovator of edible oils.

New Nordic diet recommendations were published in January 2014. I was pleased to see that Apetit's product groups cover nearly all of the principal constituents of a diet that is healthy and promotes quality of life: fish, fresh fruit and vegetables, grains and vegetable oils. With the future in mind, this puts us in an excellent position to promise delicious wellbeing to consumers and help our customers succeed.

Matti Karppinen

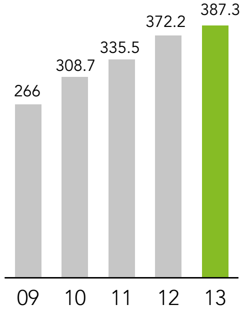
Key indicators

	2013	2012	Change	2011
Net sales, EUR million	387.3	378.2	+2.4%	335.5
Operating profit, EUR million	9.4	8.5	+11.4%	8.7
Operating profit, %	2.4	2.2		2.6
Operating profit excluding non-recurring items, EUR million	12.2	8.8	+38.5%	9.8
Operating profit excluding non-recurring items, %	3.1	2.3		2.9
Profit before taxes, EUR million	9.3	7.5	+23.2%	7.5
Profit for the period, EUR million	9.3	6.7	+39.3%	5.7
Return on investment, %	7.0	5.4		6.3
Return on equity, %	6.5	4.8		4.1
Equity ratio, %	70.3	60.6		74.9
Gearing, %	8.4	22.0		-5.1
Equity per share, EUR	22.90	22.37		22.06
Earnings per share, EUR	1.63	1.07		0.92
Dividend per share, EUR	1.00*	0.90		0.85
Investment in non-current items, EUR million	3.0	3.9		5.8
Investment in shares, EUR million	0.0	9.7		0.2
Average number of personnel	782	721	+8.5%	596

*) Board's proposal

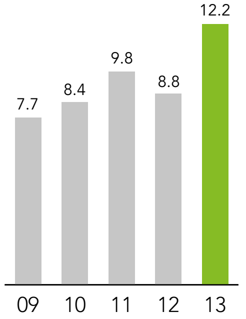
NET SALES
2009–2013, EUR million

+2%



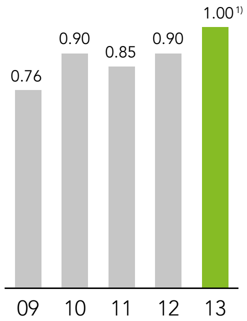
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS
2009–2013, EUR million

+39%



DIVIDEND PER SHARE
2009–2013, EUR

+11%



1) Board's proposal

Key indicators by segment

NET SALES, EUR MILLION

	2013	2012	2011
Food Business	178.5	162.7	130.9
Grains and Oilseeds Business	209.0	215.8	204.9
Other Operations			
Intra-group sales	-0.2	-0.2	-0.3
Total	387.3	378.2	335.5

OPERATING PROFIT, EUR MILLION

	2013	2012	2011
Food Business	2.0	1.7	2.3
Grains and Oilseeds Business	5.1	6.5	8.4
Other Operations	2.3	0.3	-2.0
Total	9.4	8.5	8.7

2013 in brief

The Group's net sales and operating profit, excluding non-recurring items, grew in a challenging economic situation. Good profitability increased our earnings per share by 52 per cent to EUR 1.63 (1.07).

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, EUR MILLION

	2013	2012	2011
Food Business	4.0	1.7	3.4
Grains and Oilseeds Business	5.1	6.5	8.4
Other Operations	3.1	0.6	-2.0
Total	12.2	8.8	9.8

INVESTMENT IN NON-CURRENT ITEMS, EUR MILLION

	2013	2012	2011
Food Business	2.0	3.4	2.6
Grains and Oilseeds Business	0.8	0.5	3.0
Other Operations	0.2	0.0	0.1
Total	3.0	3.9	5.8

AVERAGE NUMBER OF PERSONNEL

	2013	2012	2011
Food Business	699	641	524
Grains and Oilseeds Business	73	70	62
Other Operations	10	10	10
Total	782	721	596

Food Business and Grains and Oilseeds Business

Strategic objectives

Ever since the company was established in 1950, we have been proud to offer delicious, Finnish-grown food products to the country's households.

Today Apetit Group is well known versatile food company. It's business segments are the Food Business and the Grains and Oilseeds Business.

The Other Operations segment comprises the parent company and associated company Sucros Ltd (20%).

FOOD BUSINESS

Apetit promises to offer delicious well-being through food. Its products, which contain mostly Finnish ingredients, are ideal for promoting wellbeing and a healthier life.

In the Food Business, our goal is to become the preferred food solution for consumers who value wellbeing. We also want to be the preferred partner of customers who value good customer service. We will achieve these goals by raising our customer and consumer orientation to an entirely new level, so that customers and consumers will notice a positive change in our operations.

GRAINS AND OILSEEDS BUSINESS

The expertise and experience of Avena Nordic Grain help grain, feedstuff and oilseed farmers, sellers and buyers succeed. Part of the Apetit Group, Avena is the market leader in edible oils in Finland.

In the Grains and Oilseeds business, we want to lead the way in grain trading and be an innovator of food oils. We can achieve this by growing our market share in our present grain markets and entering new markets in the Baltic Sea area. In food oils, we will develop new products and production processes and increase our offering of completely Finnish vegetable oils in order to meet our customers' expectations even better.

Businesses	Strategic objectives 2016	Customers	Vision 2016
Food Business	• To considerably improve profitability • To become the preferred food brand for consumers who value wellbeing • To significantly increase its share of the food eaten by Finnish consumers	*Consumer* Appreciates tasty, healthy and responsibly-produced Finnish-grown food in a range of different meal situations.	***Apetit is the preferred food solution for consumers who value wellbeing.***
Grains and Oilseeds Business	• Substantial growth of grain and oilseed trade • Expansion of grain and oilseed business related activities to new markets in the Baltic Sea region • Development of new vegetable oil products and their production processes • Development of market for rapeseed oil based on home-grown raw-material	*Customer* Appreciates products that are just right, and appreciates the individual service, expertise and market competence, and the clear benefits they create in the value chain.	***Avena leads the way in the grains trade in the Baltic and is an innovator of edible oils.***

Mission: To offer delightfully satisfying flavours and service experiences.

Values: Delighting the customer, excellence in all we do, responsible approach, enjoying our work together.

Food Business
Delicious wellbeing

In Food Business, Apetit Group is one of the leaders in Finland's food industry. Its product groups are frozen vegetables and frozen ready meals, fresh fish and fish products, and ready-to-use fresh fruit and vegetable products.

YEAR 2013 IN BRIEF

Net sales and profit excluding non-recurring items increased from the previous year. In the fish product group, sales increased in all markets, with the growth being particularly strong in Finland, where sales increased by nearly 20%. Sales in the frozen foods product group increased slightly. The favourable development in profitability was supported in frozen food product group by efficient production and a successful harvest season. In fish product group the profitability improved in Sweden and Norway, where it was supported by increased volumes, the moderate development of raw-material prices and the results of earlier efficiency measures.

In Finland, the profitability of the fish product group and the fresh product group was unsatisfactory. In addition to reduced volumes, profitability was weakened by the discrepancy between raw-material prices and end-customer prices. Sales to the professional food services have been affected by a drop in customer numbers in staff restaurants at a time of difficulties in the Finnish economy. The decrease in sales have also affected the profitability of this labour-intensive sector.

FOOD BUSINESS

Key figures, EUR million	2013	2012	2011
Net sales	178.5	162.7	130.9
Operating profit, excluding non-recurring items	4.0	1.7	3.4
Operating profit	2.0	1.7	2.3
Investment in non-current assets	2.0	3.4	2.6
Average number of personnel	699	641	524

FROZEN VEGETABLES AND FROZEN READY MEALS

Apetit is Finland's leading brand in frozen vegetables and frozen ready meals, and its products are renowned for their taste and home-grown content. Largely based on Finnish raw materials, the frozen vegetables and frozen ready meals are produced at Säkylä, and frozen pizzas at Pudasjärvi. The home-grown content of raw materials accounts for about 75% in the frozen vegetables and frozen potato products, and 98–100% in the Kotimainen product range.

New products – domestic content appreciated

Apetit product range is constantly developed to suit Finnish tastes, meet nutritional recommendations and respond to changing trends in eating habits. Great tasting products are made from naturally good raw

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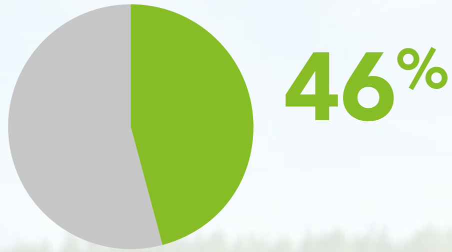
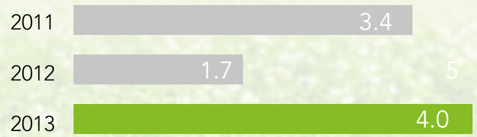
THE SHARE OF THE GROUP'S NET SALES
ACCOUNTED FOR BY FOOD BUSINESS



FOOD BUSINESS OPERATING PROFIT
EXCLUDING NON-RECURRING ITEMS
EUR million



In Food Business, Apetit Group is one of the leaders in Finland's food industry. Its product groups are frozen vegetables and frozen ready meals, fresh fish and fish products, and fresh ready-to-use fruit and vegetable products. The previously separate areas of frozen foods, seafood and food services were combined at the start of 2014 to form a single business segment.

materials and go through only the minimum necessary production stages. In recent years, demand has grown for oven-ready vegetable gratins and Finnish-grown vegetables in particular.

In the Kotimainen frozen products range, carrot slices, cream of carrot soup, beetroot gratin, cream of fresh pea soup, pea patties were launched as new products. Of the existing Apetit frozen products, spinach soup, lactose-free spinach soup and frozen root vegetables for soups were introduced in Kotimainen-range.

Origin of raw materials known precisely

Most of the vegetables used by Apetit are produced by Finnish contract growers. The most important raw materials are potatoes, leeks, carrots, peas, spinach, swede, parsnips, celery, beetroot and organic spinach. Thanks to Integrated Production (IP), the origin of these raw materials is always known, right down to the field they were grown in.

Frozen maize and sweet peppers are the most important of the imported raw materials, and are acquired from long-standing contract suppliers mainly in the European Union. Raw materials procured from other suppliers can be traced to the arrival batches, which are then used to identify the raw material supplier and to trace the entire supply chain.

Read more about Integrated Production (IP) on page 25.

FRESH FISH AND FISH PRODUCTS

Apetit Group' Food Business is one of the leaders in Finland's fresh fish and fish products markets. Its customers include retailers, the professional food service sector and the food industry. Sales made via own network of service counters account for a significant share of total sales. The production units are in Kuopio, Kustavi, Helsinki (Kivikko) and Myrskylä. Maritim Food Group, as a part of Apetit Group, has a strong position on the Swedish and Norwegian markets, where it sells shellfish and fish products to retail chains and to the professional food service sector. Maritim Food Group has two production facilities in Norway and one in Sweden.

Uncompromising work to ensure fish products are tasty

One of the key competitive advantages of Apetit's fish products is their great taste. The new Apetit Perinteinen fish product series was launched at the start of September, having already passed the taste test. The delicious flavours are obtained using traditional production methods, such as surface salting with sea salt and smoking using Finnish alder wood. The products in the Perinteinen fish product range are also always prepared from fresh rather than frozen raw materials.

Alongside freshness, great taste is a basic principle that we cherish in all our fish products. While opinions on great taste can vary from one country to another, the essential elements are always fresh raw materials, tested recipes and unbeatable fish processing skills.

We introduced two new fish products to the Apetit Kotimainen family of Finnish products: raw-pickled whitefish slices and vendace kalakukko, a traditional food made from fish baked inside a loaf of bread. These products were introduced under the Apetit Perinteinen brand of traditional foods. In addition, our Apetit Perinteinen rainbow trout products are made of Finnish fish for the part of the year when home-grown rainbow trout is available.

Taimen guarantees the availability of fresh Finnish rainbow trout

Taimen, our associated company and one of the leading fish farmers in the country, enables us to offer fresh Finnish rainbow trout. Taimen has 30 fish farms in mainland Finland, the Archipelago Sea and Sweden. This ensures that consumers have unbeatably fresh rainbow trout during its peak availability period in retail stores in the Helsinki metropolitan area and elsewhere. This means that the fish on sale may even have been caught the same morning.

FRESH READY-TO-USE VEGETABLES AND FRUITS

Food Business supplies the professional food service sector and retail chains with food products that make great meals – even on a daily basis if needed. The product range includes fresh and ready-to-use vegetable and fruit products, salads and fresh smoked and frozen fish. The biggest customer groups are staff restaurant chains and hotel and restaurant chains. Sales to public sector catering organisations are also considerable.The operation is based on a 24-hour order-delivery cycle to ensure the freshness and quality of the products. The products are delivered to custom-

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FISH CONSUMPTION IN FINLAND
per capita, on average

14.7 kg

of which imported fish accounted for

11 kg

of which Finnish fish accounted for

3.7 kg

Source: FGFRI / statistics 2011

In Finland

76 %

of Finns want to eat more fish.

Source: Pro Fish Association

Fish has many beneficial properties that make it an integral part of a well-balanced diet. According to official nutritional guidelines, people should eat fish at least twice a week, varying the type of fish. At present, most Finns eat fish only once a week or even less, so we have room for improvement.

- Pro Fish Association

ers via wholesalers or direct distribution, according to the customer's choice.

Quality processing and always fresh for customers

Raw materials are acquired fresh and for direct delivery from long-standing contract suppliers in Finland and abroad.

A wide range of products are prepared at the modern production plant in Kivikko, Helsinki. Fruit and vegetable products are chopped, sliced, diced or cut into strips and then packed in this form without any preservatives or additives.

Production and deliveries keep going, almost round the clock. The 24-hour order-delivery cycle guarantees the freshness and quality of the products. Products are delivered to customers via wholesalers or direct distribution, according to the customer's choice.

Fresh salads added

Fresh salads designed for everyday convenience were added to the product selection to meet customer wishes. A new salad department was opened at the Kivikko production plant, enabling fresh and crisp ready-made salads to be delivered to retail chains in the Helsinki metropolitan area. Caternet is also engaged in developing new products from quality raw materials to meet customer wishes. The company has its own test kitchen and professional product development and kitchen personnel.

Domestic Apetit

Kotimainen

Domestic content means more to consumers each year, and this is also evident in consumers' purchasing decisions. Apetit's strong focus on home-grown raw materials is its guiding principle throughout the field to table chain. In freezer and refrigerator cabinets the Apetit Kotimainen range stands out from imported products and helps the consumer choose products that are of Finnish origin.

Sales of these products continued to increase, growing by 13% in 2013, and new additions are constantly being developed. In the consumer-packaged product group there are already 20 frozen and 10 fish products, in addition to which there are 18 frozen products and 7 fish products offered to the professional food service sector and 14 fish products in service sales.

Apetit Kotimainen frozen vegetables, frozen potato products and fish products have a home-grown content of 100%. In frozen ready meals, only necessary spices and salt are imported, though the products are otherwise home-grown. The home-grown content and the origin of raw materials are specified clearly in the product information.

Apetit Kotimainen sales increased in 2013

+13 %

The most popular Apetit Kotimainen products in 2013

1. *Apetit Kotimainen root vegetables*
2. *Apetit Kotimainen spinach soup*
3. *Apetit Kotimainen pea*

The Finnish pea is a popular vegetable and a prime example of a safe and high-quality product that is grown in an environmentally friendly way. Using threshers, peas are harvested from the fields at the right time and frozen immediately after transportation. It takes about two hours to process peas from the field into a frozen product. When stored at -20 °C, the peas stay fresh for at least 18 months.

Grains and Oilseeds Business

Versatile competence in grains and oilseeds

Avena Nordic Grain Oy is an Apetit Group company and Finland's leading trader in grains, oilseeds and animal feedstuffs, and a manufacturer and supplier of vegetable oils and expeller.

YEAR 2013 IN BRIEF

In 2013, the grain trade volume was lower than in 2012 especially in the early part of the year, which together with a lower market price level than in 2012 reduced the net sales of the grain trade. The sales volume in the oilseed business was on the same level on the previous year, but the sales of packaged rapeseed oil products increased. Business profitability declined on the previous year, however, due to a decline in sales volume and narrower margins.

Grain and oilseeds were purchased from farmers in Finland, the Baltic countries and also from grain oilseed suppliers in various markets abroad. The proportion supplied directly by farmers continued to grow and the purchases of especially Finnish rape from farmers were increased.

GRAINS AND OILSEEDS BUSINESS

Key figures, EUR million	2013	2012	2011
Net sales	209.0	215.8	204.9
Operating profit, excluding non-recurring items	5.1	6.5	8.4
Operating profit	5.1	6.5	8.4
Investment in non-current assets	0.8	0.5	3.0
Average number of personnel	73	70	62

Avena is a partner to farmers and customers

Customers of grains and animal feedstuffs include the food and the feed industries, other grain-using industries and farmers. Oils made in the company's own oil milling plant are sold to the food industry and food service providers, and for retail in Finland, the other Nordic countries and the Baltic countries.

Avena's principal market is the European Union, but it also trades in many other markets. Avena is particularly active in Finland and in the Baltic countries, its home markets.

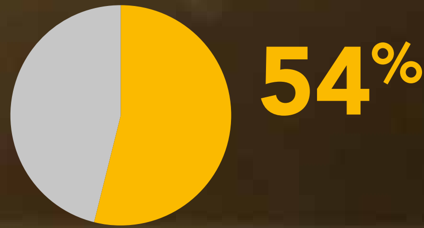
Avena Nordic Grain is known on markets around the world as a trustworthy and professional company. It has a broad customer and supplier base in various countries and thanks to its local subsidiaries, in-depth knowledge of the grain and oilseed markets in each of the areas. Farmers have access to versatile tools for trading, managing price and quality risks and acquiring market information.

Continues on page 18

Avena has in-depth understanding of both the Finnish and international grain and oilseed markets.

> *“ Avena’s expertise and experience help grain and oilseed growers, sellers and buyers to be successful. Long partnerships, using the best farmers and suppliers and active presences on the various markets allow Avena to develop its unique competence and offer it to its customers.*
>
> ***Kaija Viljanen**, CEO*
> *Avena Nordic Grain Oy*

THE SHARE OF THE GROUP’S NET SALES ACCOUNTED FOR BY GRAINS AND OILSEEDS BUSINESS



GRAINS AND OILSEEDS OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS, EUR million

2011	8.4
2012	6.5
2013	5.1

Crops in Finland
4,082
thousand tonnes
of which

Grain exports from Finland
531
thousand tonnes
in crop season 2012/2013

Grain imports to Finland
27
thousand tonnes
in crop season 2012/2013

NEITO AND MILDOLA FOR BETTER TASTE

The soft and refined Neito is perfect company for every cook and makes food taste better. Neito oil is pressed and produced in Kirkkonummi from selected Finnish rapeseed.

Mildola is a high-quality brand of oils for the professional food service sector. The brand is tightly associated with Avena's oil milling plant founded in Kirkkonummi in 1993.

The year 2013 was a successful year operationally and development activities focused on improving operating conditions. In order to enhance grain trade in Estonia, Apetit implemented a new contract management system and expanded the use of its enterprise resources management system. In Lithuania conditions for growth were improved by developing logistics for transportation and warehousing.

Growing demand for oilseed products

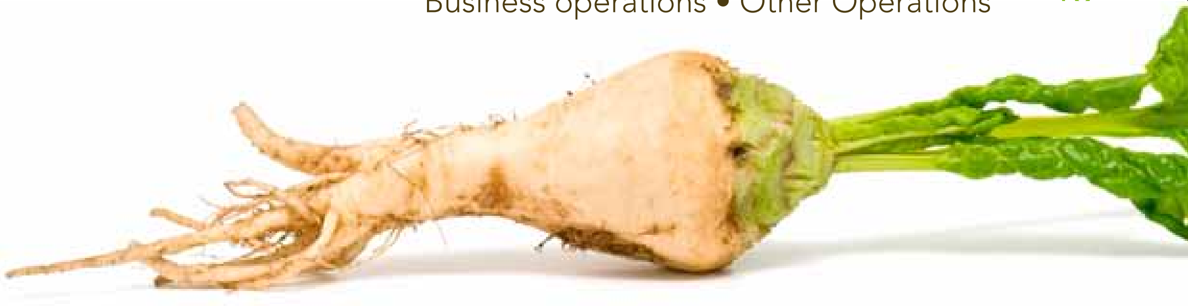
Avena's oil milling plant in Kirkkonummi refines high-quality rapeseed oil and expeller from mostly rapeseed. In the production process the oil is naturally extracted from the oilseeds by crushing them. This method is environmentally friendly and efficient. The end products are vegetable oil and expeller, which is an excellent feed raw-material for livestock. Oilseed is predominately procured from Finland, but to ensure a sufficient supply, raw materials are also procured on other markets.

In 2013, the oil milling plant production chain were renewed so that home-grown raw-material and oil can be kept separate from other raw-material more effectively throughout the entire production chain. This allows the company to increase the use of home-grown raw-material. The oil packaging plant which was completed in 2011 reached full capacity and more than a third of all edible oils are now sold as packaged. Renewal of the process automation system was continued and the oil milling plant laboratory was renewed to improve operating reliability and quality. In quality control we implemented a quicker and more reliable method to analyse expeller. The new method is based on DNA recognition.

Home-grown content matters

Cultivation of oilseeds in Finland is especially important to ensure the diversity of Finnish farming. Also, demand for home-grown raw-material is on the increase as a result of tighter Swan logo standards under which the raw-material used for rape seed oil must be 100 per cent home-grown in Finland.

Avena has sought to promote the Finnish cultivation of oilseeds in many ways. Several grower meetings were organised during the year and the website rapsi.fi was set up in cooperation with others in the sector to provide information and a forum for the exchange of experiences. A rapeseed seminar organised in Siuntio in autumn was very popular. At the event, Swedish specialists talked about their experiences in cultivating autumn rapeseed. A new office was opened in Hämeenlinna to serve the region's farmers and promote the sales and delivery of oilseeds.



Other Operations
Parent company and associated companies

The Other Operations segment comprises the Group Administration, items not allocated under any of the business segments, and the associated company Sucros Ltd (20%).

New name for the parent company: Apetit Plc

Parent company Apetit Plc is responsible for Group administration, development of the Group structure, and the administration of share and real estate ownership.

The name of the company was changed by decision of the Annuak General Meeting in March 26th, 2013 from Lännen Tehtaat plc to Apetit Plc as a part of the Group's renewal and restructuring project.

Finnish sugar from Säkylä

The associated company Sucros Ltd (20%) produces, sells and markets sugar products for the food industry and the retail trade, and for export. The sugar it produces is refined into sugar products and syrup products at the sugar refinery of Sucros's subsidiary Suomen Sokeri Oy in Porkkala, Kirkkonummi.

Sucros is responsible for producing the entire sugar quota of 81 million kilos per year granted to Finland by the EU. It cooperates closely Finnish sugar beet contract farmers and seeks to promote sugar beet cultivation in Finland.

Suomen Sokeri Oy refines raw sugar and is responsible for the sales and marketing of all sugar products in Finland. The sugar refinery produces granulated sugars, liquid sugars, syrups and special products such as sugarcubes, icing sugar, crystal sugar and jam sugar. Consumer products are sold under the Dansukker brands, the best-known of which are Sirkku and Pulmu sugarcubes.

Suomen Sokeri Oy and Sucros Ltd comprise the entire Finnish sugar industry. Sucros is owned by Apetit, which has a minority interest of 20%, and Nordic Sugar A/S, with a holding of 80%. Since 2009, Nordic Sugar has been a part of the Nordzucker Group, Europe's second largest sugar company.

OTHER OPERATIONS

Key figures, EUR million	2013	2012	2011
Operating profit, excluding non-recurring items	3.1	0.6	–2.0
Operating profit	2.3	0.3	–2.0
Investment in non-current assets	0.2	0.0	0.1
Average number of personnel	10	10	10

The traceability of vegetable raw materials and cultivation processes is an essential part of product quality.

Vegetable procurement from Apetit contract growers 2013

33 thousands of tonnes

Potatoes
12.6
thousands of tonnes

Carrots
11.5
thousands of tonnes

Peas
3.5
thousands of tonnes

Yellow turnips
2.5
thousands of tonnes

Others* **2.2**

*thousands of tonnes spinach, beetroot, parsnip, leek and turnip rooted celery

> *We share an information system with our contract growers into which they enter all their farming activities by field from sowing to harvesting. To be accepted for frozen food production, raw materials must have inspected documentation. We can trace every raw-material batch all the way back to the field.*

Cultivation Manager ***Timo Mäki****, Apetit*

Corporate responsibility

Responsible food

For the Apetit Group, responsibility means being socially, ecologically and economically responsible in accordance with the principles of sustainable development. Corporate responsibility is based on approved operating policies that guide operations at all Group levels, including strategy, targets, values, management and everyday work. Identifying and taking into account the needs and expectations of customers, personnel, society and the environment are at the core of our operating policy. We develop our operations continually as required by changes in the business environment.

By continually developing our corporate responsibility, Apetit secures its existing and future ability to operate through a balanced improvement of the various areas of its business and meeting its various stakeholders' expectations.

Consumer confidence matters most

For Apetit Group, its sustainable success depends on the profitability and competitiveness, as well as on satisfaction and confidence of consumers, customers and raw-material producers. Other important factors are responsible management, continuous personnel development, a safe working environment and reducing environmental impacts.

Apetit Group's operations are based on a transparent production chain, from primary production to finished product. Our goal is products that offer delicious wellbeing and their efficient production in harmony with the environment.

Management systems support continuous improvement

Responsibility is an integral part of the company's governance and its strategic and daily management. The Apetit Group's operations are guided by a corporate governance system, which defines the duties, responsibilities and rights of the Supervisory Board, the Board of Directors and the CEO.

A variety of certified management systems are in place in different Group subsidiaries, covering quality, the environment, product safety, good trading practices, customer audits and trade in sustainably produced biomass. They are an important part of managing and continuously improving responsibility.

Apetit Group's operating policies

- *Continuous improvement in customer satisfaction and product safety*
- *Improvement in profitability and efficient use of capital*
- *Continuous improvement and updating of personnel skills*
- *A safe working environment*
- *Reduction of environmental load*

Product development and safety
Delicious and healthy

Great tasting Apetit products are made from quality raw materials and go through only the minimum necessary production stages. New products are developed to match Finnish preferences and for convenience in everyday cooking.

The flavours and preparation instructions are tested by in-house panels and also case-specifically on regularly changing panels of ordinary consumers. Guaranteeing product safety is a part of product development. Controlled production helps keep the natural nutrient density of raw materials at a high level right all the way to the consumer's plate.

Nutrition recommendations are taken into consideration in product development. In foods with a high vegetable content, special attention is paid to protein and energy content. Fish, vegetable oils and whole grains are part of a healthy diet. Apetit frozen vegetable products contain no additives and our frozen ready meals and other products only have additives when its justified.

Product safety

Apetit Group procures all of its raw materials from contract suppliers or other suppliers approved in accordance with its product safety principles. The raw-materials used by Apetit are based mostly on vegetables grown by its contract growers in the Finnish region of Satakunta and fish farmed or caught in Norway, Sweden or Finland. For reasons of availability or growing region, certain raw materials are procured from long-term contract suppliers mostly within the EU.

Great tasting Apetit products are made from quality raw materials and go through only the minimum necessary production stages.

We prefer long-term supply contracts with contract suppliers and require them to commit to shared product specifications and high quality. Raw materials are subject to sensory and microbiological inspection when they are delivered in accordance with the quality control plan.

In accordance with its product safety principles, the company is committed to storing, producing and delivering its products to its customers under storage and transportation conditions that meet legal requirements and are agreed with customers. Product-related risks are assessed through self-supervision and with ISO 22000 product safety systems to ensure the high standards of product hygiene and production.

Personnel have been trained to handle and produce products safely and to ensure high standards of hygiene as required by food safety in all operations. The production facilities have been approved by food inspection authorities and they are kept clean and tidy and hygiene standards are observed constantly.

Clear labelling

Reliable product information on labels and websites and in product communications helps consumers to make purchase decisions and avoid allergens. Food preparation is made easier for consumers with tested recipe suggestions and instructions on the packaging and Apetit's website.

“

Your senses will tell you whether the fish is fresh. Fresh fish has a pleasantly fresh smell, its flesh is firm to the touch and its gills are clear. It's very important, that that the refrigeration chain is unbroken and the fish is stored on ice at a temperature of between 0°C and +2°C. This is colder than standard refrigerators in which fish will not keep as long.

*Product specialist **Sirpa Talka**, Apetit*

The Heart Symbol in Apetit products offer consumers an easy way to control the type and amount of fat and the amount of salt. Nutrition claims that highlight protein and fibre content help consumers make food choices that emphasize vegetables and promote wellbeing.

Food labelling will be reformed in 2014. The new labels will offer consumers more reliable information on the origin and nutritional value of foods and on allergens in foods.

The Swan label is used in accordance with the rules of the Good food from Finland labelling scheme. The home-grown content of Finnish frozen vegetables is 100%. The home-grown content of frozen ready meals is at least 98%. The percentage of the home-grown content is provided on the product labelling. Apetit consumer service can provide additional information on products, their composition and origin.

Environmental matters and recycling are taken into consideration in packaging design. Products that can be frozen help avoid wastage in everyday situations for consumers.

Responsible cultivation
From the field to the table

Most of the vegetables used by Apetit are produced by Finnish contract growers who have applied the IP (Integrated Production) principle of sustainable agriculture since 2000.

In Finland, outdoor vegetable cultivation is concentrated in the regions of Satakunta and Finland Proper, as these areas offer ideal growing conditions. In Food Business, Apetit is the most significant partner for contract growers in Finland. The company collaborates closely with local farmers.

Its partners employ the ecologically sustainable IP (Integrated Production) concept of agriculture. In IP growing, the quality of vegetables and the environmental impact of agriculture are managed comprehensively from various perspectives.

The IP approach supports sustainable cultivation ecosystems

In IP growing, carefully selected, timely cultivation procedures are used to improve vegetable quality, increase harvest volumes and minimise the environmental effects of agriculture.

Apetit contract growers use relevant cultivation methods specific to vegetables and fields that prevent pests and weeds from increasing. These methods also improve vegetable quality and yield while disturbing the cultivation ecosystem as minimally as possible. The traceability of vegetables and procedures is supported by ViRe, a cultivation information system developed by Apetit, into which contract growers enter comprehensive information related to cultivation and the soil.

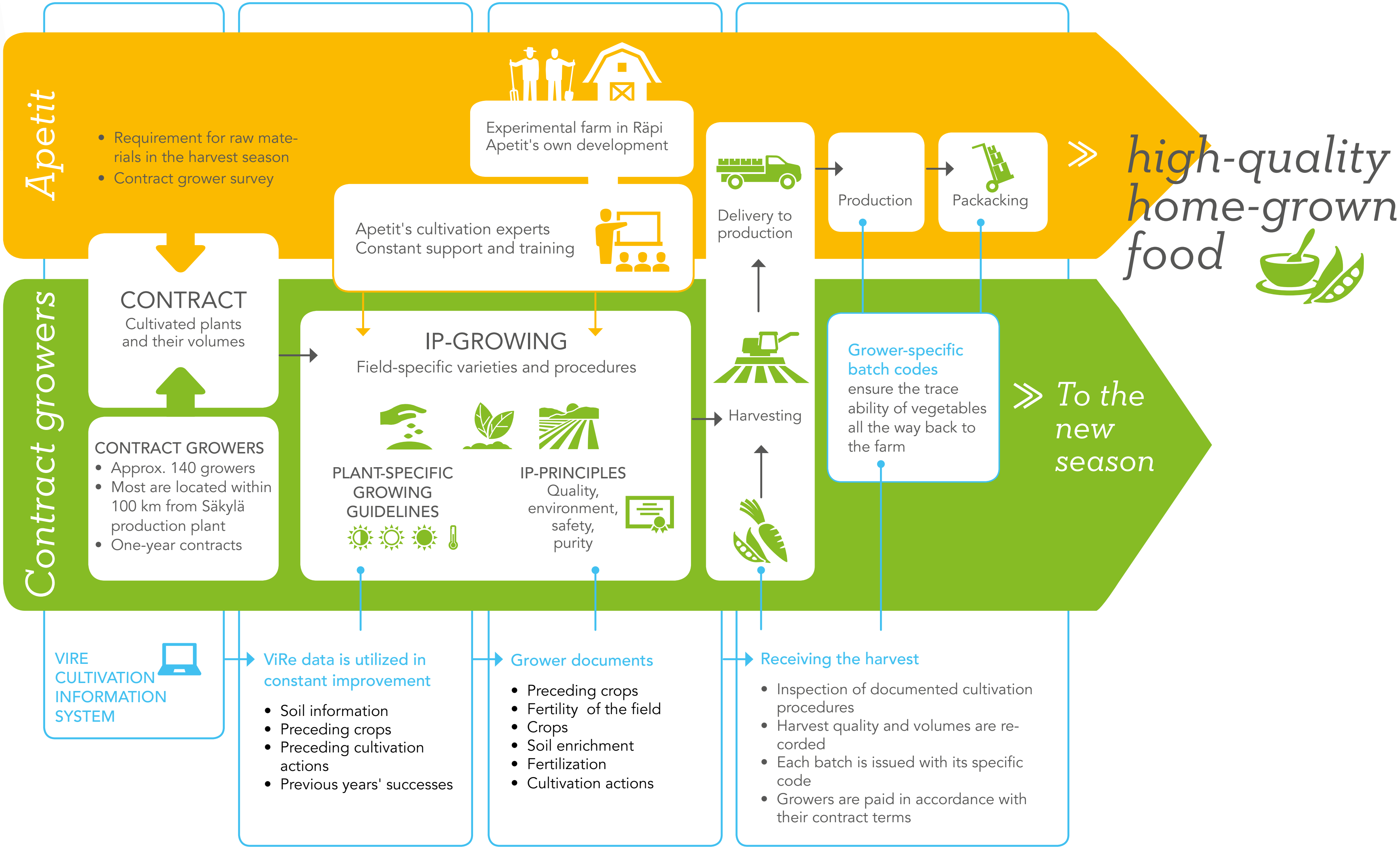
IP farming is based on plant-specific growing guidelines and continuous development cooperation between growers, Apetit's cultivation experts and researchers. Apetit has an experimental farm in Köyliö where new growing methods and varieties are tested before they are taken into use. A total of 15 varietal, fertilisation and growing method experiments were carried out during the 2013 crop season.

IP growing is being developed constantly

In a development project carried out between 2011 and 2013, the plant-specific growing guidelines were updated in accordance with the latest EU requirements. The project was carried out by the Pyhäjärvi Institute, Apetit, MTT Agrifood Research Finland, and growers in Satakunta.

The developed IPM (Integrated Pest Management) principles will be integrated into the IP concept. The main principle is that plant protection measures are only carried out when necessary, and to a limited extent, primarily using biological or mechanical methods. Pest control can be based on information on the life cycles of pests and on their natural enemies, for example.

The new IPM guidelines were tested by Apetit's contract growers during the 2013 growing season and will be adopted in 2014.


Apetit
Requirement for raw materials in the harvest season
Contract grower survey
Experimental farm in Räpi
Apetit's own development
Apetit's cultivation experts
Constant support and training
Delivery to production
Production
Packacking
high-quality home-grown food
Contract growers
CONTRACT
Cultivated plants and their volumes
CONTRACT GROWERS
Approx. 140 growers
Most are located within 100 km from Säkylä production plant
One-year contracts
IP-GROWING
Field-specific varieties and procedures
PLANT-SPECIFIC GROWING GUIDELINES
IP-PRINCIPLES
Quality, environment, safety, purity
Harvesting
Grower-specific batch codes
ensure the trace ability of vegetables all the way back to the farm
To the new season
VIRE CULTIVATION INFORMATION SYSTEM
ViRe data is utilized in constant improvement
Soil information
Preceding crops
Preceding cultivation actions
Previous years' successes
Grower documents
Preceding crops
Fertility of the field
Crops
Soil enrichment
Fertilization
Cultivation actions
Receiving the harvest
Inspection of documented cultivation procedures
Harvest quality and volumes are recorded
Each batch is issued with its specific code
Growers are paid in accordance with their contract terms

Fish farming and fishing

Sustainably farmed and caught

During the past few years, fish has become an increasingly important part of healthy diet. In Food Business, Apetit purchases fish from carefully selected fish farms and fishing operators. Most of these are in Norway, Finland and Sweden but we also use fish caught in the North-East Atlantic Ocean and in the Pacific. Shellfish and other more exotic species are imported in small quantities from different parts of the world.

Fish procurement

Apetit closely follows the recommendations and regulations issued by different parties so that it can meet the sustainability criteria concerning fish. This helps to ensure that the purchases do not endanger threatened fish stocks and that quality and environmental aspects are taken into account in fish farming. Audits help to ensure the functioning of self-supervision and any quality systems at fish processing establishments. In 2013, Apetit's representatives visited a total of 27 fish farms and processing establishments.

The most important raw material (and the best-selling raw material in Finland) is the salmon grown in the clean waters of northern Norway. The salmon are quickly gutted at the processing establishments located near the fish farms and immediately after that they are taken directly to Apetit's production plants in Kuopio and Helsinki. The unbroken cold chain and high-quality processing guarantee optimum freshness, top quality and a delicious taste.

The most important of the wild fish purchased in Finland are vendace, Baltic herring, perch, pike perch and pike. Most of these are purchased from fishing operators in the Archipelago Sea and inland waters. Apetit also uses Finnish-farmed whitefish and rainbow trout.

Associated company Taimen has fish farms in Finland and Sweden

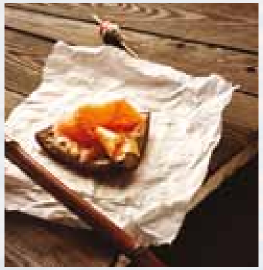
The associated company Taimen Oy has 30 fish farms in mainland Finland, the Archipelago Sea and Sweden. Thanks to this, Apetit is one of the Finland's biggest sellers of Finnish-farmed rainbow trout. This means also that during the peak availability period, Apetit's rainbow trout can be on the consumer's table the same day.

“

Not only is fish good for our health and a source of many nutrients, but it also has a small carbon footprint. In the optimum situation, one kilo of feed used at a fish farm becomes one kilo of fish.

The environmental impacts of rainbow trout farming have also decreased by about one fifth during the past ten years.

Jyrki Normaja, Director, Business Development

Apetit Perinteinen -product range includes both consumer and service sales products.

Apetit Perinteinen - new seafood product range based on traditional recipes

Apetit Perinteinen seafood product range was launched in summer 2013. The products passed the taste tests which required them to be ranked as best in class flavours. The delicious flavours are obtained using traditional production methods, such as surface salting with sea salt and smoking using Finnish alder wood. The products in the Perinteinen seafood product range are also always prepared from fresh fish rather than frozen fish.

Have a nice day at work!

Responsibility for the personnel

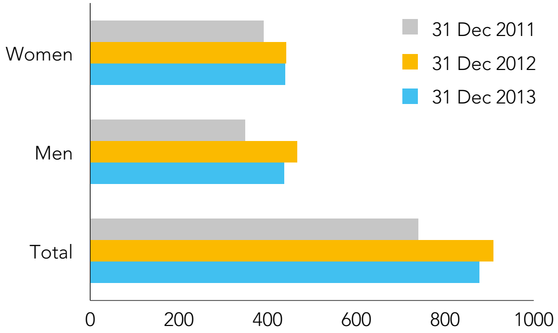
At the end of 2013, the Apetit Group employed 877 persons, of whom 770 were working in Finland. The improvement of professional competence, management skills and employee wellbeing has been defined as the key element of the Group's personnel strategy.

Restructuring has affected a large number of employees

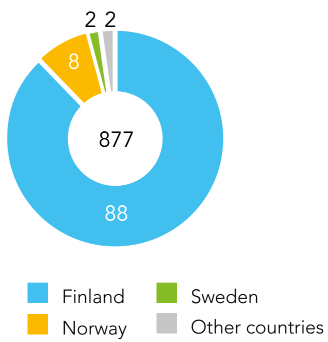
In 2013, the restructuring of Apetit Group's Finnish-based food business affected almost 90 per cent of the Group's Finnish-based personnel in the frozen products, fish and fresh products groups and in their support functions. The project, which was started in May 2013, brought changes to job descriptions, organisational structures and supervisor-subordinate relationships. Our operations also became less location-based and unit-centred as the areas of responsibility of many teams and supervisors were expanded to cover several units in different parts of the country.

The Apetit Group set out the following objectives for managing the changes: joint negotiations will be conducted about the changes, support will be given to supervisors in how to manage the change process, and information will be provided regularly about progress with the project. The new operating structure was introduced in stages and the last changes became effective at the start of 2014. The introduction of the new operating model, strategy and processes will continue

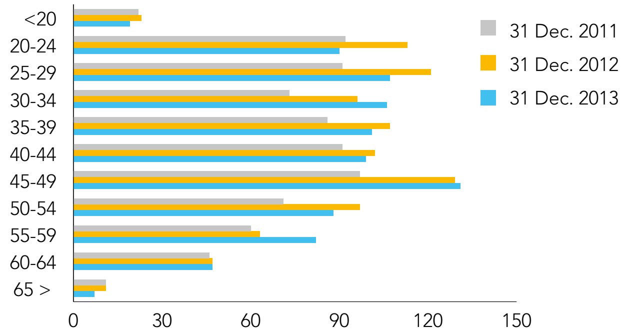
NUMBER OF PERSONNEL AND BREAKDOWN BY GENDER
by 31 Dec



BREAKDOWN OF APETIT PERSONNEL BY COUNTRY
at 31 Dec. 2013, %



PERSONNEL BY AGE GROUP
at 31 Dec. 2013



in 2014. An important objective is also to build a basis for a new unified corporate culture and values and to ensure a smooth flow of information and good supervisory work.

Employee wellbeing project continued

In 2013, the focus in the three-year Group-wide employee wellbeing project was on the working environment and occupational safety. Theme-related training and campaigns were prepared in occupational safety committees and by supervisors and occupational safety delegates and different priorities were set for them for each quarter. During the year, the focus in the campaigns and training was on workplace safety, ergonomics, working environment, mental wellbeing and safety in work-based travel.

Improvement of professional competence and management skills

The training plans drawn up for the purpose of improving personnel competence and skills in each business segment are based on the skills requirements arising from the Group's strategy. Personal development appraisals conducted at team level or the level of individual employees at least on an annual basis provide an opportunity to make decisions on training for the coming season and to monitor its success. Supervisor training, Managers' Days and supervisor assessments help to improve management skills. However, the extent of this was less than in the previous year, due to the restructuring undertaken in 2013.

Equality

Apetit laid out its equality policy for the first time in 2005. Under the policy, there must be no inequality or discrimination at work or in recruitment on the basis of gender, age, world view, ethnic background or other similar reasons connected with the individual. Each business unit has its own equality plan, which lays out the measures aimed at improving equality in the unit. The measures are based on the policies made at Group level. The implementation of the plans is monitored in the units' management groups and/or occupational safety committees.

All units updated their equality plans in 2013 and a pay comparison (which is made every three years) was also carried out.

Occupational safety

The aim of the occupational safety work is to ensure safe and healthy working conditions at the workplace. All employees are covered by the occupational health service. Occupational safety was a central part of the three-year employee wellbeing project and the trends in the area are monitored by business segment. In 2013, the frozen products group introduced an electronic system, in which accidents, near misses and corrective measures are entered. The system also has a staff member coordinating the monitoring process.

“

In 2013, the most important matter concerning the personnel was the restructuring project of Apetit's consumer businesses. During the year, we created a new operating structure and adopted a more consumer-oriented and customer-oriented approach. Incorporating the new joint operating models and working practices into our daily work and the process of continuous improvement will be major priorities in 2014.

***HR Director Johanna Heikkilä**, Apetit*

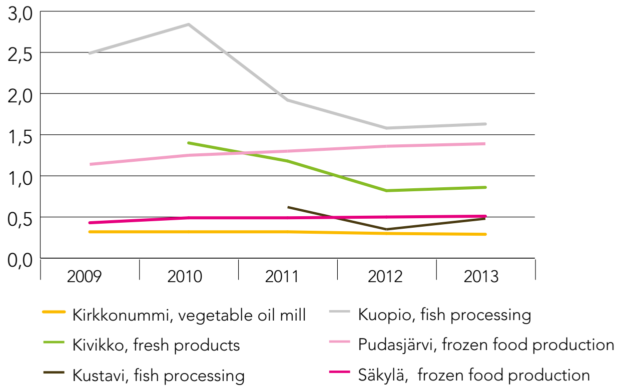
Environmental responsibility in the food supply chain

Energy, water and material efficiency

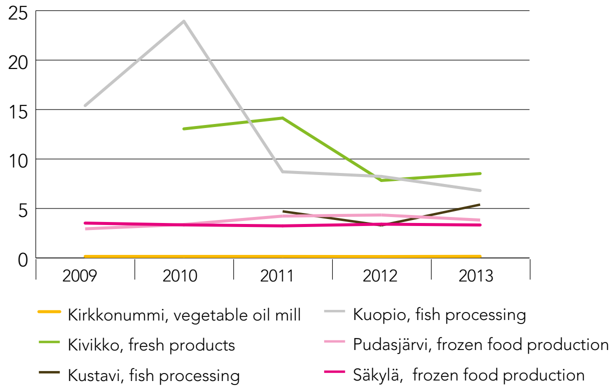
Assessing and managing a product's environmental impact over its entire life cycle from the field or water to the table is a very broad endeavour. Apetit Group's goal is to identify the various environmental impacts that emerge in the different sections of the foods supply chain and to influence them both through its own action and, indirectly, by giving preference to environmentally responsible producers of raw materials and services.

At Apetit Group, environmental management is based on environmental legislation, current environmental permits and, in the case of frozen and fresh products, on an environmental system certified in accordance with the ISO 14 001 standard. Under the

Energy Consumption in production, MWh/production tonne
2009–2013



Domestic water use, m3/production tonne
2009–2013



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A QUARTER LESS WATER TO WASH ROOT VEGETABLES
At its Säkylä facility, Apetit had reduced the water consumption of the root vegetable process by roughly 25%. This was achieved by more precisely gauging the water supply needed and with a new system to monitor water consumption. With an annual consumption of 150,000 cubic metres, the reduction is substantial. In this project the water nozzles in the root vegetable process were inspected and renewed where necessary, a new real-time water consumption monitoring and adjustment system was acquired and staff were trained to optimise consumption.

*Technical Manager **Petri Pyysalo**, Apetit* environmental systems there are goals for key environmental impacts such as reducing the consumption of water and energy and the generation of landfill waste, as well as indicators to monitor the attainment of these goals.

ENVIRONMENTAL EFFECTS

In Apetit's own operations, the key environmental considerations are the consumption of electricity, heat and water, waste water treatment and material efficiency. The principal indirect effects occur in contract growing, fish procurement and transport.

Energy consumption

Apetit Group's operations consume energy to heat, cool and illuminate premises, to process raw materials and ready products in production, and to maintain material flows and the refrigeration chain. In production, energy is consumed to heat, cool and freeze products and raw materials and to crush oilseeds.

In Finland, we monitor and improve energy efficiency at the five production facilities that consume the most energy: in Säkylä, Pudasjärvi, Kuopio, Helsinki and Kirkkonummi. Apetit Plc is a signatory to the national Energy Efficiency Agreement Scheme and committed to implementing a food industry action programme and to improving its energy efficiency by 9 per cent between 2008 and 2016. The company will report on these measures annually.

Water

Water is used to process raw materials, in productions processes and to maintain production hygiene. Water consumption is especially high in harvest-time production where vegetables must be washed clean of soil and in fish processing. Water consumption is monitored per product tonne produced and is reduced through local action and investment.

Wastewater

Wastewater treatment is carried out in accordance with each facility's environmental permit or the requirements of the authorities. In most cases, wastewater is piped to the local water treatment plant. The Säkylä facility has its own wastewater treatment plant. Regular analyses are made to monitor the plant's treatment performance and the groundwater in the plant area.

Material efficiency

By improving harvest methods and procuring varieties that best suit production Apetit can improve the efficiency of raw material use and reduce by-product flows. In fish procurement and transport an unbroken refrigeration chain can substantially reduce product loss. Residual flows of vegetable and fish by-products from production do not become waste but are used as animal feed or composted.

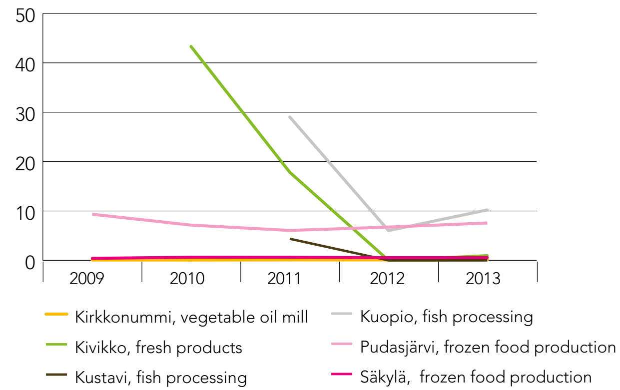
In packaging procurement, Apetit seeks materials that are not only suitable but also environmentally the least harmful. Used product packaging can be re-used as energy waste, and re-usable boxes and containers are used whenever possible to transport products.

In packaging design Apetit also considers the environmental impact of size and shape so that packaging and transporting products can be as efficient as possible. Apetit reports the amounts of packaging material it puts out on the market in accordance with the EU packaging directive and pays recovery fees for the organisation of material recycling.

VEGETABLE CONTRACT GROWING AND THE ENVIRONMENT

Apetit's contracts for outdoor-grown vegetables require that the grower applies crop rotation. The goal is to ensure the maximal productivity and vitality of a field and ensure the appropriate use of nutrient fertilisers and pesticides. A majority of contract growers' farms are within a 100 km radius of the frozen foods factory, which reduces the environmental impact of transportation. The short distance also reduces vegetable by-product flows and improves efficiency because the vegetables are delivered fresh from a local source and soon after harvest.

Mixed waste kg/production tonne
2009–2013



Economic impacts

Sustainable growth and profitability

Apetit Group has significant economic impacts on its stakeholders and society.

Economic responsibility at Apetit means that the operations are profitable and create long-term economic added value for the shareholders and other stakeholder groups. Identifying wellbeing effects in local communities and society at large are also an important part of economic responsibility.

Profitability as the basis for operations

Ensuring that the company remains profitable is the most important aspect of economic responsibility. It provides a basis for sustainable and responsible business, which in turn creates economic wellbeing for society at large and for shareholders. A profitable company is able to take a long-term approach to its operations, make investments and give a high priority to the wellbeing of its personnel and the environment.

INCOMING CASH FLOWS EUR 399.2 MILLION

Customers

- Retail trade, professional food service sector and other food services, and food and feed industries
- Net sales and other operating income — **394.7** EUR million
- Other income, share of the profits of associated companies — **4.5** EUR million

OUTGOING CASH FLOWS EUR 378.9 MILLION

Suppliers and partners

- Purchases and other expenses — **32.4** EUR million

Personnel

- Salaries and other remuneration — **37.3** EUR million

Central and local government

- Taxes and social expenses — **1.9** EUR million

Shareholders

- Dividends — **5.6** EUR million

Providers of financing

- Financial expenses — **1.7** EUR million

ECONOMIC EFFECTS ON STAKEHOLDERS

Personnel
The Apetit Group contributes to the wellbeing of its operating localities by providing employment, by paying wages and salaries and through the income taxes paid by its personnel. In 2013, the average number of personnel was 782 and the wages and salaries paid totalled EUR 37.2 million.

Suppliers
Apetit Group is a purchaser of raw materials, other materials and services in its operating localities and its aim is to establish long-term partnerships with carefully selected suppliers. In its relationships with raw material suppliers, customers and other partners, Apetit observes a responsible business approach and aims to cooperate with its partners on a sustainable basis.

Customers
The Apetit Group's customers are the retail trade, the professional food service sector and other food services and the food and feed industries. Most of the customers operate in the northern Baltic region. In 2013, sales of goods and services to customers generated EUR 394.7 million in revenue.

Shareholders and society at large
The operations of the Apetit Group have direct and indirect economic effects on society at large. The Group paid a total of EUR 1.9 million in taxes for 2013. The operations of the Group have also helped to generate substantial amounts of revenue for central and local government in the form of taxes and fees (such as value added taxes and withholding taxes).

The aim of the Board of Directors of Apetit Plc is to ensure that the company's shares provide shareholders with a good return on investment and retain their value. The dividend policy aims to support this goal. The company will distribute a dividend of at least 40 per cent of the profit for the financial year that is attributable to shareholders of the parent company.

"

Small purchases are important. Choosing domestic food products made in Finland generates wellbeing and employment opportunities: If every Finn spent one euro more on domestic food products each month, there would be 1,500 new jobs in Finland.

- Finnish Food and Drink Industries' Federation

Corporate Governance Statement 2013

CORPORATE GOVERNANCE STATEMENT OF APETIT PLC 2013

This Corporate Governance Statement of Apetit Plc has been drawn up in accordance with recommendation 54 of the Finnish Corporate Governance Code. The Corporate Governance Statement has been considered by Apetit Plc's Board of Directors and is issued separately from the Board of Directors' report. The company's auditors have confirmed that the Corporate Governance Statement has been issued and that the description it contains of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

Apetit Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association, which came into effect on 1 October 2010.

The company deviates from recommendation 8 of the Corporate Governance Code concerning the election of the members of the Board of Directors. Recommendation 8 of the Corporate Governance Code states that they shall be elected by the general meeting. Under Apetit Plc's Articles of Association, however, the Supervisory Board elects the members of the Board based on the proposals of the Nomination Committee, and decides on their remuneration. The company has chosen to deviate from the recommendation because the Supervisory Board, as the body that oversees the company's Board of Directors, is best placed to assess the composition of the Board of Directors and the attributes required of Board members.

The Corporate Governance Code is publicly available on the website of the Securities Market Association, at www.cgfinland.fi.

BOARD OF DIRECTORS

1. Board of Directors election procedure laid down in the Articles of Association

Under Apetit Plc's Articles of Association, the Supervisory Board decides the number of members of the Board of Directors and their remuneration based on the proposals of the Nomination Committee, and elects the members of the Board of Directors.

In accordance with the Articles of Association, Apetit Plc's Board of Directors consists of a minimum of five and a maximum of seven members. Persons who would already have attained the age of 68 at the time of being elected are not eligible for election to the Board of Directors. The Articles of Association do not limit the number of terms served by members of the Board of Directors nor is the Supervisory Board's decision-making power in the election of members of the Board of Directors restricted in any other way.

2. Composition of Board of Directors

MEMBERS

In the period up to 15 April 2013, Apetit Plc's Board of Directors comprised the six members elected by the Supervisory Board on 13 April 2012. **Aappo Kontu, Matti Lappalainen, Veijo Meriläinen, Samu Pere, Jorma J. Takanen** and **Helena Walldén** comprised the Board during 1 January – 15 April.

At a meeting held on 16 April 2013, Apetit Plc's Supervisory Board decided to continue to elect six members to Apetit Plc's Board of Directors. The Board members elected were **Aappo Kontu, Tuomo Lähdesmäki, Veijo Meriläinen, Samu Pere, Matti Tikkakoski** and **Helena Walldén.** Matti Tikkakoski resigned from Apetit Plc's Board membership on 3 May 2013 when he accepted the position of Chairman of the Board of Directors of Finnprotein Oy. No-one was elected to replace him.

INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

Aappo Kontu, b. 1952, M.Sc. (Tech.)
Principal occupation: Senior Advisor
Apetit Plc Chairman as of 16 April 2013
Apetit Plc Deputy Chairman until 15 April 2013

Veijo Meriläinen, b. 1952, M.Sc. (Agric.), eMBA
Principal occupation: Merive Oy, President
Apetit Plc Deputy Chairman since 16 April 2013

Tuomo Lähdesmäki, b. 1957, M.Sc. (Tech.), MBA
Principal occupation: Boardman Ltd, partner, 2002–
Member since 16 April 2013

Samu Pere, b. 1968, QBA, Agricultural Technician
Principal occupation: Pintos Oy, Administrative Director
Member since 13 April 2012

Helena Walldén, b. 1953, M.Sc. (Tech.)
Member since 14 April 2011

Matti Lappalainen, b. 1948, M.Sc. (Econ. & Bus. Adm.)
Senior Advisor
Apetit Plc Chairman until 15 April 2013

Jorma J. Takanen, b. 1946, B.Sc. (Chem. Eng.)
Principal occupation: Sievi Capital plc, Chairman of the Board of Directors

Matti Tikkakoski, b.1953, M.Sc. (Econ. & Bus. Adm.)
Principal occupation: Abartcon Oy, Managing Director
Apetit Plc Board member 16 April 2013 – 3 May 2013

Evaluation of independence

The company's Board of Directors has performed an evaluation of the independence of the Board's members in relation to the company and in relation to the major shareholders, in accordance with recommendation 15 of the Corporate Governance Code.

The evaluation found that all the Board members are independent of the company and of significant shareholders as referred to in the Corporate Governance Code recommendation.

3. Description of the operation of the Board of Directors

Main elements of the Board of Directors' rules of procedure
The rules of procedure of the Board of Directors describe the following

- functions of the Board of Directors and the Board's chairman
- planning and assessment of the Board's operation
- establishment of Board committees and temporary working groups, and
- practices for approving the expenses of Board members and the Chief Executive Officer (CEO)

FUNCTIONS 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 run the amount of added value for the capital invested is maximised, taking into account at the same time the expectations of the different stakeholders. The Board of Directors also monitors on a continuous basis the demands placed by shareholders on the Board of Directors and the general development of ownership policy.

For the purpose of performing its functions the Board of Directors:

- monitors the financial statements reporting process and the statutory auditing of the financial statements and consolidated financial statements
- supervises the financial reporting process
- considers the corporate governance statement's description of the main aspects of the internal control and risk management systems pertaining to the financial reporting process
- appoints and releases from duties the CEO and Deputy CEO, determines their duties and decides on their terms of service and their incentive schemes
- sets personal targets for the CEO annually and assesses their realisation
- convenes at least once a year without the operating organisation's management in attendance
- holds a meeting with the auditors at least once a year
- assesses the independence of the auditor and the auditing firm and assesses the additional services provided for the companies to be audited
- prepares a draft resolution on the choice of auditors for submission to the general meeting
- assesses its own performance once a year
- confirms its rules of procedure, which are reviewed annually
- discusses other matters proposed by the Board of Directors chairman or the CEO for inclusion in the meeting agenda. Members of the Board of Directors are also entitled to have a matter of their choosing discussed by the Board by first notifying the chairman of this.

Based on proposals presented by the CEO, 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 operating 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 for the company's internal control, ensuring annually that they are kept up-to-date, and monitors the effectiveness of internal control
- confirms the company's risk management policy and principles as well as the risk limits to be confirmed annually, and monitors the effectiveness of the risk management systems
- reviews quarterly the main risks associated with the company's operations and the management of these risks
- discusses and approves interim reports, the Board of Directors' report and the financial statements
- confirms the Group's organisational structure
- where necessary, submits proposals to the general meeting concerning the remuneration systems for management and personnel
- 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, terms of employment and incentive schemes, and
- monitors the company's working atmosphere and the way in which personnel cope with their tasks

PLANNING AND ASSESSMENT OF THE BOARD'S OPERATION

The Board of Directors draws up an operating plan for itself for the ensuing 12 months. The plan includes a schedule of meetings and, for each meeting, the most important issues for discussion.

The Board of Directors assesses its performance annually through a self-evaluation, and the evaluation results are submitted to the Supervisory Board for its information. The evaluation results are taken into consideration in the preparation of proposals for the composition of the new Board of Directors.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has not elected any committees from among its members.

As the Board of Directors has not elected an audit committee from among its members, the Board itself is managing the audit committee duties laid down in recommendation 27 of the Corporate Governance Code

BOARD OF DIRECTORS' MEETINGS IN 2013

In 2013, the Apetit Plc Board of Directors met nine times. One of these meetings was conducted by telephone. The average attendance rate of members was 97,9%.

SUPERVISORY BOARD

1. Composition and term

In accordance with the Articles of Association, the Supervisory Board comprises a minimum of 15 and a maximum of 20 members elected by the general meeting. In addition, the personnel choose from among its members a maximum of four Supervisory Board members at a time, and each of these members has a personal deputy.

Persons who have attained the age of 68 are ineligible for election to the Supervisory Board. The members' term of office ends at the close of the third Annual General Meeting following their election.

2. Functions

The Supervisory Board elects the members, chairman and deputy chairman of the Board of Directors based on the proposals of the Nomination Committee, and decides on their remuneration.

The Supervisory Board's functions also include supervision of corporate administration, issuing instructions to the Board of Directors, issuing an opinion on the financial statements, Board of Directors' report and auditor's report, and other duties prescribed for it in the Limited Liability Companies Act.

3. Composition of the Supervisory Board and information on its members

In the period up to 26 March 2013 the Supervisory Board consisted of 19 members elected by the general meeting. On 26 March 2013, the Annual General Meeting decided again to elect 19 members to the Supervisory Board.

The following were members of the supervisory board during 2013:

Members elected by the general meeting:

Timo Miettinen, b. 1955, M.Sc. (Tech.), EM Group Oy,
Chairman of the Board of Directors
Chairman of the Supervisory Board

Marja-Liisa Mikola-Luoto, b. 1971, M.Sc. (Agric.), farmer
Deputy Chairman of the Supervisory Board

Heikki Aaltonen, b. 1956, M.Sc. (Agric.), farmer
Member since 2007

Harri Eela, b. 1960, wood-products industries technician,
Sales Director
Member since 2012

Matti Eskola, b. 1950, B.Sc. (Agric.), farmer
Member since 1991

Jaakko Halkilahti, b. 1967, farmer
Member since 2011

Jussi Hantula, b. 1955, farmer
Member since 1995

Laura Hämäläinen, b. 1975, M.Sc. (Agric.), farmer
Member since 2009

Risto Korpela, b. 1949, M.Sc. (Econ. & Bus. Adm.),
Managing Director
Member since 2007

Jonas Laxåback, s. 1973, M.Sc. (Agric.), Executive Director
Member since 2013

Mika Leikkonen, b. 1963, farmer
Member since 2008

Markku Länninki, b. 1949, farmer
Member since 2003

Ilkka Markkula, s. 1960, farmer
Member since 2003

Jari Nevavuori, b.1966, M.Sc. (Agric.), Development
Manager, farmer
Member since 2012

Markku Pärssinen, b. 1957, M.Sc. (Agric.),
Executive Director
Member since 2012

Tuomo Raininko, b. 1966, farmer
Member since 2005

Timo Ruippo, b. 1968, Agricultural Technician, farmer
Member since 2013

Esa Ruohola, b. 1946, Municipal Counsellor
Member since 1998

Mauno Ylinen, b. 1965, M.Sc. (Agric.)
Member since 2005

Members appointed by the personnel:

Mari Hakanperä, b. 1976
Member since 2012
Personal Deputy Member **Marko Kulmala**

Timo Kaila, b. 1956
Member since 2012
Personal Deputy Member **Heikki Kämäräinen**

Heikki Vesanto, b. 1949
Member since 2012

Kirsi Roos, b. 1972
Member since 2009
Personal Deputy Member **Janne Pääaho**

4. Meetings of the Supervisory Board in 2013

The Supervisory Board met four times in 2013. The average attendance rate of members was 84.1%.

SUPERVISORY BOARD NOMINATION COMMITTEE

1. Composition and tasks

The Supervisory Board's Nomination Committee, which prepares the names for election to the Board of Directors, consists of two members chosen by the Annual General Meeting, the chairman of the Supervisory Board, the deputy chairman of the Supervisory Board and the chairman of the Board of Directors, in accordance with the Articles of Association. The Nomination Committee is chaired by the Supervisory Board's chairman, and in his/her absence, by the Supervisory Board's deputy chairman.

The Nomination Committee has the task of preparing proposals for the Supervisory Board on the number of members of the Board of Directors, the names of the members, chairman and deputy chairman of the Board of Directors and the remuneration payable to them. The Committee's tasks also include searching for successor candidates to replace members of the Board of Directors, as necessary. The Committee asks shareholders with significant voting power for their views concerning the proposals being put to the Supervisory Board.

2. Activity

In 2013 the Nomination Committee convened four times to discuss matters pertaining to the Committee's tasks. The average attendance rate of the Committee's members was 90%.

3. Information on members of the Nomination Committee

Chairman
Aappo Kontu, b. 1952
M.Sc. (Tech.), Senior Advisor
Apetit Plc Board Chairman

Esko Eela, b. 1936
Industrial Counsellor

Heikki Laurinen, b. 1967
M.Sc. (Agric.), CFO, Managing Director

Timo Miettinen, b.1955
M.Sc. (Tech.), EM Group Oy, Chairman of the Board of Directors
Chairman of the Apetit Plc Supervisory Board

Marja-Liisa Mikola-Luoto, b. 1971
M.Sc. (Agric.), farmer
Deputy Chairman of the Apetit Plc Supervisory Board

CEO

CEO
Matti Karppinen, b. 1958, M.Sc. (Econ. & Bus. Adm.)
CEO of Apetit Plc since 1 September 2005

CEO's duties

It is the CEO's duty to direct the operations of the company according to the instructions and provisions issued by the Board of Directors and to inform the Board about the development of the company's business operations and financial situation.

The CEO is also responsible for arrangement of the day-to-day management of the company and for seeing that the company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

1. Internal control operating principles

Apetit Plc's Board of Directors confirms the operating principles for the Apetit Group's internal control and assesses the state of internal control at least once a year.

Internal control refers to all the operating methods, systems and procedures with which the company's management seeks to ensure efficient, economical and reliable operations. Internal control comprises financial and other control. At Apetit, internal control is performed by the company's management and by all other personnel.

Risk management as part of internal control refers to the identification, assessment, restriction and monitoring of risks arising in business activities and risks that are materially related to this.

2. Role of company boards in arranging internal control

Apetit Plc's Board of Directors is responsible for arranging and maintaining sufficient and effective internal control within the Apetit Group.

As part of the arrangement of internal control and risk management, the company's Board of Directors regularly monitors the results and operating risks of the Group and its business units, and decides on the reporting, the procedures and the qualitative and quantitative indicators for assessing the efficiency and profitability of operations. The Group's Board of Directors confirms annually the Group's risk policy, risk management principles and key risk limits.

To ensure implementation of the Group's ownership policy towards the Group companies and to monitor the effectiveness of internal control, the boards of directors of the main Group companies include one or more members of the Group's Corporate Management. Group-level risk management and financial reporting are performed on a centralised basis in the Group Administration, independent of the different business activities. The boards of directors of the Group companies are responsible for the highest level of management duties related to the internal control of their respective companies. The operating organisation's management in each 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 for reporting on the company's operations, risk-bearing ability and risk situation in accordance the Group's management system.

3. Implementation of internal control within Apetit Plc and the Group companies

The main principles of internal control observed within Apetit Plc and the Group companies are:

ORGANISATIONAL STRUCTURE AND DIVISION OF TASKS

The basis for internal control is the function-specific line organisation that is further divided into departments, units and teams, as necessary. The organisational units are allotted defined tasks and responsibilities required for the company's operations. The task of the operating organisation's management, i.e. the managers of the Group's business areas and operations, is to set quantitative and qualitative targets for the various areas of the business in accordance with the business plan approved by the Board of Directors. For the units, decision-making bodies and people operating within the framework of the organisation there are separately defined decision-making and operating powers set out in work and job specifications, as well as obligations to report to one's superiors or otherwise to a higher organisational level. The task of the operating organisation's management is to ensure that those working under them are familiar with their own duties, and the management are required to create the right conditions for their personnel to be able to perform their work and achieve the targets.

DECISION-MAKING AND MONITORING

Significant commitments or other actions deemed to carry risks are subject to the approval of the Group's Board of Directors. Business units are responsible for formulating proposed decisions and for putting decisions into effect. Reporting on the implementation of decisions is made in connection with the management reporting.

Business activities and processes are guided within the confines of operating guidelines and descriptions, which are monitored to ensure they are complied with and kept up-to-date. All decisions taken are documented and archived. An essential aspect of risk management is the performance of daily controls in the operating chains and processes.

RISK MANAGEMENT

The internal and external risks of Apetit Plc and the Group companies that could have an adverse effect on achieving business targets are identified, assessed regularly and reported quarterly to the Group Board of Directors. The risks are contained and the confining limits are monitored.

The Group Administration's risk management has the task of monitoring, measuring and reporting risks and of maintaining, developing and preparing risk management principles for the Board of Directors' approval, and of drafting procedures for use in risk assessment and measurement. Roles and responsibilities are defined in Apetit's risk management policy and risk management principles, which are approved by the Group's Board of Directors.

DATA SYSTEMS

The basis for business and other activities is provided by the accounting, information and business IT systems. The parent company and the Group companies have an IT strategy in accordance with currently assessed needs and sufficient and appropriately organised IT systems. The IT function ensures that the company's data resources can be utilised in the planning, management, execution and monitoring of the company's business.

RESPONSIBILITY FOR THE EFFECTIVENESS OF INTERNAL CONTROL

The operating organisation's management has the primary responsibility for ensuring the implementation of practical measures for internal control. The management must constantly monitor the operations it is responsible for and must take the necessary development measures if action contrary to guidelines or decisions or action that is otherwise ineffective or inappropriate is observed. In a transparent and effective organisation the entire personnel are all responsible not only for the appropriate discharging of their own duties but also for the fluency of operations with the rest of the organisation.

4. Reporting and management systems

Internal control is supported by appropriate reporting that allows monitoring of operations, results and risks. Achievement of the business targets and developments in the Group's financial situation are monitored with the aid of a Group-wide management system. The Group's accounting principles, controls and responsibilities are described in the Apetit Group's accounting manual. Reporting guidelines and timetables have been drawn up in writing for monthly reporting and preparation of interim reports and annual financial statements. The company's financial management unit constantly monitors the business units' reporting and develops and produces guidelines on the content of reporting, taking into account the needs of internal control. The Group prepares financial information for publication, complying with the international financial reporting standards (IFRS). Interim reports and annual financial statements are reviewed by the Group's Board of Directors and are subject to its approval.

The business units update the longer term financial estimates each year. The annual budgets are prepared on the basis of these strategic figures. The Group's Board of Directors assesses and approves the business units' annual budgets. In addition, on a quarterly basis or more often, the business units update the profit and balance sheet estimates to cover at least the ensuing 12 months.

The monthly reporting and the related analysis for budgets and estimates constitute a key element of Apetit's management system and internal control. Financial figures are assembled from the business units' data systems every month for the Group's joint accounting system.

The outturn information and up-to-date estimates are reviewed monthly in Group-level results meetings, which are attended by the CEO, the Chief Financial Officer (CFO) and those in charge of the Group's accounting. The management system comprises the actual profit and balance sheet information, the key figures and the written management report of those responsible for the businesses. The management report covers the factors that affected the results given in the month's report, the measures planned for the immediate term and an assessment of the operating profit for the current quarter and the full year, consisting of best case, probable and worst case scenarios.

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.

The business units' management groups examine their own financial outturn data at least once a month and compare them with budgets and estimates, and also examine the results of the various units' monitoring measurements used for business management purposes and compare them with estimates and targets, and the reasons for any significant discrepancies between these.

5. Internal audit

The internal audit unit functions objectively and independently in support of the Board of Directors, the CEO and Group Administration, for the purpose of assessing and developing the level of internal control in the Group's different units by providing an independent and objective assessment and advisory service for risk management and monitoring processes within the organisation.

Internal audit is performed on the basis of a pre-determined plan. The internal audit is overseen by the Group's CFO, who submits the annual audit plan to the Group's Board of Directors for its approval.

The internal audit is performed by an external service provider, and the Group's Board of Directors selected KPMG Oy Ab to perform the audit for 2013.

Internal audit reports annually in writing to the Apetit Plc Board of Directors on the audit findings and areas for improvement in internal control. Where necessary, the internal audit also reports on individual audit findings during the annual planning period to the Board of Directors.

Remuneration, insider issues

REMUNERATION

Supervisory Board

The Annual General Meeting decides on the remuneration of the members of the Supervisory Board.

Apetit Plc's Annual General Meeting, which was held on 26 March 2013, decided on the remuneration paid to the Supervisory Board as follows:

- the annual remuneration of the chairman of the Supervisory Board is EUR 7,685
- the annual remuneration of the deputy chairman is EUR 5,125
- the meeting attendance allowance for the members and chairman of the Supervisory Board is EUR 255
- the meeting allowance is also paid to the chairman and deputy chairman of the Supervisory Board for their attendance at meetings of the company's Board of Directors
- the meeting attendance allowance is also paid to the members of the Supervisory Board's Nomination Committee.

In 2013, the Supervisory Board met four times. The Nomination Committee of the Supervisory Board met four times. The members of the Supervisory Board and its Nomination Committee were paid a total of EUR 40,605 in remuneration and allowances in 2013.

Board of Directors

The Supervisory Board decides on the remuneration of the members of the Board of Directors.

In accordance with the decision taken by the Apetit Plc Supervisory Board on 16 April 2013:

- a monthly remuneration of EUR 3,100 is paid to the chairman of the Board of Directors
- a monthly remuneration of EUR 1,915 is paid to the deputy chairman of the Board of Directors
- the other members of the Board is paid a monthly remuneration of EUR 1,550
- in addition, a meeting allowance of EUR 510 is paid to the chairman and EUR 255 to the members.

The Board of Directors convened nine times in 2013. One of these meetings was conducted by telephone. In 2013, the members of the Board of Directors received a total of EUR 141,050 in remuneration and allowances. These are itemised in the notes to the financial statements.

CEO and deputy CEO

The Board of Directors appoints and releases from duties the CEO and deputy CEO, determines their duties and decides on their terms of service and their incentive schemes

Matti Karppinen. M.Sc. (Econ. & Bus. Adm.) has served as CEO since 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 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 2013 financial year amounted to EUR 366,602.

The Group's Chief Financial Officer (CFO) Eero Kinnunen, M.Sc. (Econ. & Bus. Adm.), has served as deputy CEO since 1 January 2008.

Insider issues

Apetit Plc's insider trading regulations approved by the Board of Directors came into effect on 8 May 2013.They are based on the Securities Markets Act (Chapters 12–14), 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, which came into effect on 9 October 2009. The regulations include guidelines for 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 Apetit 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 Apetit; the Chief Financial Officer; the Director of the Seafood business; the Director of the Frozen Foods business; the Director of the Grains and Oilseeds business; the Managing Director of Caternet Finland Oy and the Commercial Director of Apetit Suomi Oy.

Apetit 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 50 persons.

A trading restriction is in force within the company which forbids its permanent insiders from trading in Apetit shares 21 days prior to publication of Apetit's interim reports and the release of its financial statements.

The public insider register is maintained in the SIRE system of Euroclear Finland Ltd. For details of the public insiders subject to the disclosure obligation and their holdings, see the company's website at www.apetitgroup.fi/.

The holdings of the members of the Board of Directors and the Group's Corporate Management on 10 February 2014 are presented in conjunction with the presentation of the Board and Corporate Management members on pages 42-45 of the annual report.

Supervisory Board and Auditors

SUPERVISORY BOARD

Members elected by the Shareholders' meeting

Timo Miettinen, b. 1955, M.Sc. (Eng.)
Chairman since 2011, Member since 2011
Principal occupation: EM Group Oy, Chairman of the Board of Directors
Main simultaneous positions of trust: Chairman of the Board: Ensto Oy, Sewatek Oy, Convento Santa Lucia S.r.l.
Membership term expires 2014

Marja-Liisa Mikola-Luoto, b. 1971, M.Sc. (Agric.)
Deputy Chairman since 2011,
Member since 2005
Principal occupation: Farmer
Main simultaneous positions of trust: Member of the Board: Säkylän Osuuspankki
Membership term expires 2014

Heikki Aaltonen, b. 1956. M.Sc. (Agric.), Farmer
Member since 2007

Harri Eela, b. 1960, Wood Industry Technician, Sales Director
Member since 2012

Matti Eskola, b. 1950, B.Sc. (Agric.), Farmer
Member since 1991

Jaakko Halkilahti, b. 1967, Farmer
Member since 2011
Membership term expires 2014

Jussi Hantula, b. 1955, Farmer
Member since 1995

Laura Hämäläinen, b. 1975, M.Sc. (Agr.), Farmer
Member since 2009

Risto Korpela, b. 1949, M.Sc. (Econ. & Bus. Adm.)
Member since 2007

Jonas Laxåback, b. 1973, M.Sc. (Agric.), Executive Director
Member since 2013

Mika Leikkonen, b. 1963, Farmer
Member since 2008
Membership term expires 2014

Markku Länninki, b. 1949, Farmer
Member since 2003

Ilkka Markkula, b. 1960, Farmer
Member since 2003

Jari Nevavuori, b. 1966, M.Sc. (Agric.), Development Manager, Farmer
Member since 2012

Markku Pärssinen, b. 1957, M.Sc. (Agric.), Executive Director
Member since 2012

Tuomo Raininko, b. 1966, Farmer
Member since 2005
Membership term expires 2014

Timo Ruippo, b. 1968, Agricultural Technician, Farmer
Member since 2013

Esa Ruohola, b. 1946, Municipal Counsellor
Member since 1998

Mauno Ylinen, b. 1965, M.Sc. (Agric.)
Member since 2005
Membership term expires 2014

Personnel representatives

Mari Hakanperä, b. 1976
Member since 2012
Personal Deputy Member
Marko Kulmala

Timo Kaila, b. 1956
Member since 2012
Personal Deputy Member
Heikki Kämäräinen

Heikki Vesanto, b. 1949
Member since 2012

Kirsi Roos, b. 1972
Member since 2009
Personal Deputy Member
Janne Pääaho

AUDITORS

Hannu Pellinen
APA

PricewaterhouseCoopers Oy
Authorised Public Accountants
Auditor with Principal Responsibility
Tomi Moisio
APA, CPFA

Board of Directors

Aappo Kontu
b. 1952, M.Sc. (Tech.), Senior Advisor
Chairman since 2013, Deputy Chairman in 2012, Member since 2004

Main simultaneous positions of trust:
Chairman of the Board: Vahterus Oy, Anvia Securi Oy
Member of the Board: Anvia Oyj

Employment history:'
Empower Group Oy, President 1999-2012
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
Shareholding in Apetit: 500 shares (10 February 2014)

Veijo Meriläinen
b. 1952, M.Sc. (Agric.), eMBA
Deputy Chairman since 2013, Member since 2012
Principal occupation: Merive Oy, President

Main simultaneous positions of trust:
Chairman of the Board: HZPC Sadokas, Merive Oy
Member of the Board: HZPC Kantaperuna Oy

Employment history:
Valio Oy, management positions in international operations, international sales and commercialization of innovations 1999-2011, member of the group management team 1990-2011, management positions in production, product acquisition and cheese business 1990-1999, R&D management positions 1978-1990
Shareholding in Apetit: - (10 February 2014)

Tuomo Lähdesmäki
b. 1957, M.Sc. (Tech.), MBA
Member since 2013
Principal occupation: Boardman Oy, partner 2002-

Main simultaneous positions of trust:
Chairman of the Board: Aspocomp Group Plc, Nesco Invest Oy, Ovenia Group, Renewa Oy, Turku University Foundation, Viafin Oy
Member of the Board: Meconet Oy, Metsä Tissue Corporation, Scanfil Oy, Vaaka Partners Ltd, University Pharmacy

Employment history:
Elcoteq Network Plc, Managing Director 1997-2001
Leiras Oy, Managing Director 1991-1997
Swatch Group, Director 1990-1991
Nokia Mobile Phones, Director 1986-1989
Shareholding in Apetit: - (10 February 2014)

Samu Pere

b. 1968, QBA, Agricultural Technician
Member since 2012, Member of the Supervisory Board in 1998-2012
Principal occupation: Pintos Oy, Administrative Director, Pintopuu Oy, President, Farmer

Main simultaneous positions of trust:
Chairman of the Board: Pintos Svenska AB
Member of the Board: Paneliankosken Voima Oy, Pintos Oy
Business delegation member: Finnish Family Firms Association
Shareholding in Apetit: 6 554 shares (10 February 2014)

Helena Walldén

b. 1953, M.Sc. (Tech.)
Member since 2011, Chairman of the Supervisory Board 2008-2011, Member of the Supervisory Board 1996-2008

Main simultaneous positions of trust:
Chairman of the Board: Fingrid Plc
Member of the Board: Metsähallitus, Raskone Oy

Employment history:
Pohjola Bank plc, Member of the Group's Executive Committee 2006-2008
Pohjola Insurance Ltd., Senior Vice President 2006-2008
A-vakuutus Oy, CEO 2007-2008
Okobank plc, Member of the Board 1994-2006
Okobank plc, different positions 1976-1994
Shareholding in Apetit: 1,000 shares (10 February 2014)

CEO and Corporate Management

Matti Karppinen

b. 1958, M.Sc. (Econ. & Bus. Adm.)
CEO of Apetit Plc since 2005
Director of Seafood business since 2009
Managing Director of Apetit Kala Oy since 2010

Main simultaneous positions of trust:
Member of the Board: Finnish Food and Drink Industries' Federation, Sucros Ltd

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
Turun Seudun Osuuspankki, Office Manager 1984-1985

Shareholding in Apetit: 1,800 shares (10 February 2014)

Johanna Heikkilä

b. 1962, M.Sc. (Econ. & Bus. Adm.)
HR Director since 2005

Main simultaneous positions of trust:
Member of the Supervisory Board: Elo Mutual Pension Insurance Company

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

Shareholding in Apetit: - (10 February 2014)

Antti Kerttula

b. 1956, QBA
Managing Director of Caternet Finland Oy since 2012

Main simultaneous positions of trust:
Member of the Board: Ruokatieto Yhdistys ry

Employment history:
Managing Director of Apetit Pakaste Oy 2007-2012, Director since 1994
Lännen Tehtaat plc, Director of Frozen Foods business 1994-2006
Ingman Foods Oyj, Factory Manager 1989-1994

Shareholding in Apetit: - (10 February 2014)

Eero Kinnunen

b. 1970, M.Sc. (Econ. & Bus. Adm.)
Chief Financial Officer since 2006, Deputy CEO since 2008

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

Shareholding in Apetit: 360 shares (10 February 2014)

Vesa Moisio
b. 1965, M.Sc. (Econ. & Bus. Adm.)
Managing Director of Apetit Pakaste Oy since 2012

Main simultaneous positions of trust:
Chairman of the Board: Boysvest Oy
Member of the Board: Bonbake Oy, Pyhäjärvi Institute
Chairman of the executive committee: Finnish Food and Drink Industries' Federation, Frozen Food and Potato Industries' Association

Employment history:
Vaasan Oy, Director, Corporate Control 2008-2011
Vaasan Oy, Senior Vice President 2007-2008
Vaasan&Vaasan Oy, Director, Production and Logistics 2000-2007
Vaasan&Vaasan Oy, Chief Financial Officer 1999-2000
Cultor Ltd, Vaasan Leipomot Oy, Chief Financial Officer 1995-1998
Cultor Ltd, Controller 1988-1995

Shareholding in Apetit: - (10 February 2014)

Asmo Ritala
b. 1958, LL.M.
Corporate Counsel since 1995

Employment history:
Avena Ltd, Corporate counsel 1995-2002
Finnish Grain Board, lawyer 1990-1994
Oy Esso Ab, Manager 1986-1990

Shareholding in Apetit: -
(10 February 2014)

Kaija Viljanen
b. 1952, M.Sc. (Econ. & Bus. Adm.), B.A., EMBA
Director of Grains and Oilseeds business since 2009
Managing Director of Avena Nordic Grain Oy since 1995 and Managing Director of Mildola Oy since 2009

Main simultaneous positions of trust:
Member of the Board and various working groups: Coceral

Employment history:
Finnish Grain Board, Assistant Director 1992-1995
The Central Union of Agricultural Producers and Forest owners (MTK), Project Manager 1991-1992
Finnish-Russian Chamber of Commerce Moscow, Director 1987-1991

Shareholding in Apetit: -
(10 February 2014)

Board of Directors' report 2013

The company's businesses are Food Business, Grains and Oilseeds and Other Operations. These are also the Group's reporting segments. The new business structure was created as part of the restructuring project launched in May 2013. The purpose of the project is to raise consumer and customer orientation to an entirely new level, improve profitability and boost growth. The companies of the new Food Business segment include Apetit Pakaste Oy, Apetit Kala Oy, Caternet Finland Oy, Myrskylän Savustamo Oy and the associated company Taimen Oy in Finland as well as the companies of the Maritim Food Group in Norway and Sweden. In addition, the segment includes the service company Apetit Suomi Oy. The Group will develop its legal structure to support its business structure in 2014. Grains and Oilseeds comprises Avena Nordic Grain Oy and its subsidiaries. The Other Operations segment includes the parent company Apetit Plc, Group administration, items not allocated under any of the business segments, and the associated company Sucros Ltd.

KEY FIGURES

	2013	2012	Change	2011
Net sales, EUR million	387.3	378.2	+2.4 %	335.5
Operating profit, EUR million	9.4	8.5	+11.4 %	8.7
Operating profit, %	2.4	2.2		2.6
Operating profit before non-recurring items, EUR million	12.2	8.8	+38.5%	9.8
Operating profit before non-recurring items, %	3.1	2.3		2.9
Profit before taxes, EUR million	9.3	7.5	+23,2%	7.5
Result for the period, EUR million	9.3	6.7	+39,3%	5.7
Earnings per share, EUR	1.63	1.07		0.92
Equity per share, EUR	22.90	22.37		22.06
Equity ratio, %	70.3	60.6		74.9
Return on equity (ROE), %	6.5	4.8		4.1
Return on investment (ROI), %	7.0	5.4		6.3

Other key figures are presented in Note 30 to the Financial Statements. The formulas for calculating the key figures are presented in Note 31 to the Financial Statements.

NET SALES AND OPERATING RESULT

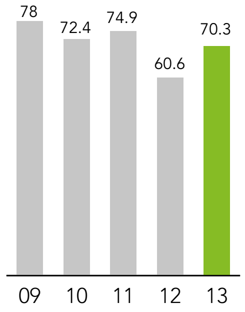
Consolidated net sales increased to EUR 387.3 (378.2) million in 2013, particularly because of higher sales volumes in the fish product group.

The operating profit excluding non-recurring items was EUR 12.2 (8.8) million. Non-recurring items totalled EUR -2.8 (-0.4) million. Of the non-recurring items, EUR -2.0 (0.0) million was related to the Food Business segment, and EUR -0.8 (-0.4) million was related to the Other Operations segment. The operating profit excluding non-recurring items includes EUR 2.6 (1.2) million recognised as income in association with the estimated additional purchase price of Caternet Finland Ltd, as well as EUR 6.2 (3.7) million as the share of the profits of associated companies. Of this share, EUR 0.6 (-0.1) million is related to the Food Business segment, and EUR 5.6 (3.8) million is related to the Other Operations segment.

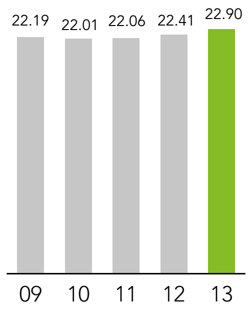
Financial income and expenses were EUR -0.2 (-1.0) million, including EUR 1.0 (0.4) million in valuation items with no cash flow implications. The valuation items included EUR -1.2 (0.6) million in changes in the foreign exchange rates of the Maritim Food Group's internal loans. Financial income includes EUR 2.2 million in changes in the fair value of the debt related to the redemption obligation in Apetit Kala Ltd's minority holding, with no cash flow implications. In addition, financial expenses include EUR -0.6 (-0.7) million as the share of the Avena Nordic Grain Group's profit attributable to the employee owners of Avena Nordic Grain Ltd.

Profit before taxes was EUR 9.3 (7.5) million. Taxes for the financial year totalled EUR 0.0 (-0.8) million. The result for the period was EUR 9.3 (6.7) million, and earnings per share were EUR 1.63 (1.07).

EQUITY RATIO
2009–2013, %



EQUITY PER SHARE
2009–2013, EUR



Number of employees in the Group, on average

	2013	2012	Change	2011
Food Business	699	641	+9%	524
Grains and Oilseeds	73	70	+4%	62
Other Operations	10	10	-	10
Total	782	721	+8%	596

CASH FLOWS, FINANCING AND BALANCE SHEET

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

The full-year cash flow from operating activities after interest and taxes was EUR 24.4 (-16.1) million. The impact of the change in working capital was EUR 17.8 (-23.0) million. Working capital deceased as a result of the market prices in the Grains and Oilseeds business being lower than in 2012.

The net cash flow from investing activities was EUR 1.4 (-8.8) million. The cash flow from financing activities was EUR -28.1 (20.8) million, including EUR -5.6 (-5.3) million in dividend payments.

At the end of the financial year, the Group had EUR 14.9 (36.4) million in interest-bearing liabilities and EUR 2.9 (5.3) million in liquid assets. Net interest-bearing liabilities totalled 12.0 (31.1) million. The consolidated balance sheet total stood at EUR 204.4 (233.0) million. At the end of the period, shareholders' equity stood at 143.6 (141.2) million. The equity ratio was 70.3% (60.6%), and gearing was 8.4% (22.0%). 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 year. To finance working capital, EUR 0.0 (10.0) million was drawn in credit, and EUR 9.0 (19.0) million was issued in commercial papers.

INVESTMENT

The Group's gross investment in non-current assets totalled EUR 3.0 (3.9) million, including EUR 2.0 (3.4) million by Food Business, EUR 0.8 (0.5) million by Grains and Oilseeds and EUR 0.2 (0.0) million by Other Operations.

Investment in shares during the financial year came to EUR 0.0 (9.7) million.

PERSONNEL

Apetit's personnel strategy is founded on improving professional competence, management skills and employee well-being.

The restructuring project in Apetit's food businesses affected a significant portion of its employees in Finland. Launched in May 2013, the project brought changes to job descriptions, organisational structures and supervisor-employee relationships.

The Group is constantly developing its supervision and management processes, as they have a considerable impact on well-being at work. In 2013, the focus in the three-year Group-wide employee well-being project was on the work environment and occupational safety. Training and campaigns were prepared in occupational safety committees and by supervisors and occupational safety delegates, and different priorities were set for each quarter. During the year, the campaigns and training focused on workplace safety, ergonomics, work environment, emotional well-being and safe commuting.

The average number of employees in Food Business is dependent on harvest production levels and the sales volumes of fish and fresh products. In 2013, the processed harvest levels were higher than in 2012. In addition, Caternet Finland Ltd was integrated into the Group at the beginning of April 2012. The number of employees in the Grains and Oilseeds business increased in Finland and the Baltic countries. In the Other Operations segment, the number of employees remained unchanged.

The salaries and fees paid to the Group's employees in 2013 amounted to EUR 30.5 (28.4) million.

OVERVIEW OF OPERATING SEGMENTS

Food Business

Net sales in Food Business increased to EUR 178.5 (162.7) million in 2013. In the fish product group, sales in euros increased in all markets, with the growth being particularly strong in Finland, where sales increased by nearly 20%. Sales in the frozen foods product group increased slightly from the previous year, with frozen ready meals showing the strongest growth. The Apetit Kotimainen product family was expanded, and its sales grew by 13% from the previous year. The product range of the Seafood business was reformed in Finland during the period, and an Apetit

Perinteinen seafood product range was launched in early September.

In Food Business, the operating profit excluding non-recurring items increased to EUR 4.0 (1.7) million. The favourable development was supported by efficient frozen foods production and a successful harvest season as well as increased volumes, the moderate development of raw-material prices and the results of earlier efficiency measures in Norway and Sweden. In Finland, the profitability of the fish product group and the fresh product group was unsatisfactory. In addition to reduced volumes, profitability was weakened by the discrepancy between raw-material purchase prices and end-customer prices.

The operating profit excluding non-recurring items of the Food Business segment includes EUR 2.6 (1.2) million recognised as income in association with the estimated additional purchase price of Caternet Finland Ltd. Based on the operating profit for 2013, the additional purchase price will not be realised. In the corresponding period of the previous year, the operating profit included EUR -0.5 million in transaction expenses from the acquisition of Caternet.

The reported operating profit includes EUR -2.0 (0.0) million in non-recurring items, which are based on an impairment of EUR 2.0 million recognised in the third quarter in the Finnish Seafood business as a result of goodwill testing. The share of the profit of the associated company Taimen Ltd was EUR 0.6 (-0.1) million.

Food Business employed an average of 699 (641) people. The increase is explained by the integration of Caternet Finland Ltd into the Group in April 2012 and the increased volumes in Food Business.

Investment by Food Business totalled EUR 2.0 (3.4) million. The most significant investments were related to the development of production control in the frozen food factory, replacements and the launch of ready-made salad production at the Kivikko production plant as well as the renewal of enterprise resource planning systems and packaging equipment in Norwegian and Swedish subsidiaries.

Decision to reclaim investment support granted to Caternet Finland Ltd

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

Caternet Finland Ltd considers the claim for recovery to be unfounded and appealed against the decision. The Rural Businesses Appeals Board dismissed the appeal and retained in force the recovery decision of the Uusimaa Centre for Economic Development, Transport and the Environment. The company has appealed, requesting that the Supreme Administrative Court revoke 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 is not revoked, its cost impact is estimated at EUR 1.3 million. The final profit impact of the claim for recovery will depend on the decision of the Supreme Administrative Court and the seller's warranties.

The profit for the period does not include the cost impact of the decision on the claim for recovery.

Grains and Oilseeds

Net sales for the Grains and Oilseeds business decreased from the previous year. The operating profit decreased to EUR 5.1 (6.5) million. Due to high harvest levels, world market prices remained significantly lower in the second half of 2013 than in the previous harvest season. The availability of Finnish rapeseed from the new harvest was good, and the harvest was nearly 10% larger than in 2012.

Presently, uncertainty factors are related to rapeseed growing. Cultivation areas in Finland may decrease in the spring sowing in 2014, as the EU has banned the use of seed treatments that contain neonicotinoids for two years as of 1 December 2013. Their effects on pollinating insects will be studied during that time. The Finnish Safety and Chemicals Agency (Tukes) has granted a special permit for the sale, marketing and use of seeds treated earlier in Finland for the spring of 2014. 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 oilseeds and by focusing on expertise in refining and purchasing. This enables profitable vegetable oil milling with greater volumes of imported rapeseed, if necessary.

An average of 73 (70) people were employed in the Grains and Oilseeds business in 2013.

Investment during the financial year totalled EUR 0.8 (0.5) million and was mainly related to replacements and continued development at the vegetable oil mill.

Other Operations

The operating profit excluding non-recurring items increased to EUR 3.1 (0.6) million. It includes EUR 5.6 (3.8) million as the share of the profits of associated companies. Non-recurring items totalled EUR -0.8 (-0.4) million, comprising 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 in 2013.

Investment in non-current assets in Other Operations totalled EUR 0.2 (0.0) million.

Shareholder agreement dispute between Apetit Plc and Nordic Sugar

Apetit Plc (20%) and Nordic Sugar Ltd (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 considers that the majority shareholder has repeatedly violated Apetit Plc's rights as the minority owner. In October 2011, Apetit Plc decided to submit the issue to the arbitration court, because the majority owner had not rectified its practices that are in breach of the shareholder agreement, despite the objections made.

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. Nordic Sugar has requested the Arbitration Institute of the Finland Chamber of Commerce to impose a contractual penalty of EUR 4.5 million on Apetit Plc on the grounds that Apetit committed a breach of the shareholder agreement in conjunction with the dismissal of Sucros Ltd's managing director. Both parties have denied the breaches of agreement claimed by the other party.

The Arbitration Institute is expected to issue its decision during 2014.

RESEARCH AND DEVELOPMENT

The Group's research and development costs were EUR 0.9 (1.1) million, or 0.2% (0.3%) of net sales. Research and development mainly focused on new products.

Apetit constantly develops its product selections in order to be able to offer delicious and healthy products to consumers. The great taste of Apetit's products is based on pure and mainly home-grown raw materials and only the minimum of necessary production stages. Nutritional recommendations are taken into account in product development, and special attention is paid to the protein and energy content of vegetable-based foods. The frozen vegetables contain no additives, and additives are kept to a minimum in frozen ready meals. Apetit uses no genetically manipulated raw materials.

During the year, the Apetit Kotimainen range of retail products was complemented by new products, such as sliced carrots, carrot soup, fresh pea soup, pea patties and beetroot gratin. In addition, the highly popular spinach soup as well as lactose-free spinach soup, bilberries, and potato and chopped vegetable mix for soups were transferred to the Apetit Kotimainen range. Other new products included pan-fry vegetables and Romeo Twin Pizza. In addition, the company has developed several frozen vegetable products and frozen ready meals for the professional food service sector, such as pike meatballs, pea patties, harvest-season vegetables and fish stars. In the frozen foods business, the innovation project for 2012–2014 continues. The project is funded by the Finnish Funding Agency for Technology and Innovation (Tekes). It aims to promote growth, strengthen the Apetit brand and improve customer satisfaction and employee well-being through renewal and innovation. In addition, Apetit participates in a food industry project coordinated by the VTT Technical Research Centre of Finland. The project develops new concepts and packaging models for meal solutions intended for older adults. The project promotes well-being among elderly consumers and slows the increase in the cost of social and health care. It also creates favourable conditions for the development of new, customised products for the ageing population. In the process, it improves the international competitiveness of the Finnish food, packaging and retail sectors. The project is funded by Tekes.

In the fish product group in Finland, development focused on improving operating models and ensuring the delicious taste and freshness of products. During the year, allergens were eliminated from production. In addition, the company developed a new model for the use and commercialisation of production side streams as well as operating methods that improve production and yield. The product selection of the fish product group was reformed by launching the Apetit Perinteinen range of seafood products. Its delicious flavours are based on traditional production methods, such as surface salting with sea salt and smoking with Finnish alder wood. The appearance of the Apetit Perinteinen packaging communicates high quality in seafood products prepared to suit the Finnish palate.

The Grains and Oilseeds business constantly develops its processes and systems. During the year, Avena focused on the further processing of vegetable oils and the development of customer packaging solutions.

ENVIRONMENT

The Apetit Group operates in line with the principles of continuous improvement and sustainable development. The company operates responsibly, taking account of social and environmental requirements. It aims for efficient production that is in harmony with the environment. The Group's most important environmental effects are related to organic waste from its production process as well as water and energy consumption in production, storage, transportation and properties.

The environmental impact of the frozen foods business is mainly related to the treatment of process waters and vegetable waste from production. In fish processing, the environmental impact is related to process waters and waste from production. The company uses a chemical-free vegetable oil milling method. In vegetable oil milling, the environmental effects are mainly associated with the combustion of odorous gases, the weed separation waste at raw material reception and the bleaching clay used in processing. In addition, all operations generate a certain amount of packaging waste.

In its operating policy, Apetit's management has determined environmental goals for the company. Some of Apetit's production plants are required to have an environmental permit. All of these plants have a current permit. An application for review of the environmental permit conditions that apply to food production, waste management and the wastewater treatment plant at the Säkylä industrial site was submitted to the authorities at the end of 2012. A new environmental permit for the wastewater treatment plant was issued in January 2014.

Apetit is not aware of any significant individual environmental risks on the date of the financial statements. The Group's environmental costs in 2013 were EUR 1.3 (1.3) million, or 0.3% (0.3%) of net sales. No environmental investments were made during the year.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. In production that focuses on seasonal crops, raw materials are processed into finished products mainly during the final quarter of the year, which means that the inventory volumes and balance-sheet values are at their highest at the end of the year. Since the entry of the fixed production overheads included in the historical cost as an expense item is deferred until the time of sale, most of the Group's annual profit is accrued in the final quarter. The seasonal nature of operations is most marked in frozen foods and in the associated company Sucros, where production reflects the crop harvesting season.

In Finland, the sales of fish products focus on weekends and public holidays. In the fish product group, the full-year result significantly depends on a successful Christmas season. Because of 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 months than at other times of the year. Net sales in the Grains and Oilseeds business can vary significantly by year and quarter, depending on demand and supply as well as the price level in Finland and other markets.

RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The Board of Directors of Apetit Plc has confirmed the Group's risk management policy and principles. All Group companies and business units regularly assess and report the risks related to their operations and the adequacy of controls and risk management methods. The risk assessments support strategy work and decision-making and serve to ensure that sufficient measures are taken to control risks.

The Apetit Group's risks are divided into strategic, operational, financial and hazard risks. The Group's most significant strategic risks are related to corporate acquisitions and their integration into the Group as well as changes in the Group's business sectors and customer relationships. There are significant concentrations of customers in the Group's seafood business in Norway and Finland.

The main operating risks are related to raw material availability, the time lags between purchasing and sale or use, and fluctuations in the market prices of raw materials.

Price risk management is particularly important in the Grains and Oilseeds business and in fish and fresh products in Food Business, where raw materials represent 65% to 85% of net sales. The prices of grains, oilseeds and the main fish raw materials are determined on the world market. In the Grains and Oilseeds business, limits are defined for open price risks.

The Group is exposed to exchange rate risks in international markets. Its main foreign currencies are the US dollar, the Norwegian krone and the Swedish krona. In accordance with the Group's risk management policy, all major open currency positions are hedged. Financial risk management is discussed in more detail in Note 24 to the Financial Statements.

Fire, serious process disruptions, disease epidemics and defective raw materials or defective final products can lead to major property damage, losses from production interruptions, liabilities and other indirect adverse effects on the company's operations. The Group companies guard against these risks by evaluating their processes through internal control and other systems 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

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 court case, the recovery of business subsidies, and the integration processes following corporate acquisitions.

CORPORATE GOVERNANCE STATEMENT

The 2013 Corporate Governance Statement for Apetit Plc is published separately from the Board of Directors' report.

CORPORATE GOVERNANCE AND MANAGEMENT

At its first meeting on 16 April 2013, Apetit Plc's Supervisory Board elected Timo Miettinen as Chairman and Marja-Liisa Mikola-Luoto as Vice Chairman.

Aappo Kontu, Tuomo Lähdesmäki, Veijo Meriläinen, Samu Pere, Matti Tikkakoski and Helena Walldén were elected as members of the Board of Directors. Matti Tikkakoski resigned from Apetit Plc's Board of Directors on 3 May 2013, after accepting the position of Chairman of the Board of Directors of Finnprotein Ltd. He was not replaced by a new member. The Supervisory Board elected Aappo Kontu as Chairman of the Board of Directors and Veijo Meriläinen as Vice Chairman.

Matti Karppinen, M.Sc. (Econ. & Bus. Adm.), has served as CEO of Apetit Plc since 1 September 2005. Eero Kinnunen, M.Sc. (Econ. & Bus. Adm.), Chief Financial Officer (CFO) of the Apetit Group, has served as Deputy CEO since 1 January 2008.

AUDITORS

Hannu Pellinen, APA, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Tomi Moisio, APA, CPFA, as responsible auditor, were selected as auditors for Apetit Plc by the Annual General Meeting on 28 March 2013.

AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

The Annual General Meeting authorised the Board of Directors to decide on share issues, including the right to issue new shares and the right to transfer treasury shares held by the company. The authorisation covers a maximum of 761,757 shares, including a maximum of 631,757 new shares and a maximum of 130,000 treasury shares held by the company.

The minimum subscription price for each new share will be the nominal value of the share (EUR 2). The minimum transfer price for treasury shares held by the company will be the market value of the share at the time of transfer, determined by the price quoted in public trading on NASDAX OMX Helsinki Ltd. The Board of Directors will also have the right to issue shares against non-cash consideration. In share-based incentive schemes, shares can also be issued without consideration.

The authorisation includes the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has an important financial reason for doing so, such as the development of the company's capital structure, the financing and implementation of corporate acquisitions or other arrangements, or the implementation of a share-based incentive scheme.

The authorisation is valid until the 2015 Annual General Meeting.

USE OF THE AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

The company's Board of Directors has not exercised its authorisation to issue new shares or transfer Apetit Plc shares held by the company.

SHARES, SHARE CAPITAL AND TRADING

The shares of Apetit Plc are all in one series. 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 general meeting. The nominal value of the company's share is EUR 2. At 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 and paid share capital totalled EUR 12,635,152. The minimum amount of share capital is EUR 10 million, and the maximum amount is EUR 40 million.

Own shares

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

Share turnover

A total of 700,132 (832,618) Apetit Plc shares were traded on the stock exchange during the financial year, representing 11.1% (13.2%) of the total number of shares. The highest share price quoted was EUR 19.64 (16.77), and the lowest was EUR 14.41 (12.38). The average price of shares traded was EUR 16.77 (14.48). The share turnover for the period was EUR 11.7 (12.1) million. The year-end share price was EUR 19.45 (14.32), and the market capitalisation was EUR 122.9 (90.5) million.

Other share-specific key indicators are presented in Note 30 to the Consolidated Financial Statements.

Distribution of shareholdings

Note 32 to the Financial Statements presents the distribution of shareholdings by sector as well as the major shareholders and the management's ownership.

ASSESSMENT OF EXPECTED FUTURE DEVELOPMENTS

The Apetit Group seeks organic growth in its Food Business and Grains and Oilseeds business. Net sales will be affected particularly by the level of activity in the grain and oilseed markets and by changes in the price levels. Net sales for the first half of 2014 are expected to be lower than in the previous year as a result of lower market prices for grains.

The Group's full-year operating profit excluding non-recurring items is not expected to exceed the previous year's level. In the Other Operations segment, lower market prices for sugar are expected to weaken the result of the associated company Sucros. In Food Business and the Grains and Oilseeds business, the company seeks to improve profitability from 2013. The second half of the year is expected to be more significant in terms of the total result than in 2013. The operating profit excluding non-recurring items for the first half of the year is expected to be lower than in the previous year.

In addition, the outcome of the shareholder agreement dispute concerning Sucros may have a significant effect on the result for 2014. The decision is expected to be issued during 2014.

BOARD OF DIRECTORS' PROPOSALS CONCERNING PROFIT MEASURES AND DISTRIBUTION OF OTHER UNRESTRICTED EQUITY

The aim of the Board of Directors of Apetit Plc is to ensure that the company's shares provide shareholders with a good return on investment and retain their value. In line with its policy, the company distributes 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 stood at EUR 85,992,177.66 on 31 December 2013, of which EUR 3,021,437.67 is profit for the financial year.

The Board of Directors will propose that a dividend of EUR 1.00 per share be paid for 2013. The Board will propose that a total of EUR 6,187,576.00 be distributed in dividends and that EUR 79,804,601.66 be left in equity. The proposed dividend is 61.3% of the earnings per share.

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

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

Consolidated financial statements, IFRS

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2013	2012
Net sales	(2)	387.3	378.2
Other operating income	(4)	4.1	2.5
Materials and services	(7)	-304.3	–296.4
Employee benefit expenses	(5,28)	-37.3	–34.9
Depreciation	(2,8)	-7.1	–7.0
Impairments	(2,8)	-2.0	–0.3
Other operating expenses	(4,6)	-37.5	–37.3
Share of profits of associated companies	(2)	6.2	3.7
Operating profit	(2)	9.4	8.5
Financial income	(9)	2.4	0.7
Financial expenses	(9)	-2.7	–1.7
Profit before taxes		9.3	7.5
Income taxes	(10)	0.0	–0.8
Profit for the period		9.3	6.7
Attributable to			
Equity holders of the parent	(11)	10.1	6.6
Non-controlling interests		-0.8	0.1
Basic and diluted earnings per share, calculated of the profit attributable to the shareholders of the parent company, EUR	(11)	1.63	1.07

STATEMENT OF COMPREHENSIVE INCOME

EUR million	2013	2012
Profit for the period	9.3	6.7
Other comprehensive income		
Cash flow hedges	0.0	0.3
Taxes related to cash flow hedges	0.0	–0.1
Remeasurements of post employment benefit obligations	-0.3	–
Translation differences	-1.4	0.7
Total comprehensive income	7.6	7.6
Attributable to		
Equity holders of the parent	8.4	7.6
Non-controlling interests	-0.8	0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 Dec. 2013	31 Dec. 2012
ASSETS			
Non-current assets			
Intangible assets	(12)	9.3	10.6
Goodwill	(12)	9.7	12.1
Tangible assets	(12)	45.8	49.8
Investment in associated companies	(13)	37.5	35.5
Available-for-sale investments	(14)	0.1	0.1
Receivables	(15)	0.4	0.4
Deferred tax assets	(10)	2.5	2.5
Total non-current assets		105.2	111.0
Current assets			
Inventories	(17)	64.0	79.4
Income tax receivable		1.3	0.4
Receivables	(16)	31.0	36.9
Financial assets at fair value			
through profits	(18)	0.1	0.1
Cash and cash equivalents	(19)	2.8	5.2
Total current assets		99.2	122.0
Total assets	(2)	204.4	233.0

EUR million	Note	31 Dec. 2013	31 Dec. 2012
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Share capital		12.6	12.6
Share premium account		23.4	23.4
Own shares		–1.8	–1.8
Translation differences and other reserves		7.0	7.1
Retained earnings		91.1	90.4
Net profit for the period		9.3	6.7
Total equity attributable to the equity holders of the parent		141.7	138.4
Non-controlling interests		1.9	2.8
Total equity	(20)	143.6	141.2
Non-current liabilities			
Deferred tax liabilities	(10)	5.0	5.9
Long-term financial liabilities	(22)	4.0	5.6
Non-current provisions	(21)	0.6	0.4
Other non-current liabilities	(23)	2.8	7.5
Total non-current liabilities		12.3	19.5
Current liabilities			
Short-term financial liabilities	(22)	11.0	30.8
Income tax payable		0.2	0.2
Current provisions	(21)	0.1	0.1
Trade payables and other liabilities	(23,25)	37.1	41.2
Total current liabilities		48.5	72.3
Total liabilities	(2)	60.8	91.8
Total equity and liabilities		204.4	233.0

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2013	2012
Net profit for the period		9.3	6.7
Adjustments, total *)		0.7	4.2
Change in net working capital		17.8	–23.0
Interests paid		-1.7	–1.9
Interests received		0.1	0.2
Taxes paid		-1.9	–2.3
Net cash flow from operating activities		24.4	–16.1
Investments in tangible and intangible assets	(12)	–3.0	–3.9
Proceeds from sales of tangible and intangible assets		0.0	0.1
Acquisition of subsidiaries deducted by cash	(3)	–	–6.1
Purchases of other investments		–	–8.0
Proceeds from sales of other investments		–	8.1
Dividends received from investing activities		4.4	1.0
Net cash flow from investing activities		1.4	–8.8
Proceeds from/repayments of short-term loans		–20.8	29.2
Proceeds from/repayments of long-term loans		–1.6	–3.0
Payments of finance lease liabilities		–0.2	–0.2
Dividends paid		–5.6	–5.3
Cash flows from financing activities		–28.1	20.8
Net change in cash and cash equivalents		–2.4	–4.1
Cash and cash equivalents at the beginning of the period		5.2	9.3
Cash and cash equivalents at the end of the period		2.8	5.2

EUR million	Note	2013	2012
***) Adjustments to cash flow from operating activities:**			
Depreciation and impairments	(12)	9.0	7.3
Gains and losses on sales of fixed assets and shares		0.0	–0.1
Share of profits of associated companies		–6.2	–3.7
Financial income and expenses	(9)	0.2	1.0
Income taxes	(10)	0.0	0.8
Change in additional purchase price	(3)	–2.6	–1.2
Other adjustments		0.3	0.1
Total		0.7	4.2

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Attributable to equity holders of the parent								Non-controlling interests (NCI)	Total equity
	Share capital	Share premium account	Net unrealised gains	Other reserves	Own shares	Translation differences	Retained earnings	Total		
Shareholders' equity 1 Jan. 2013	12.6	23.4	–0.2	7.2	–1.8	1.1	96.0	138.4	2.8	141.2
Dividend distribution	–	–	–	–	–	–	–5.6	–5.6	–	–5.6
Transactions with NCI	–	–	–	–	–	–	-	0.0	–	0.0
Other changes	–	–	–	–	–	–	0.5	0.5	-0.1	0.4
Total comprehensive income	–	–	0.0	–	–	–1.4	9.8	8.4	-0.8	7.6
Shareholders' equity 31 Dec. 2013	12.6	23.4	–0.2	7.2	–1.8	–0.3	100.7	141,7	1.9	143,6
Shareholders' equity 1 Jan. 2012	12.6	23.4	–0.4	7.2	–1.8	0.4	95.0	136.5	2.7	139.2
Adoption of IAS 19R	–	–	–	–	–	–	–0.2	–0.2	–	–0.2
Revised shareholders' equity 1 Jan. 2012	12.6	23.4	–0.4	7.2	–1.8	0.4	94.8	136.3	2.7	139.0
Dividend distribution	–	–	–	–	–	–	–5.3	–5.3	–	–5.3
Transactions with NCI	–	–	–	–	–	–	0.0	0.0	–	0.0
Other changes	–	–	–	–	–	–	–0.1	–0.1	0.0	–0.1
Total comprehensive income	–	–	0.2	–	–	0.7	6.6	7.6	0.1	7.7
Shareholders' equity 31 Dec. 2012	12.6	23.4	–0.2	7.2	–1.8	1.1	96.0	138.4	2.8	141.2

Notes to the consolidated financial statements

Note 1 Accounting principles

COMPANY DETAILS

Apetit 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. Based of Annual General Meeting on 26 March 2013, the company's name is Apetit Oyj, in Swedish Apetit Abp and in English Apetit plc. Company's name was Lännen Tehtaat plc.

On 24 February 2014, the Apetit plc Board of Directors approved the financial statements for publication.

MAIN OPERATIONS

Apetit plc is a food industry company listed on the NASDAQ OMX Helsinki Ltd. The trading code of the share is APETI.

Apetit's reportable segments are Food Business, Grains and Oilseeds Business and Other Operations. Apetit's primary market is Finland.

OPERATING SEGMENTS	PRODUCTS AND SERVICES
Food Business	
Apetit Pakaste Oy	Frozen foods
Apetit Kala Oy	Fish products and service sales
Myrskylän Savustamo Oy	Fish products
Maritim Food AS, Norway	Shellfish and fish products
Maritim Food Sweden AB, Sweden	Shellfish
Sandanger AS, Norway	Fish products
Caternet Finland Oy	Fresh produce and sales of fish, fruit and vegetables
Kiinteistö Oy Kivikonlaita	Holding company of Caternet's real estates
Apetit Suomi Oy	Apetit-marketing, IT, HR, financial management and environmental services
Associated company:	
Taimen group	Fish farming and fingerling production
Joint venture:	
Ateriamestarit Oy	HoReCa sales (operations discontinued 2012)
Grains and Oilseeds Business	
Avena Nordic Grain Oy	Trade in grains, oil seeds and animal feedstuff
ZAO Avena St. Petersburg, Russia	Trade in grains, oil seeds and animal feedstuff
UAB Avena Nordic Grain, Lithuania	Trade in grains, oil seeds and animal feedstuff
OÜ Avena Nordic Grain, Estonia	Trade in grains, oil seeds and animal feedstuff
TOO Avena Astana, Kazakhstan	Trade in grains, oil seeds and animal feedstuff
OOO Avena-Ukraine, Ukraine	Trade in grains, oil seeds and animal feedstuff
Mildola Oy	Manufacture of vegetable oils and protein feed
Other Operations	
Apetit plc	Group administration, business structure development and holdings of shares and properties
Associated companies:	
Sucros group	Manufacture, marketing and sales of sugar
Foison Oy	Holding in Avena Nordic Grain Oy

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 31 December 2013. 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 recognised 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'.

Consolidation principles

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. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, is measured at the acquisition date fair values. The acquisition related costs are accounted as expenses for the period in which they are incurred. At the acquisition date the non-controlling interests are valued either at the acquisition date fair values or at non-controlling interests' proportionate share in the recognised amounts of the identifiable net assets. Valuation principle is determined separately for each acquisition. 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.

Net income for the period is disclosed in the income statement as an allocation to the shareholders of the parent company and non-controlling interests. The allocation of the comprehensive income to the shareholders of the parent company and non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests are disclosed separately under consolidated total equity.

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 exceeds 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 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 recognised 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 recognised in the income statement. Exchange gains and losses from operating activities are included in the corresponding items above the operating profit.

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

Net sales and the principles for recognition as income

Income is recognised on the basis of the fair value of the consideration received or receivable. An item is recognised 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 are 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

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

A provision is recognised 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 recognised 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 recognised 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 recognised 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 recognised up to an amount where it is probable that they can be utilized against future taxable profits. Deferred taxes are not recognised 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 recognised directly under the statement of comprehensive income are also recognised directly under the statement of comprehensive income.

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 recognised under the expenses for the period in which they arose. Directly attributable borrowing costs related to the acquisition, construction or production of a qualifying asset, for example, factory building, are capitalised. Where clearly linked to a specific loan, transaction costs arising directly from loans are included in the loan's original amortised cost and divided into a series of interest expenses using the effective interest method.

Key employees' share holdings in Foison Oy are treated as liability instruments in Apetit's Group balance sheet due to certain terms and conditions of repurchase. Foison Oy owns 20% of Avena Nordic Grain Oy's share capital. Group recognises financial expense related to the key employees' dividend right from Avena Group.

Research and development costs

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

The estimated useful lives are as follows:

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

Property, plant and equipment are no longer depreciated if they are classified as assets held for sale.

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. Repair and maintenance costs of tangible assets are recognised as expenses when incurred.

Government grants

Government grants received for the acquisition of fixed assets are recognised 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

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 are recognised 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 recognised. 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 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 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 recognised if the balance sheet value of the asset or the cash-generating unit exceeds the recoverable amount. Impairment losses are recognised 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 recognised on it in previous years. Impairment losses recognised 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 recognised 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. Both unrealized and realized gains and losses from changes in fair value are recognised in the income statement for the period in which they occur.

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 recognised directly in the statement of comprehensive income until the investment is sold or otherwise disposed of, when the changes in fair value are recognised in the income statement. Permanent impairment of assets is recognised 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.

Fair values are measured using publicly quoted prices. These instruments are mainly investments to funds and mainly all commodity derivatives. If publicly quoted prices are not available, fair value is measured based on discounted cash flows and price quotation of the counterparty. These instruments are usually currency derivatives. Short-term receivables or payables are not discounted.

The carrying amounts of the financial assets are tested 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 recognised.

Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The Group applies cash flow hedge accounting to certain forward currency and commodity derivative contracts. 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 recognised in the statement of comprehensive income, and any residual ineffective portion is recognised for currency derivatives to financial items and for commodity derivatives to other operating income or expenses. The cumulative change in fair value recognised under the statement of comprehensive income is recognised to purchases or sales or financial items based on their nature on the same date that the projected cash flow is recognised in the income statement. If a derivative financial instrument expires, is sold or does not meet the hedge accounting terms, the cumulative change in the fair value of the hedging instrument will remain in the hedge reserve and is recognised in income statement on the same date that the projected cash flow is recognised in the income statement. The cumulative fair values of the hedging instruments are transferred from the hedge reserve to other operating income or expense or financial items based on their nature immediately if the hedged cash flow is no longer expected to occur.

Despite certain hedging relationships fulfil the effective hedging requirements of the Group's risk management policy, the Group does not apply hedge accounting to all transactions done in hedging purpose. These instruments' fair value changes are recognised to other operating income and expense or financial items based on their nature.

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.

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 recognised 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 recognised 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 and the use of deferred tax assets against future taxable profits.

Application of new and updated IFRS

Amendment to IAS 19 'Employee Benefits' eliminated the possibility to use the corridor approach and actuarial gains and losses relating to defined benefit obligations are recognised in the statement of other comprehensive income as they occur. Net interest cost has replaced interest expense and expected return on plan assets. Cost relating to work performed during the period is presented in employment expenses, while net interest is presented in the financing expenses. Previously all defined benefit obligation expenses were presented in the employment expenses. The amendment has been applied retrospectively on the opening balance sheet 2012. Application has increased Group's defined benefit liability by EUR 0.3 million, deferred tax assets by EUR 0.1 million and decreased retained earnings by EUR 0.2 million.

Amendment to IAS 1 'Presentation of Financial Statements' affected the presentation of the statement of other comprehensive income.

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 2014 will not have material effects to the Group's financial statements.

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendment to IAS 19, 'Employee Benefits'
- Amendment to IAS 28, 'Investments in Associates and Joint Ventures'
- Amendment to IAS 32, 'Financial Instruments: Presentation'
- Amendment to IAS 36, 'Impairment of Assets'
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement'
- IFRIC 21 'Levies' *)
- Annual improvements of different standards by IASB

The Group will adopt 2015 or later the following standards and interpretations:

- IFRS 9 'Financial Instruments'
- IFRS 13 'Regulatory Deferral Accounts' *)

Management is assessing the impact of the revisions and interpretations of 2015 or later years on the financial statements of the Group.

*) EU has not yet approved the application of the standard

Note 2 Operating segments

The Group has three reportable segments. The operating segments offer different products or services and are managed separately.

The segment information is based on the Group's organisation and management reporting structure. Reportable segments are:

Food Business
Grains and Oilseeds Business
Other Operations

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 are unallocated assets and liabilities. Reported figures are based on IFRS standards.

OPERATING SEGMENTS 1–12/2013

EUR million	Food Business	Grains and Oilseeds	Other Operations	Total
Total segment sales	178.5	209.0	-	387.5
Intra-group sales	–0.2	–0.1	-	–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
Assets	104.3	60.8	32.7	197.7
Unallocated				6.7
Total assets				204.4
Liabilities	23.1	11.1	6.4	40.6
Unallocated				20.2
Total liabilities				60.8
Gross investments in non-current assets	2.0	0.8	0.2	3.0
Corporate acquisitions and other share purchases	-	-	0.0	0.0
Depreciations	6.0	0.8	0.3	7.1
Impairments	2.0	–	–	2.0
Personnel	699	73	10	782

OPERATING SEGMENTS 1–12/2012

EUR million	Food Business	Grains and Oilseeds	Other Operations	Total
Total segment sales	162.7	215.8	–	378.5
Intra-group sales	–0.2	–0.1	–	–0.3
Net sales	162.5	215.7	–	378.2
Share of profits of associated companies included in operating profit	–0.1	–	3.8	3.7
Operating profit	1.7	6.5	0.3	8.5
Assets	113.7	80.5	30.6	224.8
Unallocated				8.2
Total assets				233.0
Liabilities	23.5	17.1	8.7	49.3
Unallocated				42.5
Total liabilities				91.8
Gross investments in non–current assets	3.4	0.5	0.0	3.9
Corporate acquisitions and other share purchases	–	–	9.7	9.7
Depreciations	5.8	0.9	0.3	7.0
Impairments	0.3	–	–	0.3
Personnel	641	70	10	721

GEOGRAPHICAL INFORMATION

EUR million	Revenue 2013	Revenue 2012	Non-current Assets 2013	Non-current Assets 2012
Finland	243.9	226.7	89.6	93.3
Norway	27.2	31.5	11.9	13.9
Germany	17.0	23.0	-	–
Sweden	28.4	26.1	1.2	1.2
Other countries	70.8	70.9	0.0	0.0
Total	387.3	378.2	102.7	108.5

Revenues from one customer were EUR 99.3 (74.5) million or 25.6% (19.7%) of the net sales. Revenues from this customer were from all operating segments expect from Other Operations segment.

Note 3 Acquisitions

On 27 March 2012, Apetit plc acquired from private individuals the entire share capital of Caternet Finland Oy, a company supplying the food service sector and specialising in preparing fresh vegetable, fruit and fish products and in logistics. The company's real estate assets comprise the wholly-owned Kivikonlaita property company. The total acquisition price of the share capital is EUR 6–12 million. The acquisition price consists of a fixed element of EUR 6 million and a variable element comprising an additional purchase price of EUR 0–6 million, which is tied to the operating profit for 2012–2013.

In 2012 Apetit plc has recorded a total of EUR 0.5 million in consultancy and expert expenses and transfer taxes under other operating expenses.

The fair value of the additional purchase price was set at EUR 3.7 million. The goodwill mainly comprises of synergy benefits in sales and raw material procurements and through planned savings in fixed costs. The initial additional purchase price has been reduced by EUR 1.2 million in regard to the element tied to the operating profit for 2012 and by EUR 2.6 million in regard to the element tied to the operating profit for 2013. Items have been recognised in 2012 and 2013 as income under other operating income in the operating profit for Food Business.

Apetit's net sales for 1 January – 31 March 2012 would have increased by EUR 7.7 million if Caternet had been acquired on 1 January 2012. The corresponding effect on net profit would have been about EUR -0.4 million when taking into account the depreciations on fair value allocations and calculatory interest expense to purchase cost from 1 January 2012.

EUR million	Fair value	Acquiree's carrying amounts
Intangible assets	6.4	0.1
Tangible assets	14.2	11.7
Deferred tax assets	0.3	0.0
Inventories	0.8	0.8
Trade receivables and other receivables	3.5	3.6
Cash and cash equivalents	0.4	0.4
Assets total	25.5	16.6
Deferred tax liabilities	2.3	0.0
Long-term liabilities	9.9	9.6
Short-term liabilities	6.7	6.5
Liabilities total	18.9	16.1
Acquired portion of the net assets	6.6	0.4
Acquisition cost	9.7	
Goodwill	3.0	
Purchase consideration settled in cash	6.0	
Consultancy and expert expenses	0.5	
Additional purchase price, fair value	3.7	
Cash and cash equivalents in subsidiary acquired	0.4	
Unpaid contingent additional purchase price	–3.7	
Cash outflow on acquisition	6.1	

Note 4 Other operating income and expenses

EUR million	2013	2012
OTHER OPERATING INCOME		
Government grants received	0.2	0.2
Gains from sales of non-current assets	0.0	0.1
Rental income	0.5	0.4
Fair value change based on derivative instruments, no hedge accounting	0.1	0.0
Additional purchase price recognised as income	2.6	1.2
Other	0.7	0.6
Total	4.1	2.5
OTHER OPERATING EXPENSES		
Rental expenses	3.8	3.7
Administrative expenses	5.1	4.0
Information technology expenses	2.4	2.4
Sales and marketing expenses	16.1	16.8
Maintenance expenses	6.8	5.5
Other	3.4	4.8
Total	37.5	37.3

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	2013	2012
Audit fees	0.2	0.2
Non-audit fees	0.0	0.0
Total	0.2	0.2

Note 5 Employee benefits expense

EUR million	2013	2012
Wages and salaries	30.5	28.3
Termination benefits	0.0	0.1
Pensions, defined contribution plans	5.6	5.6
Pensions, defined benefit plans	–0.1	–0.1
Other personnel costs	1.3	1.1
Total	37.3	34.9

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. The disability component of Finnish statutory pension system ("TyEL") is recognised in Finland as defined contribution plan. Apetit Plc and Apetit Pakaste Oy have defined contribution plans.

Note 6 R & D expenses

R & D expenses of the Group amounted to EUR 0.9 (1.1) million, representing 0.2% (0.3%) of the net sales.

Note 7 Materials and services

EUR million	2013	2012
Raw materials and consumables	276.0	302.3
Change in stocks	16.7	–16.6
External services	11.6	10.7
Total	304.3	296.4

Materials and services include foreign currency gains and losses a total of EUR -0.1 (0.0) million.

Net sales include foreign currency losses and gains a total of EUR 0.0 (0.0) million.

The ineffective portion of the change in fair value of hedge instruments totalled EUR -0.1 (-0.1) million.

Note 8 Depreciations and impairments

EUR million	2013	2012
DEPRECIATIONS		
Intangible assets	1.6	1.5
Buildings	2.7	2.7
Machinery and equipment	2.6	2.7
Other tangible assets	0.1	0.1
Total	7.1	7.0
IMPAIRMENTS	1.5	-
Intangible assets	0.1	0.3
Machinery and equipment	0.4	0.0
Total	2.0	0.3

Note 9 Financial income and expenses

EUR million	2013	2012
FINANCIAL INCOME		
Interest income	0.0	0.0
Foreign currency gains	0.0	0.6
Financial assets and liabilities at fair value through profits	2.2	0.0
Other financial income	0.1	0.1
Total	2.4	0.7
FINANCIAL EXPENSES		
Interest expenses	–0.6	–0.7
Foreign currency losses	–1.3	–0.1
Avena Nordic Grain minority dividend	–0.6	–0.7
Other financial expenses	–0.1	–0.2
Total	–2.6	–1.7

Financial assets and liabilities at fair value through profits include fair value change of EUR 2.2 million of Apetit Kala Oy's minority ownership termination liability.

Note 10 Income taxes

EUR million	2013	2012
Current period taxes	1.0	1.8
Previous periods' taxes	0.1	0.1
Deferred taxes	–1.1	–1.0
Total	0.0	0.8

RECONCILIATION OF INCOME

Profit before taxes	9.3	7.5
Tax calculated at the tax rate of the parent company 24.5% (24.5%)	2.3	1.8
Effect of Avena Nordic Grain minority dividend	0.1	0.2
Effect of associated companies	-1.5	–0.9
Expenses not deductible for tax purposes	0.5	0.0
Additional purchase price recognised as income	-0.6	–0.3
Change in corporate tax rate in Finland	-0.6	0.0
Other items	-0.1	0.1
Tax expenses in the income statement	0.0	0.8

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2013

EUR million	1 Jan. 2013	Charge in income statement	Charged to other comprehensive income	Acquisitions and other changes	31 Dec. 2013
DEFERRED TAX ASSETS					
Carry forward of unused tax losses	2.2	–0.1	–	–	2.1
Derivative instruments	0.0	0.1	–	–	0.1
Deferred depreciation	0.1	0.1	–	–	0.2
Other	0.2	–0.1	0.0	–	0.1
Total	2.5	0.0	0.0	–	2.5
DEFERRED TAX LIABILITIES					
Accumulated depreciation difference	–2.0	0.5	–	–	–1.5
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	0.8	–0.2	–	–	0.6
Valuation of assets in acquisition cost allocation calculations	–3.3	0.8	–	–	–2.4
Inventories	–0.8	–0.1			–0.9
Derivative instruments	0.0	–0.1	0.0	–	0.0
Goodwill	–0.1	0.0	–	–	–0.1
Tangible assets	–0.6	0.1	–	–	–0.5
Other	–0.1	0.0	–	–	–0.1
Total	–5.9	1.0	0.0	–	–5.0

The Group has unused taxable losses total of EUR 0.4 million at 31 December 2013 where deferred tax assets have not been recognised. These taxable losses expire in 2020 - 2023. Recognised deferred tax assets on unused taxable losses EUR 1.0 million will expire in 2020 - 2023. Other unused taxable losses do not expire.

RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES TO BALANCE SHEET 2012

EUR million	1 Jan. 2012	Charge in income statement	Charged to other comprehensive income	Acquisitions and other changes	31 Dec. 2012
DEFERRED TAX ASSETS					
Carry forward of unused tax losses	1.4	0.5	0.0	0.3	2.2
Derivative instruments	0.1	-	–0.1	-	0.0
Deferred depreciation	0.0	0.1	-	-	0.1
Other	0.1	0.0	0.1	0.1	0.2
Total	1.5	0.6	0.0	0.4	2.5
DEFERRED TAX LIABILITIES					
Accumulated depreciation difference	–2.1	0.1	0.0	-	–2.0
Valuation of assets in Mildola's acquisition (netting Mildola's accumulated depreciation difference)	0.9	–0.1	-	-	0.8
Valuation of assets in acquisition cost allocation calculations	–1.3	0.2	0.0	–2.2	–3.3
Inventories	–0.8	0.1	-	-	–0.8
Derivative instruments	–0.1	0.1	0.0	-	0.0
Goodwill	–0.1	-	-	-	–0.1
Tangible assets	–0.5	0.0	-	–0.1	–0.6
Other	0.0	0.1	–0.1	0.0	–0.1
Total	–4.0	0.4	0.0	–2.3	–5.9

The Group has unused taxable losses total of EUR 0.4 million at 31 December 2012 where deferred tax assets have not been recognised. These taxable losses expire in 2020 and 2021. Recognised deferred tax assets on unused taxable losses EUR 0.9 million will expire in 2020 - 2022. Other unused taxable losses do not expire.

Note 11 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	2013	2012
Profit attributable to the shareholders of the parent company, basic and diluted	10.1	6.6
Weighted average number of outstanding shares (1.000 pcs)	6 188	6 188
Diluted average number of shares outstanding (1.000 pcs)	6 188	6 188
Basic and diluted earnings per share (EUR per share)	1.63	1.07

Note 12 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 2013

EUR million	Goodwill	Customer relationships	Other Intangible assets	Advance payments	Total
Acquisition cost 1 Jan.	20.6	11.1	6.5	–	38.2
Additions	–	–	0.3	0,3	0.6
Disposals	–	–	-0.1	–	-0.1
Translation difference and other changes	-0.4	-0.3	–	–	-0.7
Acquisition cost 31 Dec.	20.2	10.8	6.8	0.3	38.1
Accumulated depreciation 1 Jan.	-8.5	-2.1	-4.9	–	-15.5
Disposals, accumulated depreciation	–	–	0.0	–	0.0
Depreciation for the period	–	-0.7	-0.9	–	-1.6
Impairments	-2.0	–	–	–	-2.0
Accumulated depreciation 31 Dec.	-10.5	-2.8	-5.8	–	-19.1
Book value 31 Dec. 2013	9.7	8.0	1.0	0.3	19.0

INTANGIBLE ASSETS 2012

EUR million	Goodwill	Customer relationships	Other Intangible assets	Advance payments	Total
Acquisition cost 1 Jan.	17.2	4.5	6.2	-	27.9
Additions	-	-	0.3	-	0.3
Acquired companies	3.0	6.3	-	-	9.3
Translation difference and other changes	0.3	0.3	0.0	-	0.6
Acquisition cost 31 Dec.	20.6	11.1	6.5	-	38.2
Accumulated depreciation 1 Jan.	–8.5	–1.5	–4.0	–	–14.0
Depreciation for the period	–	–0.6	–0.9	–	–1.5
Impairments	–	–	0.0	–	0.0
Accumulated depreciation 31 Dec.	–8.5	–2.1	–4.9	–	–15.5
Book value 31 Dec. 2012	12.1	9.0	1.6	-	22.7

Goodwill impairment testing

Impairment test for cash-generating-units containing goodwill

Goodwill impairment testing has been performed before the change in the segment structure. The new segment structure has been implemented in December 2013. Details of this effect are given in the accoounting principles.

Goodwill has been allocated to the following cash-generating units or groups of units:

EUR million	2013	2012
Apetit Pakaste - Frozen Foods	0.4	0.4
Apetit Kala - Finnish Seafood business	–	1.5
Maritim companies - Seafood	6.3	7.2
Caternet - Other operations	3.0	3.0
Total	9.7	12.1

The Maritim companies' goodwill recognised in local currencies varies each year according to changes in exchange rates.

In goodwill impairment testing, the recoverable amount from operating activities is determined on the basis of value in use calculations. Expected future cash flows are based on management-approved forecasts and are given for a five-year period, and cash flows beyond this are extrapolated using a growth factor of 1%–2%.

The key variables in the value in use calculation are the budgeted gross margin, net sales and the discount rate. The forecasted gross margin for the Maritim companies is slightly higher than the realised gross margin of the past two years. The pre-tax discount rates used in the calculations are: Finnish Seafood business 8.8% (8.2%), Maritim companies 7.1% (8.3%) and Frozen Foods 8.0% (7.4%) and Caternet 7.9% (7.6%).

The company's outlook regarding the future cash flows of the Finnish Seafood business was reduced due to the pressure on gross margins caused by the competitive situation. Due to the goodwill impairment testing that was consequently carried out, an impairment of EUR 2.0 million was recognised in the Finnish Seafood business as a non-recurring item for the third quarter. As a result of the impairment, the goodwill of the Finnish Seafood business, EUR 1.5 million, was impaired in full, in addition to which an impairment of EUR 0.4 million was recognised in tangible and intangible assets. The impairments have no cash flow implications. The reduced cash flow expectations of the Finnish Seafood business will also change the fair value of the debt related to the redemption obligation in Apetit Kala Oy's minority holding. Further details of this effect are given in the note 23.

In Caternet the value in use exceeded by 11 % the carrying amount of the tested assets, which was EUR 22.9 million. In the Maritim companies the value in use exceeded by 37% the carrying amount of the tested assets, which was EUR 13.5 million. In Frozen Foods the value in use exceeded the carrying amount of the tested assets by a wide margin.

Sensitivity of value in use to fluctuations in key variables

In the Maritim Companies, the forecast cash flow would match the carrying amount of the tested assets if the gross margin for each year of the expected future cash flows was 0.8% (0.9%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Frozen Foods would be 5.6% (4.9%) and for Caternet 0.4% (2.5%).

In the Maritim Companies forecast cash flow would also match the carrying amount of the tested assets if the net sales used in the calculation of expected future cash flows were 4.9% (6.0%) lower, with the other variables remaining unaltered. An equivalent change in the case of the Frozen Foods would be 15.2% (12.7%) and for Caternet 1.8% (10.3%).

In the Maritim Companies forecast cash flow would, similarly, match the carrying amount of the tested assets if the discount rate used in the calculation of expected future cash flows were to be 1.2% (1.2%) higher, with the other variables remaining unaltered. An equivalent change in the case of the Frozen Foods would be 9.4% (7.4%) and for Caternet 0.5% (3.0%).

TANGIBLE ASSETS 2013

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.4	51.6	46.5	0.7	0.7	102.9
Additions	–	0.4	1.5	–	0.4	2.3
Disposals	–	-0.3	-2.5	0.0	–	-2.8
Translation differences and other changes	0.0	-0.3	-0.1	0.0	–	-0.3
Transfers	-	0.0	0.0	–	-0.1	–
Acquisition cost 31 Dec.	3.4	51.5	45.4	0.7	1.0	102.1
Accumulated depreciation 1 Jan.	–0.2	–18.4	–33.8	–0.3	–0.3	–53.1
Accumulated depreciation on disposals and transfers	–	–	2.2	–	–	2.2
Depreciation for the period	–	-2.7	-2.6	-0.1	–	-5.4
Accumulated depreciation 31 Dec.	-0.2	-21.1	-34.3	-0.4	-0.3	-56.3
Book value 31 Dec. 2013	3.2	30.4	11.2	0.3	0.7	45.8

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.6 million.

TANGIBLE ASSETS 2012

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress	Total
Acquisition cost 1 Jan.	3.4	38.3	41.8	0.7	0.6	84.7
Additions	–	0.9	1.9	0.0	0.7	3.6
Acquired companies	–	12.1	2.1	–	–	14.2
Disposals	0.0	–	–0.1	–	–	–0.1
Translation differences and other changes	0.0	0.3	0.2	0.0	–	0.5
Transfers	–	0.0	0.6	–	–0.6	–
Acquisition cost 31 Dec.	3.4	51.6	46.5	0.7	0.7	102.9
Accumulated depreciation 1 Jan.	–0.2	–15.7	–31.1	–0.3	-	–47.3
Accumulated depreciation on disposals and transfers	-	–	0.0	-	-	0.0
Depreciation for the period	-	–2.7	–2.7	–0.1	-	–5.5
Impairments	-	–	0.0	–	–0.3	–0.3
Accumulated depreciation 31 Dec.	–0.2	–18.4	–33.8	–0.3	–0.3	–53.1
Book value 31 Dec. 2012	3.2	33.2	12.7	0.3	0.4	49.8

Machinery and equipment includes assets acquired through finance leases totalling EUR 0.7 million.

Note 13 Investment in associated companies and joint ventures

EUR million	2013	2012
Book value 1 Jan.	35.5	32.9
Acquisitions, other additions	0.2	0.1
Share of profits for the period	6.2	3.7
Dividends	–4.4	–1.3
Book value 31 Dec.	37.5	35.5

Book value of the associated companies includes a goodwill total of EUR 3.9 (3.9) million.

INFORMATION ON ASSOCIATED COMPANIES AND THEIR ASSETS, LIABILITIES, NET SALES AND PROFIT/LOSS

Associated companies

2013

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	188.7	54.9	213.9	28.0	20.0 %
Taimen group	Laukaa	40.6	18.8	30.4	2.7	30.0 %
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	22.5 %

2012

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Sucros group	Helsinki	187.5	56.6	213.9	19.0	20.0 %
Taimen group	Laukaa	39.4	21.6	26.3	0.1	30.0 %
Foison Oy	Helsinki	1.5	0.0	0.0	0.0	21.2 %

Joint ventures

The Group has a holding of 50% in the following joint ventures

2012

EUR million	Domicile	Assets	Liabilities	Net sales	Profit/loss	Group holding, %
Ateriamestarit Oy	Raisio	1.3	1.4	20.5	–0.3	50.0 %

Apetit and Raisio decided to discontinue the operations of Ateriamestarit at the end of 2012.

Note 14 Available-for-sale investments

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

EUR million	2013	2012
Investments in shares of unlisted companies	0.1	0.1
Total	0.1	0.1

Note 15 Non-current receivables

EUR million	2013	2012
Connection fees	0.4	0.4
Other items	0.0	0.0
Total	0.4	0.4

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

Note 16 Current receivables

EUR million	2013	2012
Trade receivables	27.0	27.8
Receivables based on derivative instruments, hedge accounting	0.0	0.1
Receivables based on derivative instruments, no hedge accounting	0.0	-
Accrued income and deferred expenses	1.3	0.9
Other receivables	1.9	6.6
Receivables from associated companies and joint ventures		
Trade receivables	0.2	0.9
Other receivables	0.5	0.6
Total	31.0	36.9

The substantial items in the accrued income and deferred espenses and other receivables are related to raw material purchases, accruals of employment benefits and value added tax receivables of the Grains and Oilseeds business totalling EUR 1.3 (6.5) 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 0.3 (0.2) million on trade receivables.

Note 17 Inventories

EUR million	2013	2012
Materials and consumables	12.3	12.6
Work in progress	0.1	0.0
Finished goods	51.6	66.8
Total	64.0	79.4

A write-down of EUR 1.7 (1.1) million in inventory value was booked to correspond the net realisation value.

Note 18 Financial assets at fair value through profits

EUR million	2013	2012
Short-term fixed income funds	0.1	0.1
Total	0.1	0.1

Note 19 Cash and cash equivalents

EUR million	2013	2012
Cash and bank receivables	2.8	5.2
Total	2.8	5.2

Note 20 Shareholders' equity

	Number of shares (1,000	Share capital	Share premium account	Total
31 Dec. 2013	6,318	12.6	23.4	36.0
31 Dec. 2012	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 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 sub-reserves: 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. Changes on the statement of changes in shareholder's equity relate only the revaluation reserve. Changes in the fair value reserve is null on both reporting periods.

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. Contingency reserve totals to EUR 6.2 (6.2) million and capital reserve EUR 7.2 (7.2) million.

Treasury shares

Treasury shares include the acquisition cost of the own shares that are in the Group's possession. The company possessed 130.000 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

After the date of the financial statement the Board of Directors has proposed a dividend of EUR 1.00 per share to be paid.

Note 21 Provisions

EUR million	2013	2012
NON-CURRENT		
Provisions 1 Jan.	0.4	0.4
Increases, decreases	0.2	0.0
Provisions 31 Dec.	0.6	0.4
CURRENT		
Provisions 1 Jan.	0.1	0.2
Increases, decreases	0.0	–0.1
Provisions 31 Dec.	0.1	0.1

Provisions relate mainly to defined benefit pension plans.

Apetit Group's most significant defined benefit plans are in the parent company. Parent company's plans include two employees and about 80 pensioners. Plans are administered in pension companies. Parent company's defined benefit obligation totals to EUR 3.7 (3.6) million and plan assets totals to EUR 3.1 (3.1) million. Net liability total to EUR 0.6 (0.4) million. The pension expense is recognised to the income statement under other operating expense totaling EUR -0.1 (-0.1) million and amounts recognised to other comprehensive income total to EUR -0.3 (0.0) million.

EUR million	2013	2012
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	3.7	3.6
Present value of unfunded obligations	0.0	0.0
Fair value of plan assets	3.1	3.1
Surplus (-) / deficit (+)	0.6	0.4
Unrecognised actuarial gains (+) and losses (-)	0.0	0.0
Net liability (+) / asset (-)	0.6	0.4
Change in the defined benefit obligation		
Defined benefit obligation in the beginning of the year	3.6	3.3
Current service cost	0.1	0.1
Interest cost	0.1	0.1
Actuarial gains (-) and losses (+)	0.1	0.3
Benefits paid	–0.3	–0.3
Defined benefit obligation at the end of the year	3.7	3.6
Change in plan assets		
Plan assets in the beginning of the year	3.1	3.0
Interest income	0.1	0.1
Expected return of plan assets	–0.1	0.0
Contributions paid into the plans	0.2	0.2
Benefits paid	–0.3	–0.3
Plan assets at the end of the year	3.1	3.1

EUR million	2013	2012
Defined benefit expense in the income statement		
Current service cost	0.1	0.1
Interest cost on pension obligation	0.1	0.1
interest income on plan assets	–0.1	–0.1
Pension expense recognised in the income statement	0.1	0.1
The amounts recognised in the equity		
Gains and losses from change of financial assumptions	0.0	0.2
Experience gains and looses	0.2	0.2
Return on plan assets excluding interest	0.1	0.0
Remeasurements of post employment benefit obligations	0.3	0.3

Due to the application of the amendment of IAS 19 the change in 2012 has been recognised to the opening retained earnings.

Significant actuarial assumptions	2013	2012
Discount rate (%)	4.0	4.0
Salary growth rate (%)	2.5	3.0
Pension growth rate (%)	2.1	2.1
Inflation (%)	2.0	2.0

Changes in the assumptions, sensitivity	Obligations Increase %	Decline %
Discount rate, change 0.5%	–4.5	4.9
Salary growth rate, change 0.5%	0.5	–0.5
Pension growth rate, change 0.25 %	2.2	–2.1
Life expectancy, change 5%	–2.1	2.2

Changes in the assumptions, sensitivity	Plan assets Increase %	Decline %
Discount rate, change 0.5%	–3.9	4.3
Salary growth rate, change 0.5%	0.0	0.0
Pension growth rate, change 0.25 %	0.0	0.0
Life expectancy, change 5%	–1.9	2.0

Note 22 Financial liabilities

EUR million	2013	2012
NON-CURRENT		
Loans from credit institutions	3.5	4.9
Other loans	0.5	0.6
Finance lease liabilities (note 25)	0.0	0.1
Total	4.0	5.6

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 2.9 (4.3) million and in Norwegian crowns totalling EUR 1.1 (0.7) million. It is assessed that the book values of the liabilities correspond to their fair values.

EUR million	2013	2012
CURRENT		
Commercial papers and loans from credit institutions	10.8	30.4
Other loans	0.1	0.1
Finance lease liabilities (note 25)	0.1	0.2
Total	11.0	30.8

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

Note 23 Trade payables and other liabilities

EUR million	2013	2012
NON-CURRENT		
Payables based on derivative instruments, hedge accounting	0.1	0.2
Other liabilities	2.7	7.3
Total	2.8	7.5

Based on the shareholder agreements on the ownership arrangement between Apetit Kala Oy and Taimen Oy, under certain terms and conditions the contracting parties are entitled to terminate the cross ownership at fair value. The liability EUR 2.6 (4.8) million in any termination of ownership will, on the basis of IAS 32, be recognised under non-current liabilities. The receivable arising in connection with this may not, under IFRS rules, be recognised. Other liabilities include also Caternet additional purchase price liability total of EUR 0.0 (2.5) million.

The fair value of the debt has declined from EUR 4.8 million to EUR 2.6 million. Under the applicable IFRS's, the change, EUR 2.2 million, was recognised through profit or loss in financial income. The change in the fair value of the debt is due to the reduced estimate of the value of the Apetit Kala Oy's shares, and is based on the reduced expectations regarding the future cash flow of the Finnish Seafood business (note 12). There have been no changes in the cross ownership.

EUR million	2013	2012
CURRENT		
Trade payables	23.2	27.1
Payables to associated companies and joint ventures	0.6	0.6
Payables based on derivative instruments, no hedge accounting	0.0	0.2
Payables based on derivative instruments, hedge accounting	0.1	0.0
Accrued expenses and deferred income	8.6	8.7
Other liabilities	4.6	4.6
Total	37.1	41.2

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

Note 24 FINANCIAL RISK MANAGEMENT

The Apetit 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 financial risk management principles observed by the Group are subject to approval by the Board of Directors of Apetit plc, and the practical implementation of these principles is the responsibility of the Financing Department, which operates under the CFO.

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, Swedish crowns and Norwegian crowns. Other currencies causing some currency risk is mainly Canadian dollar. Group's largest currency risk is from currency derivatives, cash balances and trade payables denominated in other currency than the operating currency in Maritim companies and Group's internal financing to Maritim companies.

On 31 December 2013 the most significant net investments to foreign subsidiaries are in Norwegian crowns EUR 6.0 million and Swedish crowns EUR 3.2 million. Apetit plc has intra-group loan receivables in Norwegian crowns EUR 7.8 million and in Swedish crowns EUR 3.3 million. Group's policy is not to hedge balances related to subsidiary ownership such as net investments in foreign operations or 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. Currency hedging is guided by the 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

Currency risk (or foreign exchange risk) arises from financial instruments that are denominated in a foreign currency, i.e. 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 on 31 December 2013 (31 December 2012) Norwegian crowns would have been 10% stronger/weaker against euro, group's net profit would have increased / decreased by EUR 0.6/–0.5 (0.7/–0.6) 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 on 31 December 2013 (31 December 2012) US dollar would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR 0.3/–0.2 (0.3/–0.2) million and equity decreased/increased 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 on 31 December 2013 (31 December 2012) Swedish crowns would have been 10% stronger/weaker against euro, group's net profit would have increased/decreased by EUR 0.4/–0.3 (0.5/–0.4) 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.

Interest rate risk

At the end of the financial year, the Group had a total of EUR 4.0 (5.6) million in long-term floating rate loans from financial institutions, EUR 11.0 (30.8) million in other short-term liabilities, EUR 2.8 (5.2) million in liquid cash assets and EUR 0.1 (0.1) million in short-term fixed income funds. The Group has hedged against long-term interest rate risk using interest rate swap with nominal value of EUR 4.2 (5.4) million.

Sensitivity to interest rate risk arising from financial instruments

With the balance sheet structure on 31 December 2013 (31 December 2012), a rise/decrease of one percentage point in interest rates would have decreased / increased Group's net profit by EUR –0.1/0.1 (–0.2/0.2) million and equity increased/decreased EUR 0.0/0.0 (0.0/0.0) 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. The most significant single commodity risks concern Grains and Oil Seeds; wheat, barley, oats, soy and rapeseed. It seeks to reduce these risks by using certain quoted commodity futures, forward agreements and options. The Group's exposure to commodity risk and correspondingly the hedging instruments expire within 12 months. At the end of the year commodity derivatives totalled to EUR 0.9 (7.9) million. Frozen Foods and Seafood business do not have commodity derivative markets and commodity risk is mostly controlled by purchase and sales functions' co-operation. The business units are responsible for managing their commodity risks in accordance with the risk management principles laid down for them. Hedge accounting is mostly applied when hedging the raw material risk.

The Apetit Group hedges against price variations in the electricity it purchases by agreeing power supply and electricity derivative financial instruments of up to three years.

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 is applied for hedging the electricity risk and electricity derivatives totalled EUR 0.8 (1.3) million at the end of the year.

Sensitivity to commodity risk arising from financial instruments

If on 31 December 2013 (31 December 2012) 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 0.0/0.0 (–0.1/0.1) 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. 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.

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	2013	2012
Not due	30.4	36.2
0 - 3 months past due	0.3	0.7
4 - 6 months past due	0.0	0.0
Over 6 months past due	0.3	0.0
Total	31.0	36.9

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 31 December 2013. Credit facilities expire on December 2016 for EUR 15 million and March 2016 for EUR 10 million. The total amount of commercial papers issued were EUR 9.0 (19.0) million. Liquidity risk management is the responsibility of the parent company's Financing Department.

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2013

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	–9.5	–1.5	–4.2	0.0
Finance leases	0.0	0.0	–	–
Trade payables	–24.5	–	–	–
Derivative liabilities	–0.1	0.0	–0.1	–
Total	–34.1	–1.5	–4.4	0.0

Group's derivative liabilities and interest-bearing loan repayments and interest cash flows on 31 December 2012

EUR million	0–3 months	4–12 months	1–5 years	Over 5 years
Loans from financial institutions and other loans	–25.2	–5.0	–5.3	–1.3
Finance leasing	0.0	–0.1	–0.2	–
Trade payables	–27.7	–	–	–
Derivative liabilities	–0.5	–0.1	–0.2	–
Total	–53.4	–5.1	–5.8	–1.3

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. Apetit 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 at least 40%. The equity ratio can deviate from the target ratio of the short term. The equity ratio on 31 December 2013 was 70.3% (60.6%). 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	2013	2012
Interest bearing liabilities	14.9	36.4
Liquid assets	2.9	5.3
Interest bearing net debt	–12.1	–31.1
Equity	143.6	141.2
Interest bearing net debt and equity total	131.5	110.1
Gearing, %	8.4	22.0
Equity ratio, %	70.3	60.6

Note 25 Finance lease liabilities

EUR million	2013	2012
Finance lease liabilities, Total amount of minimum lease payments	0.1	0.3
Within one year due	0.1	0.2
After one year but not more than five years	0.0	0.1
Finance lease liabilities, Present value of minimum lease payments	0.1	0.3
Within one year due	0.1	0.2
After one year but not more than five years	0.0	0.1
Finance charges accruing in the future	0.0	0.0

Note 26 Collateral, contingent liabilities, contingent assets and other commitments

EUR million	2013	2012
LIABILITIES SECURED BY PLEDGES		
Loans from financial institutions	0.7	0.9
Other	0.6	0.8
Total	1.3	1.7
PLEDGES GIVEN FOR DEBTS		
Real estate mortgages	1.9	2.2
Corporate Mortgages	0.5	0.5
Other securities given	1.9	3.0
Guarantees	7.6	7.9
OTHER LEASES, PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Within one year	3.3	4.2
After one year but not more than five years	2.8	2.8
After more than five years	1.8	1.7
Total	7.8	8.7

The present value of minimum lease payments includes real estate leases a total of EUR 6.8 (5.8) million.

CONTINGENT ASSETS		
The present value of proceeds from the sale of shares in the joint book-entry account.	0.7	0.7

INVESTMENT COMMITMENTS

Apetit has no material investment commitments on 31 December 2013.

OTHER LIABILITIES

Liability to adjust value added tax on property investments

The group is liable to adjust value added tax deductions on 2008 - 2012 property investments, if taxable use of the properties decreases. The maximum value of the liability is EUR 2.5 (2.7) million and liability is valid untill 2023.

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

Note 27 Fair value hierarchy on financial assets and liabilities valued at fair value

EUR million	Level 1	Level 2	Level 3	Total
ASSETS				2013
Currency derivatives, no hedge accounting	–	0.0	–	0.0
Commodity derivatives, hedge accounting	0.0	–	–	0.0
Fund investments	0.1	–	–	0.1
ASSETS				2012
Currency derivatives, no hedge accounting	–	0.0	–	0.0
Commodity derivatives, hedge accounting	0.1	–	–	0.1
Fund investments	0.1	–	–	0.1
LIABILITIES				2013
Currency derivatives, no hedge accounting	–	0.0	–	0.0
Commodity derivatives, hedge accounting	–0.2	–	–	–0.2
Interest rate swaps	–	0.0	–	0.0
LIABILITIES				2012
Currency derivatives, no hedge accounting	–	–0.1	–	–0.1
Commodity derivatives, hedge accounting	–0.2	–	–	–0.2
Interest rate swaps	–	–0.1	–	–0.1

During the year there has not been any transfers between levels 1 and 2.

Level 1 fair values are based on prices obtained from active markets.

Level 2 fair values are based on other input data and commonly accepted fair value models. The input data is based on observable market prices.

Level 3 fair values are mostly based on other input data that are not for the most part based on observable market prices, instead management estimates and commonly accepted fair value models.

Nominal values of derivative instruments

EUR million	2013	2012
Currency derivatives, no hedge accounting	5.7	9.3
Commodity derivatives, cash flow hedge accounting	1.7	9.3
Interest rate swaps	4.2	5.4

Other information related to cash flow hedge

The Group applies cash flow hedge accounting to commodity and currency derivatives. Electricity derivatives expire in three years being more emphasized to the two subsequent years from the balance sheet date. Other derivatives become due within one year. Due to cash flow hedge accounting EUR 0.0 (0.2) million was recognised in equity. Derivatives affected the profit and loss statement related to net sales EUR –0.4 (–1.1) million, purchases and other operating income and expense EUR –0.6 (–0.6) million, financial income and expenses EUR 0.0 (0.0) million and taxes EUR 0.2 (0.4) 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, %
Apetit plc (parent	Finland		
Apetit Pakaste Oy	Finland	100.0	100.0
Apetit Kala Oy	Finland	70.0	70.0
Myrskylän Savustamo Oy	Finland	70.0	70.0
Safu Oy	Finland	70.0	70.0
Caternet Finland Oy	Finland	100.0	100.0
Kiinteistö Oy Kivikonlaita	Finland	100.0	100.0
Apetit Suomi Oy	Finland	100.0	100.0
Maritim Food AS	Norway	100.0	100.0
Maritim Food Sweden AB	Sweden	100.0	100.0
Sandanger AS	Norway	100.0	100.0
Avena Nordic Grain Oy	Finland	80.0[1)]	80.0[1)]
Mildola Oy	Finland	80.0[1)]	80.0[1)]
ZAO Avena St. Petersburg	Russia	80.0[1)]	80.0[1)]
UAB Avena Nordic Grain	Lithuania	80.0[1)]	80.0[1)]
OÜ Avena Nordic Grain	Estonia	80.0[1)]	80.0[1)]
TOO Avena Astana	Kazakhstan	80.0[1)]	80.0[1)]
OOO Avena-Ukraine	Ukraine	80.0[1)]	80.0[1)]
1 non-operative company	Finland	100.0	100.0

[1)] In addition Apetit Group owns indirectly through Foison Oy 2.5% of the shares in Avena Nordic Grain Oy.

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

The administrative bodies 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 10.745 (10.929), the deputy chairman EUR 9.460 (10.159) and the members EUR 255 to 1.020 (250 to 1.015) in fees and allowances.

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

EUR 1.000	2013	2012
Aappo Kontu, chairman of the Board since 16 April 2013	38	25
Matti Lappalainen, chairman of the Board until 16 April 2013	15	47
Veijo Meriläinen, debuty chairman of the Board since 16 April 2013	24	15
Samu Pere, member of the Board since 13 April 2012	22	14
Heikki Halkilahti, member of the Board until 13 April 2012	–	7
Tuomo Lähdesmäki, member of the Board since 16 April 2013	14	–
Hannu Simula, member of the Board until 13 April 2012	–	7
Jorma J Takanen, member of the Board until 16 April 2013	7	22
Helena Walldén, member of the Board	21	22
Matti Karppinen, CEO	367	314

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	2013	2012
Matti Karppinen, CEO	118	111

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 2013 nor on 31 December 2012.

Transactions with associated companies and joint ventures

EUR million	2013	2012
Sales to associated companies	1.2	1.7
Sales to joint ventures	–	8.6
Purchases from associated companies	10.1	13.1
Purchases from joint ventures	–	0.0

EUR million	31.12.2013	31.12.2012
Trade receivables and other receivables from associated companies	0.8	0.7
Trade receivables and other receivables from joint ventures	–	0.7
Trade payables and other liabilities to associated companies	0.8	0.5
Trade payables and other liabilities to joint ventures	–	0.0

The sales of goods and services to the associated companies and joint ventures are based on valid market prices.

Note 29 EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no material events since the end of the financial year.

Note 30 Key indicators

Continuing operations EUR million	2013	2012	2011	2010	2009
FINANCIAL RATIOS					
Net sales	387.3	378.2	335.5	308.7	266.0
Exports from Finland	64.0	73.0	90.8	49.0	31.3
Operating profit	9.4	8.5	8.7	8.3	6.8
% of net sales	2.4	2.2	2.6	2.7	2.6
R & D expenses	0.9	1.0	0.9	1.0	0.9
% of net sales	0.2	0.3	0.3	0.3	0.3
Financial income (+)/expenses(-), net	–0.2	–1.0	–1.2	0.1	0.5
Profit before taxes	9.3	7.5	7.5	8.4	7.3
% of net sales	2.4	2.0	2.2	2.7	2.7
Profit for the period	9.3	6.7	5.7	6.5	5.8
% of net sales	2.4	1.8	1.7	2.1	2.2
Attributable to					
Shareholders of the parent company	10.1	6.6	5.7	6.5	5.8
Non-controlling interests	-0.8	0.1	0.0	–	–
Return on equity, % (ROE)	6.5	4.8	4.1	4.7	4.3
Return on investment, % (ROI)	7.0	5.4	6.3	6.1	5.5

Continuing operations EUR million	2013	2012	2011	2010	2009
FINANCE AND FINANCIAL POSITION					
Equity ratio, %	70.3	60.6	74.9	72.4	78.0
Net gearing, %	8.4	22.0	–5.1	–7.7	–15.8
Non-current assets	105.2	111.0	86.3	87.5	77.4
Inventories	64.0	79.4	62.3	55.0	48.1
Other current assets	35.2	42.6	37.2	49.4	50.6
Shareholders' equity	143.6	141.5	139.2	138.9	137.3
Distributable funds	86.0	88.5	87.7	84.5	82.7
Interest-bearing liabilities	14.9	36.4	2.3	4.0	3.3
Non-interest-bearing liabilities	45.8	55.4	44.3	49.0	35.5
Balance sheet total	204.4	233.0	185.8	191.9	176.1
OTHER INDICATORS					
Gross investments excluding acquisitions	3.0	3.9	5.8	3.1	2.7
% of net sales	0.8	1.0	1.7	1.0	1.0
Acquisitions and other investments in shares	0.0	9.7	0.2	10.5	1.2
% of net sales	0.0	2.6	0.1	3.4	0.5
Average number of personel	782	721	596	621	657

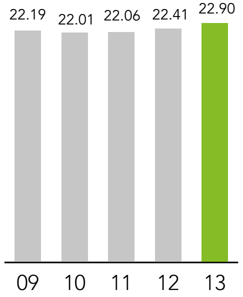
Share indicators

EUR million	2013	2012	2011	2010	2009
Earnings and dividend					
Earnings per share, EUR	1.63	1.07	0.92	1.04	0.94
Dividend per share, EUR	1.00	0.90	0.85	0.90	0.76
Dividend per earnings, %	61.3	84.1	92.4	86.5	80.9
Effective dividend yield, %	5.1	6.3	5.8	5.1	4.9
P/E ratio	11.9	13.4	16.0	16.8	16.7
Shareholders' equity per share, EUR	22.90	22.37	22.06	22.01	22.19
Share performance, EUR					
Lowest price during the year	14.41	12.38	12.95	15.51	11.90
Highest price during the year	19.64	16.77	18.80	20.00	15.99
Average price during the year	16.77	14.48	15.77	17.62	13.71
Share price at the end of the year	19.45	14.32	14.71	17.50	15.65
Share turnover					
Share turnover (1.000 pcs)	700	833	687	1,035	1,998
Turnover ratio, %	11.1	13.2	10.9	16.4	31.6
Share capital, EUR million	12.6	12.6	12.6	12.6	12.6
Market capitalisation, EUR million	122.9	90.5	92.9	110.6	98.9
Dividends, EUR million	[1] 6.2	5.6	5.3	5.6	4.7
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	6,187,576	6,187,576	6,187,576	6,187,576	6,220,618
Adjusted number of shares at the end of the period	6,187,576	6,187,576	6,187,576	6,187,576	6,187,576

[1] Board's proposal

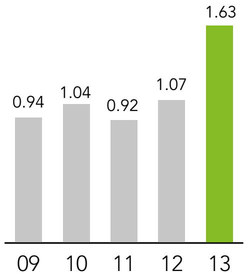
EQUITY PER SHARE

2009–2013, EUR



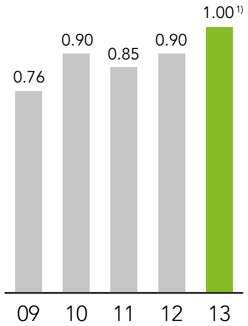
EARNINGS PER SHARE

2009–2013, EUR



DIVIDEND PER SHARE

2009–2013, EUR



[1] Board's proposal

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), %

$$= \frac{\text{Profit/loss before taxes + interests and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities, average for the year}} \times 100$$

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 - short term investments

Earnings per share

$$= \frac{\text{Profit/loss for the year attributable to the shareholders of the parent}}{\text{Weighted average number of outstanding shares}}$$

Dividend per share

$$= \frac{\text{Dividend for the period}}{\text{Basic number of outstanding shares on 31 December}}$$

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)

$$= \frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$$

Shareholders' equity per share

$$= \frac{\text{Equity attributable to the equity holders of the parent company}}{\text{Basic number of outstanding shares on 31 December}}$$

Market capitalisation

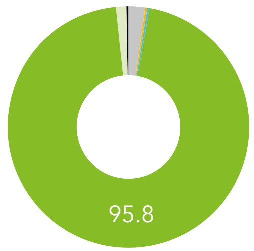
= Basic number of outstanding shares x share price at the end of the period

Note 32 Shares and shareholders

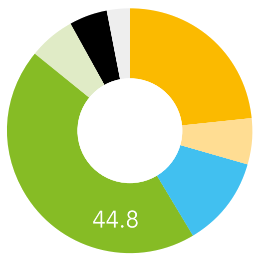
Major Shareholders on 10 February 2014

Shareholder	Number of shares	%	Number of votes	%
Sievi Capital plc	644,229	10.2	644,229	10.4
Valio's Pension Fund	520,108	8.2	520,108	8.4
Eela Esko	392,392	6.2	392,392	6.3
Nordea Nordic Small Cap Fund	347,860	5.5	347,860	5.6
EM Group	316,000	5.0	316,000	5.1
Skagen Funds	305,407	4.8	305,407	4.9
The Central Union of Agricultural Producers and Forest Owners (MTK)	125,485	2.0	125,485	2.0
Norvestia Plc	74,294	1.2	74,294	1.2
Säkylän municipality	59,822	0.9	59,822	1.0
Ilmarinen Mutual Pension Insurance Company	53,800	0.9	53,800	0.9
10 major shareholders total	2 ,839,397	44.9	2,839,397	45.8
Nominee-registered shares	202,425	3.2	202,425	3.3
Other shareholders	3,145,754	49.8	3,145,754	50.9
External ownership total	6,187,576	97.9	6,187,576	100.0
Shares owned by the company	130,000	2.1		
Total	6,317,576	100.0		

DISTRIBUTION OF SHAREHOLDINGS
percentage of shareholders, %



DISTRIBUTION OF SHAREHOLDINGS
percentage of shares, %



Distribution of shareholdings on 10 February 2014

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	5,050	48.7	246,285	3.9
101 - 500	4,065	39.2	990,812	15.7
501 - 1 000	765	7.4	564,484	8.9
1 001 - 5 000	426	4.1	805,631	12.8
5 001 – 10 000	28	0.3	188,358	3.0
10 001 – 50 000	19	0.2	387,474	6.1
50 001 – 100 000	4	0.0	262,098	4.2
100 001 – 500 000	7	0.1	1,708,097	27.0
500 001 -	2	0.0	1,164,337	18.4
Total	10,366	100.0	6,317,576	100.0

Distribution of shareholdings on 10 February 2014

	% of shareholders	% of shares
Companies	2.3	23.0
Financial and insurance institutions	7.2	7.2
Public organisations	0.3	10.8
Private households	95.8	44.8
Non-profit organisations	6.0	6.0
Foreign owners	0.2	4.9
Nominee-registered		3.2
Total	100.0	100.0

Shares owned by the Group administrations
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 336 617 shares on 10 February 2014. This corresponds to 5.3% of the share capital and voting rights.

Parent company income statement, FAS

PARENT COMPANY INCOME STATEMENT, FAS

EUR 1000	Note	2013	2012
Other operating income	(1)	568	474
Personnel expenses	(2)	–1,746	–2,077
Depreciation and impairments	(3)	–298	–325
Other operating expenses	(4)	–1,886	–1,377
Operating loss		–3,361	–3,305
Financial income and expenses	(5)	3,990	6,957
Profit before extraordinary items		629	3,652
Extraordinary items	(6)	2,150	2,820
Profit before appropriations and taxes		2,779	6,472
Income taxes	(7)	243	–356
Net profit		3,021	6,115

PARENT COMPANY BALANCE SHEET, FAS

EUR 1000	Note	31 Dec. 2013	31 Dec. 2012
Non-current assets			
Intangible assets	(8)	208	89
Tangible assets	(9)	4,142	4,380
Investments in Group companies	(10,11)	37,491	41,191
Investments in associated companies	(10,11)	12,126	12,106
Other investments and receivables	(10,11)	76	76
Total non-current assets		54,043	57,841
Current assets			
Long-term receivables	(12)	11,840	14,103
Deferred tax assets	(14)	243	–
Current receivables	(13)	69,752	86,580
Cash and cash equivalents		2,263	5,186
Total current assets		84,098	105,869
Total assets		138,141	163,711
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(15)		
Share capital		12,635	12,635
Share premium account		23,391	23,391
Contingency reserve		7,232	7,232
Retained earnings		75,739	75,192
Profit for the period		3,021	6,115
Total equity		122,018	124,565
Liabilities	(16)		
Long-term interest bearing liabilities		3,000	4,200
Current interest bearing liabilities		12,415	34,125
Current non-interest bearing liabilities		708	821
Total liabilities		16,123	39,146
Total equity and liabilities		138,141	163,711

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1000	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extraordinary items	629	3,652
Adjustments *)	–3,692	–6,646
Change in working capital		
Change in non-interest-bearing current receivables	–178	200
Change in non-interest-bearing current liabilities	–1,833	75
Cash flow from operating activities before financial items and taxes	–5,075	–2,719
Dividends received	3,439	4,205
Interests paid	–296	–277
Interests received	1,335	1,479
Taxes paid	–264	–672
Cash flow from operating activities (A)	–861	2,016
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	–179	–14
Proceeds from sales of tangible and intangible assets	-	9
Investments in Group companies	-	–6,462
Investments in associated companies	–20	–11
Dividends received	4,397	1,011
Cash flow from investing activities (B)	4,198	–5,467
Cash flow before financing	3,337	–3,451

EUR 1000	2013	2012
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	-	4,800
Repayments of long-term loans	–1,200	–600
Proceeds from short-term loans	-	58,000
Repayments of short-term loans	–20,000	–27,800
Change in long-term subsidiary financing	1,078	–249
Change in short-term subsidiary financing	16,610	–31,551
Dividends paid	–5,569	–5,259
Group contributions, received	2,820	3,200
Cash flow from financing activities (C)	–6,261	541
Net increase/decrease in cash and cash equivalents	–2,923	–2,910
Cash and cash equivalents at beginning of financial year	5,186	8,096
Cash and cash equivalents at end of financial year	2,263	5,186

Change in receivables and liabilities of the Group account –1,802 (–1,635) is included in the change of the working capital.

*) Adjustments		
Depreciations and impairments	298	325
Financial income and expenses	- 3,990	-6,957
Other	0	-14
Total	-3,692	- 6,646

ACCOUNTING PRINCIPLES, FAS

Valuation of fixed assets

Fixed assets have been capitalised at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life. During the financial year Apetit Kala Oy's shares have been impaired by EUR 3.7 million.

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 short-term receivables and liabilities have been charged to the profit and loss account. Unrealised exchange rate losses and gains of long-term receivables and liabilities have also been charged to the profit and loss account.

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, Apetit 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 rate 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.

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 Tehtaat 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

Note 1 Other operating income

EUR 1000	2013	2012
Gains from sales of non-current assets	–	2
Rental income	380	327
Service fees	139	130
Other	50	15
Total	568	474

Note 2 Personnel expenses and average number of personnel

EUR 1000	2013	2012
PERSONNEL EXPENSES		
Wages and salaries	1,374	1,610
Pension expenses	333	425
Other social security expenses	39	42
Total	1,746	2,077

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

Average number of personnel	11	11

The pension commitments to the members of the Board of Directors and the CEO

The retirement age of the CEO is 62 years.

Note 3 Depreciation and impairments

Depreciation according to plan has been calculated from the original acquisition cost on a straight-line-basis. Tangible and intangible assets are subject to straight-line depreciation over the period of their useful lives. Deprecitions begin from the month that they are available fo use.

Depreciation periods:

Intangible rights	5 or 10 years
Other capitalised long-term expenses	5 or 10 years
Buildings and structure	20 to 30 years
Other buildings and constructions	5 or 10 years
Machinery and equipment	5 or 10 years

The basis for depreciations have not changed.

EUR 1000	2013	2012
DEPRECIATION ACCORDING TO PLAN		
Intangible rights	19	21
Other capitalised long-term expenses	15	28
Buildings and structure	238	251
Machinery and equipment	26	24
Total	298	325

Note 4 Other operating expenses

EUR 1000	2013	2012
Rental expenses	68	88
Expenses of administration	1,415	891
Other operating expenses	403	398
Total	1,886	1,377

Audit fees	89	87

Note 5 Financial income and expenses

EUR 1000	2013	2012
DIVIDEND INCOME		
From Group companies	3,424	4,187
From associated companies	4,397	1,011
From others	15	18
Total	7,836	5,217
INTEREST INCOME FROM LONG-TERM INVESTMENTS		
From Group companies	266	400
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	1,060	1,030
From associated companies	–	2
From foreign currency gains	0	539
From others	9	47
Total	1,069	1,618
Financial income, total	9,171	7,234
Reduction in value of investments held as non-current assets	3,700	–
INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES		
To Group companies	0	1
To foreign currency losses	1,185	–
To others	296	276
Financial expenses total	1,481	277
Financial income and expenses, total	3,990	6,957

Foreign currency gains include unrealised profits from long-term receivables EUR - (537) thousands.

Foreign currency losses include unrealised losses from long-term receivables EUR 1,185 (-) thousands.

Note 6 Extraordinary items

EUR 1000	2013	2012
Group contributions, received	2,150	2,820

Note 7 Income taxes

EUR 1000	2013	2012
Income taxes from extraordinary items	–527	–691
Income taxes for the financial year	527	335
Change in deferred tax assets	243	–
Total	243	–356

Note 8 Non-current assets

INTANGIBLE ASSETS 2013

EUR 1000	Intangible rights	Other capitalised long-term expenses	Assets under construction	Total
Acquisition cost 1 Jan.	106	311	–	417
Additions	2	–	152	154
Acquisition cost 31 Dec.	108	311	152	570
Accumulated depreciation 1 Jan.	–60	–268	–	–328
Depreciation for the period	–19	–15	–	–34
Accumulated depreciation 31 Dec.	–79	–283	–	–362
Book value 31 Dec. 2013	29	27	152	208

INTANGIBLE ASSETS 2012

EUR 1000	Intangible rights	Other capitalised long-term expenses	Assets under construction	Total
Acquisition cost 1 Jan.	106	302	–	408
Additions	–	9	–	9
Acquisition cost 31 Dec.	106	311	–	417
Accumulated depreciation 1 Jan.	–39	–240	–	–279
Depreciation for the period	–21	–28	–	–49
Accumulated depreciation 31 Dec.	–60	–268	–	–328
Book value 31 Dec. 2012	46	43	–	89

Note 9 Non-current assets

TANGIBLE ASSETS 2013

EUR 1000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	2,260	5,848	426	63	8,597
Additions	–	–	26	–	26
Acquisition cost 31 Dec.	2,260	5,848	452	63	8,623
Accumulated depreciation 1 Jan.	–	–3,882	–334	–	–4,217
Depreciation for the period	–	–238	–26	–	–264
Accumulated depreciation 31 Dec.	–	–4,120	–360	–	–4,480
Book value 31 Dec. 2013	2,260	1,728	91	63	4,142

TANGIBLE ASSETS 2012

EUR 1000	Land and water areas	Buildings and structures	Machinery and equiomeni	Other tangible assets	Total
Acquisition cost 1 Jan.	2,269	5,848	421	63	8,601
Additions	–	–	5	–	5
Disposals	–9	–	–	–	–9
Acquisition cost 31 Dec.	2,260	5,848	426	63	8,597
Accumulated depreciation 1 Jan.	–	–3,631	–310	–	–3,941
Depreciation for the period	–	–251	–24	–	–275
Accumulated depreciation 31 Dec.	–	–3,882	–335	–	–4,217
Book value 31 Dec. 2012	2,260	1,966	91	63	4,380

REVALUATION 2013 AND 2012

EUR 1000	Total
Revaluation includes in book value of land and water areas	
Land and water areas 1 Jan. and 31 Dec.	1,850

Note 10 Investments

INVESTMENTS, OTHER INVESTMENTS AND RECEIVABLES 2013

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	41,191	12,106	44	31	53,372
Additions	–	20	–	–	20
Impairments	–3,700	–	–	–	–3,700
Book value 31 Dec. 2013	37,491	12,126	44	31	49,692

INVESTMENTS, OTHER INVESTMENTS AND RECEIVABLES 2012

EUR 1000	Holdings in Group companies	Holdings in associated companies	Other investments	Other receivables	Total
Acquisition cost 1 Jan.	34,729	12,095	44	31	46,899
Additions	6,462	11	–	–	6,473
Book value 31 Dec. 2012	41,191	12,106	44	31	53,372

Note 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	70.0
Apetit Suomi Oy	Säkylä	100.0
Avena Nordic Grain Oy	Helsinki	80.0
Caternet Finland Oy	Helsinki	100.0
Maritim Food AS	Norway	100.0
1 non-operative company	Säkylä	100.0
ASSOCIATED COMPANIES		
Sucros Ltd	Helsinki	20.0
Foison Oy	Helsinki	22.5

OTHER SHARES, HOLDINGS AND RECEIVABLES	Book value EUR 1000
Shares and holdings	44
Connection fees, long-term receivables	31
Total	75

Note 12 Long-term receivables

EUR 1000	2013	2012
Loans receivables from Group companies	11,840	14,103
Long-term receivables total	11,840	14,103

Note 13 Current receivables

EUR 1000	2013	2012
ACCOUNTS RECEIVABLE	43	18
AMOUNTS OWED BY THE GROUP COMPANIES		
Accounts receivable	105	98
Loans receivable	61,225	77,835
Group account receivables	5,351	5,258
Group contribution receivables	2,150	2,820
Other receivables	200	108
Total	69,030	86,119
AMOUNTS OWED BY THE ASSOCIATED COMPANIES		
Accounts receivable	1	1
Pre-payments and accrued income		
Personnel expenses	38	21
Income tax receivables	547	311
Other	92	111
Total	677	443
Current receivables total	69,752	86,580

Note 14 Deferred tax assets and liabilities

EUR 1000	2013	2012
Deferred tax assets, carry forward of unused tax losses	243	–

Deferred tax asset of EUR 243 thousands has been recognised for 2013 taxable loss.

Note 15 Changes in shareholders' equity

EUR 1000	2013	2012
Share capital 1 Jan.	12,635	12,635
Share capital 31 Dec.	12,635	12,635
Share premium account 1 Jan.	23,391	23,391
Share premium account 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.	75,192	71,711
Transfer from previous year's profit	6,115	8,740
Dividends paid	–5,569	–5,259
Retained earnings 31 Dec.	75,739	75,192
Profit for the financial year	3,021	6,115
Shareholders' equity 31 Dec.	122,018	124,565
DISTRIBUTABLE FUNDS		
Contingency reserve	7,232	7,232
Retained earnings	75,739	75,192
Profit for the financial year	3,021	6,115
Distributable funds 31 Dec.	85,992	88,540

Note 16 Liabilities

EUR 1000	2013	2012
NON-CURRENT LIABILITIES		
Loans from financial institutions	3,000	4,200
CURRENT LIABILITIES		
Loans from financial institutions	10,200	30,200
Trade payables	231	67
AMOUNTS OWED TO GROUP COMPANIES		
Trade payables	1	1
Other liabilities	61	61
Group account liabilities	2,215	3,925
Total	2,277	3,987
AMOUNTS OWED TO ASSOCIATED COMPANIES		
Trade payables	31	39
OTHER LIABILITIES		
Tax account payable	–	27
ACCRUED EXPENSES AND DEFERRED INCOME		
Personnel expenses	260	427
Accruals of expenses	123	199
Total	384	626
Non-current liabilities, interest-bearing, total	3,000	4,200
Current liabilities, interest-bearing, total	12,415	34,125
Current liabilities, non-interest-bearing, total	708	821
Total	16,123	39,146

Note 17 Collateral, contingent liabilities, contingent assets and other commitments

EUR 1000	2013	2012
LEASE LIABILITIES		
Real estate lease liabilities		
Falling due during the following year	150	192
Falling due at later date	400	–
OTHER LEASE LIABILITIES		
Falling due during the following year	27	11
Falling due at later date	47	9
OTHER LIABILITIES		
Guarantees	62	62
CONTINGENT LIABILITIES ON BEHALF OF THE GROUP COMPANIES		
Guarantees	7,371	7,770
Liabilities total	8,057	8,045
OUTSTANDING DERIVATIVE INSTRUMENTS		
Commodity derivatives		
Nominal value of underlying instruments	834	1,343
Market value	-233	-202
Interest rate swaps		
Nominal value of underlying instruments	4,200	5,400
Market value	–45	–91
CONTINGENT ASSETS		
Proceeds from the sale of shares in the joint book-entry account.	723	724

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 are recognised as expenses on an accrual basis.

Proposal of the Board of Directors for the distribution of profits

The parent company's distributable funds totalled EUR 85,992,177.66 on 31 December 2013, of which EUR 3,021,437.67 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 1.00 per share i.e. a total o	EUR 6,187,576.00
- retained in shareholders' equity	EUR 79,804,601.66
Total	EUR 85,992,177.66

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 jeopardise the company's solvency.

Signatures to the Board of Directors' report and Financial Statements

Espoo, 24 February 2014

Aappo Kontu   Tuomo Lähdesmäki   Veijo Meriläinen

Samu Pere   Helena Walldén

Matti Karppinen
CEO

Auditor's Report

To the Annual General Meeting of Apetit Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Apetit Plc for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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.

Other Opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Supervisory Board, the members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Säkylä, February 26, 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannu Pellinen
APA

Tomi Moisio
APA, CPFA

Statement by the Supervisory Board

The Supervisory Board has today reviewed Apetit Plc's financial statements 2013 including the consolidated financial statements, the Board of Directors' report and the auditors' 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: Jaakko Halkilahti, Mika Leikkonen, Timo Miettinen, Marja-Liisa Mikola-Luoto, Tuomo Raininko and Mauno Ylinen.

Säkylä, 27 February 2014

For the Supervisory Board

Timo Miettinen Chairman	Asmo Ritala Secretary

Shares, share capital and dividend policy

Registration and quotation

Apetit Plc's shares are in the book-entry securities system. The shares have been quoted on NASDAQ OMX Helsinki Ltd since 1989. The trading code of the share is APETI and its ISIN code is FI0009003503.

Shares and voting rights

The shares of Apetit Plc are all in one series. 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.

Share capital

The minimum amount of share capital is EUR 10 million, and the maximum amount EUR 40 million. The nominal value of each share is EUR 2. At the beginning and end of the year the registered and fully paid share capital was EUR 12,635,152 and the number of shares was 6,317,576.

Authorization for share issue

The Annual General Meeting held on 28 March 2012 authorized the Board of Directors to decide on issuing new shares and the right to transfer Apetit shares held by the company (share issue). The authorisation covers a maximum total of 761,757 shares, consisting of up to 631,757 new shares and 130,000 Apetit shares held by the company.

The subscription price for each new share will be at least the share's nominal value, or EUR 2. The transfer price for Apetit shares held by the company will be at least the market value of the share at the time of transfer, which is determined by the price quoted in public trading on NASDAX OMX Helsinki Ltd. The Board of Directors will also have the right to issue shares against consideration other than cash. In the case of share-based incentive systems, shares can also be issued without consideration.

The authorisation includes the right to deviate from the shareholders' pre-emptive subscription right (targeted issue) if the company has an important financial reason to do so, such as development of the company's capital structure, financing and implementing corporate acquisitions or other arrangements, or implementing a share-based incentive system.

The authorisation is valid until the 2015 Annual General Meeting.

By 24 February 2014, Apetit Plc's Board of Directors had not used the authorization granted to it by the Annual General Meeting to issue new shares or transfer shares held by the company.

Option rights

The company's Board of Directors is not authorized to issue share options or other special rights giving entitlement to shares.

Own shares

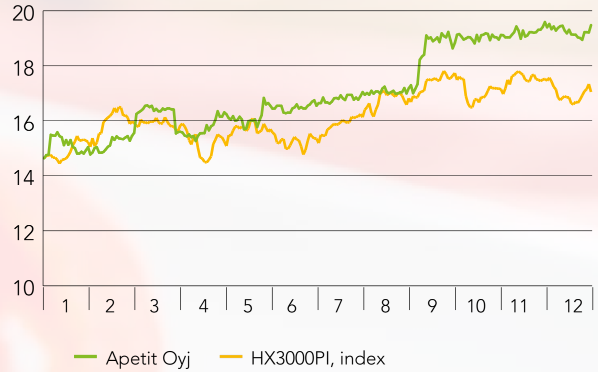
At the close of the financial year, the company had in its possession a total of 130,000 of its own shares acquired during previous years, with a combined nominal value of EUR 0.26 million. These treasury shares represent 2.1% of the company's total number of shares and total number of votes. The company's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

Dividend policy

The aim of the Board of Directors of Apetit Plc is that the company's shares should provide shareholders with a good return on investment and retain their value. The dividend policy aims to support this goal. The company will distribute a dividend of at least 40% of the profit for the financial year attributable to shareholders of the parent company.

SHARE PERFORMANCE
2009–2013, EUR

MONTHLY SHARE PERFORMANCE
2013, EUR



MARKET CAPITALISATION
2009–2013, MEUR

Information for shareholders

Annual general meeting

Apetit Plc's Annual General Meeting will be held on Wednesday 26 March 2014 at 2.00 p.m. in Apetit Plc's Myllynkivi staff restaurant in Säkylä. Shareholders who on 14 March 2014 are registered in the company's register of shareholders kept by Euroclear Finland Ltd shall have the right to attend the Annual General Meeting. Shareholders wishing to attend the Annual General Meeting must notify the company of this no later than 4.00 p.m. on Thursday 21 March 2014 either through our website www.apetitgroup.fi, by letter to Apetit Plc/Maija Lipasti, PO Box 100, FI-27801 Säkylä, Finland, or by fax (+358 10 402 4023), phone (+358 10 402 4044/Maija Lipasti) or e-mail maija.lipasti@apetit.fi. Holders of nominee registered shares must be registered in the company's temporary shareholder register by 10.00 a.m. on 21 March 2014.

Dividend payment

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.00 per share be paid for the financial year 2013. The dividend will be paid to shareholders who are registered in the company's shareholder register kept by Euroclear Finland Ltd on the record date 31 March 2014.

The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 7 April 2014.

Financial reporting in 2014

Apetit Plc published its financial statements bulletin for 2013 on Tuesday 25 February at 8.30 a.m. The annual report was published on the company's website in the week beginning 3 March 2014.

Interim reports for 2014 will be published as follows:

- Interim Report, January–March, Tuesday, 13 May 2014 at 8.30 a.m.
- Interim Report, January–June, Thursday, 14 August 2014 at 8.30 a.m.
- Interim Report, January–September, Thursday, 6 November 2014 at 8.30 a.m.

The Annual Report, financial statements bulletin and interim reports will be published in Finnish and English. These will be available on the Apetit Plc website (www.apetitgroup.fi/en/investors) and can also be downloaded as PDF versions.

The Finnish language version of the printed annual report can be ordered on the company website at www.apetitgroup.fi/fi/sijoittajatieto and mailing of the report will start in the week beginning 17 March 2014. The English language version is only available in electronic format.

Changes in personal details

Shareholders are requested to give notification of any changes in their personal details to the bank that holds their book-entry account.

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