

Annual Report

2010



Towards  
Product  
Leadership

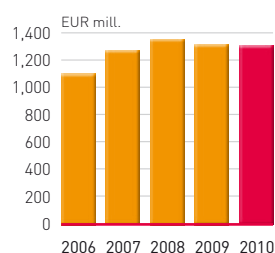




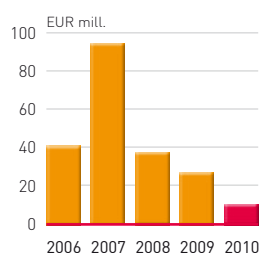
### Atria Group key indicators

	2010	2009
Net sales, EUR million	1,300.9	1,316.0
EBIT, EUR million	9.8	27.5
EBIT, %	0.8	2.1
Profit before tax, EUR million	0.3	16.5
Earnings per share, EUR	-0.18	0.25
Equity ratio, %	40.2	39.7
Gross investments, EUR million	46.2	33.0
Gross investments of net sales, %	3.5	2.5
Average personnel	5,812	6,214

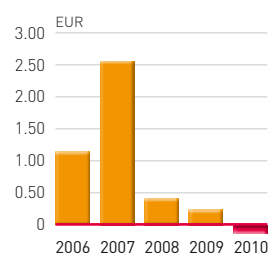
#### Net sales



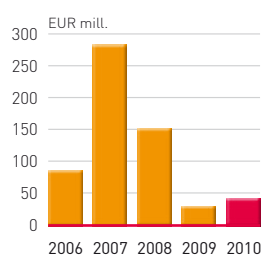
#### EBIT



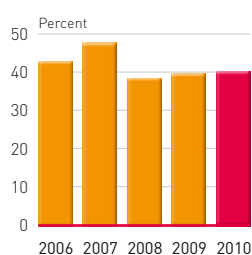
#### Earnings per share



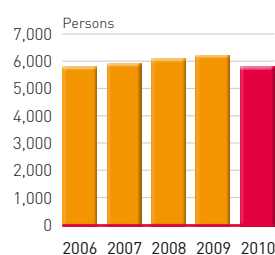
#### Gross investments



#### Equity ratio



#### Average personnel



Atria Finland

Customers

- consumer goods retail trade
- Food Service customers<sup>1)</sup>
- food industry
- export customers
- concept customers

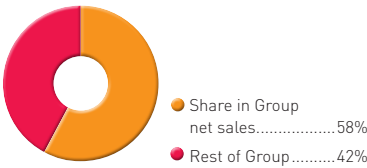
Core product groups

- fresh and consumer-packed meat
- meat products, such as sausages and cold cuts
- convenience food
- poultry products

Key Indicators 2010

	2010	2009
Net sales, EUR million	767.8	781.9
EBIT, EUR million	30.7	42.9
EBIT, %	4.0	5.5
Average personnel	2,089	2,222

Share in Group net sales



Atria Scandinavia

Customers

- consumer goods retail trade
- Food Service customers<sup>1)</sup>
- Deli customers (Ridderheims customers and Falbygdens Ost customers)
- Concept customers (Sibylla concept customers)

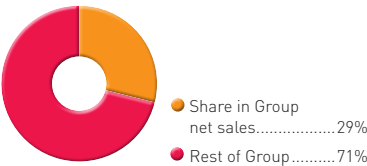
Core product groups

- cold cuts
- consumer-packed meat<sup>2)</sup>
- meat products, such as sausages and cold cuts
- convenience food
- delicatessen products, such as premium cheese, premium sausages and marinated fresh products

Key Indicators 2010

	2010	2009
Net sales, EUR million	391.6	405.2
EBIT, EUR million	13.9	10.0
EBIT, %	3.5	2.5
Average personnel	1,205	1,394

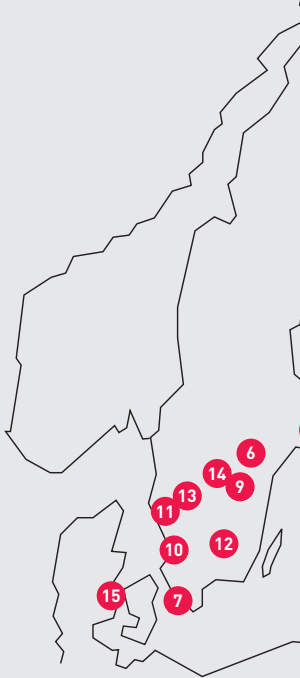
Share in Group net sales



1) Includes customers of hotel, restaurant and catering (Food Service) enterprises as well as public administration customers.

2) Production discontinued in 2010

Atria´s

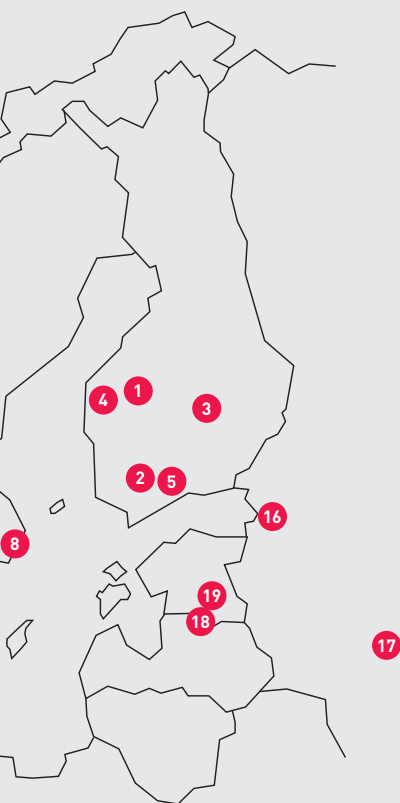


In Atria´s market area in European parts of 60 mi

Production Plants

1. Nurmo
2. Forssa
3. Kuopio
4. Kauhajoki
5. Karkkila
6. Sköllersta
7. Malmö/Fosie
8. Stockholm
9. Tranås
10. Halmstad

## Market Area



area, in the Baltic Sea region and Russia, there are approximately 19 million consumers.

11. Skene
12. Moheda
13. Borås
14. Falköping
15. Horsens
16. St. Petersburg area  
(Sinyavino, Gorelovo)
17. Moscow
18. Valga
19. Vastse-Kuuste

## Atria Russia

### Customers

- consumer goods retail trade
- Food Service customers<sup>1)</sup>
- Concept customers

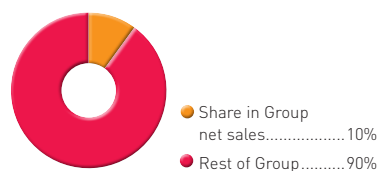
### Core product groups

- meat products, particularly sausages
- cold cuts
- convenience food (pizza, etc.)
- fresh meat
- Atria Russia's primary production

### Key Indicators 2010

	2010	2009
Net sales, EUR million	129.2	113.0
EBIT, EUR million	-27.9	-9.8
EBIT, %	-21.6	-8.7
Average personnel	2,048	2,003

### Share in Group net sales



## Atria Baltic

### Customers

- consumer goods retail trade
- Food Service customers<sup>1)</sup>

### Core product groups

- meat products, particularly sausages
- cold cuts
- fresh and consumer-packed meat
- Atria Baltia's primary production

### Key Indicators 2010

	2010	2009
Net sales, EUR million	35.0	37.5
EBIT, EUR million	-3.7	-12.6
EBIT, %	-10.5	-33.6
Average personnel	470	595

### Share in Group net sales



### Year 2010

2010 was disappointing from the point of view of financial performance.

A positive aspect is that Atria strengthened its competitiveness.

The set growth and profitability targets were achieved only partially in markets characterised by weak purchasing power. Net sales reached the previous year's level. However, EBIT fell clearly short.

The slight decline (approx. 1%) in net sales was caused by a decrease in sales in the Scandinavian and Finnish business areas. In Sweden, Atria discontinued part of its business, and in Finland, sales volumes decreased due to the effects of the industrial dispute in the spring. In addition, the direct and indirect effects of the dispute weakened Atria Finland's earnings markedly. However, the weaker profitability of Atria Group was mainly due to the loss-making operations of Atria Russia. It was caused by weak demand, increased raw material costs and tougher price competition. The losses were worsened by exceptionally high non-recurring costs.

The targets related to securing and improving Atria's sustainable competitiveness were achieved for the most part. In all of its business areas, the company continued to implement efficiency improvement programmes to improve its operational cost efficiency and slim down its cost structure. The results of the programmes were particularly visible in the improved earnings made by Atria Scandinavia and Atria Baltic. The systematic aim of Atria's new strategy, which maps out goals up to 2013, is to focus on improving the company's competitiveness and profitability.

## Strengthening competitiveness in weak market conditions

Atria was well positioned to achieve profitable growth after the difficult recession year of 2009. The operational environment proved, however, surprisingly challenging for us, as well as for most companies in the food industry.

Although consumers' purchasing power began to strengthen in all of our business areas at the end of 2010, recovery was slower than expected throughout the year. The demand for daily consumer goods remained low, which weighed down the increase in the demand for fresh food products and caused significant price competition, both between the chains in the consumer goods retail trade and within our industry. As a consequence of price competition, the consumer sales value of the product groups we represent decreased in practically all of our countries of operation.

By far Atria's most challenging operational environment was Russia, where total sales of meat products in the consumer goods retail trade decreased by approximately 10 per cent and prices remained low. At the same time, the price of the meat raw material used by Atria Russia increased by over 25 per cent. Raw material costs could not be passed on to consumer prices swiftly due to intense price competition. The contraction of the value of demand and sales was similar within Atria Baltic in Estonia.

The Swedish consumer goods market was expected to grow by 4 per cent, but it only grew by slightly over 2 per cent. The meat product markets represented by Atria Scandinavia grew even less than this, and their growth stood at approximately 1 per cent.

In Finland, the overall demand for

food recovered, especially towards the end of the year. However, the average price of food in the food trade decreased by nearly 5 per cent during the year. The challenges of low demand and low prices were, however, small compared to the difficulties caused by the industrial dispute in the spring. These caused – directly or indirectly – most of the decrease in Atria Finland's net sales and EBIT, which fell by EUR 14 million and EUR 12 million, respectively.

### Efficiency improvement programmes improved profitability

Although Atria's earnings were affected by the loss-making operations in Russia, in other business areas operational profitability developed favourably considering the circumstances.

Atria Scandinavia's EBIT grew by approximately 40 per cent, and in the last quarter, the company nearly reached an EBIT margin of 6 per cent. The improvement in profitability was fuelled by the clear strengthening of the Swedish krona. Atria Baltic's operations continued to be in the red. However, its operating loss decreased by over 30 per cent compared to the previous year. Atria Finland's EBIT, which was in excess of EUR 30 million, was a good performance in unusual conditions.

Atria's favourable profitability development was supported by many major restructuring operations and efficiency improvement programmes. In Sweden, we discontinued the production of consumer packed meat due to its low profitability. In Russia, we transfer a large part of our meat product production to the centralised Gorelovo plant in St Petersburg, which was opened in the spring. We expect the measures to generate annual cost



savings of approximately EUR 6 million by mid-2012. In Estonia, we transferred the operations of the Ahja production plant to a centralised plant. In Finland, we launched a well-planned efficiency improvement programme to transfer bovine slaughtering to the Kauhajoki unit, which will be a very competitive plant, even by the highest European standards. We expect this arrangement to generate cost structure savings amounting to EUR 6 million per year. This efficiency improvement programme was approved at the beginning of 2011. The new Kauhajoki bovine slaughterhouse will be completed by the end of 2012.

All these arrangements improved – and will continue to improve – our cost efficiency and structure even if they did not reach their full potential in terms of earnings, due to the weak market conditions.

#### Focus on profitability

Atria's financial development focuses on significantly improving the profitability of our international companies in the coming years. This is the core message

of our renewed strategy, which maps out goals up to 2013. The strategy is presented in this Annual Report, starting on page 6.

Under the new strategy the focus is on strengthening Atria's financial position and balance sheet structure. Efforts will focus on raising the company's equity ratio and return on equity quite significantly. At the same time net gearing should be brought down correspondingly. The financial position will be enhanced, first and foremost, by improving profitability and cash flow. The company will also release assets from the balance sheet through a reduction of working capital.

I would like to thank Atria employees and our partners for their excellent work for the benefit of our customers, our shareholders and our company.

Seinäjoki, 18 March 2011

**Juha Gröhn**

President and CEO, Atria Plc

## Year 2011

"There are two opposite directions of development in Atria's operational environment, and the balance of these directions will determine the extent of Atria's growth and profitability in 2011.

A positive development is the slight increase in consumer demand in Finland, Sweden, Denmark and Estonia. Demand will recover in Russia as well, although more slowly than in the aforementioned countries. With higher demand, Atria is well-placed for organic growth. The growth in our net sales is, however, weighed down by the smaller sales volumes in Sweden due to the discontinuation of the production of consumer packed meat, as well as by the challenging situation in Russia with respect to demand and prices.

The alarmingly sharp increase in the prices of crops, feed and other raw materials is an unfavourable development. If raw material costs are not passed on to consumer prices swiftly enough and to an adequate extent, and if there is a large oversupply of meat, the profit-making capacity of Atria and the entire meat processing industry will deteriorate dramatically. If this threatening scenario is averted, Atria is well-placed for significantly better earnings."









Ridderheims



### Atria Scandinavia

Atria Scandinavia has an extensive selection of brands. The best-known brand in Sweden is Sibylla, which is also Atria's most international brand. With a market share of approximately 30 per cent, the Ridderheims and Falbygden's delicatessen products, which are marketed by the Atria Deli business, are the market leaders in their respective product groups in Sweden.

### Atria Russia

Atria Russia's brands are Pit-Product and CampoMos. With a market share of approximately 20 per cent, the Pit-Product brand is the market leader in its product groups in St Petersburg's consumer goods retail trade. CampoMos' market share in Moscow's centralised consumer goods retail trade is four per cent.



# New strategy 2010–2013: higher profitability from leading products

The Board of Directors of Atria Plc approved in spring 2010 a Group strategy that strives to enhance the company's value systematically and with long-term effects. The implementation of this strategy, designed to cover the years until 2013, has already begun.

The most important financial goal under the new strategy is to significantly improve the profitability of Atria's international operations. The strategy also aims to secure and strengthen Atria Finland's profitability, which is already good.

Besides improving profitability, the new strategy promotes company growth. This means predominantly organic growth, and only complementary acquisitions will be considered. In the previous strategy period Atria's growth outside Finland was mostly based on acquisitions and capital investments.

Under the new strategy the focus is on strengthening Atria's financial position and balance sheet structure. Efforts will focus on raising the

company's equity ratio and return on equity quite significantly. At the same time net gearing should be brought down correspondingly. The financial position will be enhanced, first and foremost, by improving profitability and cash flow. The company will also release assets from the balance sheet through a reduction of working capital.

Atria's production and operative structures are seen to support the profitability improvement goals primarily from a cost-efficiency perspective.

## Growth and competitive advantage from product leadership

To improve its profitability and secure its growth, Atria aims for an increasingly

## Atria's new strategy in a nutshell



strong market position in all its business areas.

The strengthening of the market position relies on the scale of Atria's operations, operational efficiency and comprehensive product portfolio. These attributes allow the company to develop its product groups across all price categories.

Product leadership will be the guiding principle in the ongoing development of product groups and operations. This is the profitable growth strategy which Atria will use to gain long-term competitive advantage and stand out from its competitors.

Atria's product leadership model is a genuinely consumer-driven business model in which the development

of operations and product groups is primarily guided by consumer needs, not the needs of retail operators or Atria's other customers. Consumer needs and wishes guide the management and development of product groups as well as their pricing. When supply is genuinely customer-driven, it also improves retail business opportunities in a whole new way.

To be able to make its operations and supply customer-driven, Atria is significantly upgrading its consumer research efforts in all business areas.

In line with the product leadership model, Atria is concentrating its R&D and marketing efforts on strengthening its own brands. Strong brands put Atria in an excellent position to develop

products with a higher degree of processing and more profitable price levels. The goal is to develop entirely new, innovative product groups, concepts and business models.

Atria's product leadership model will initially be applied in two product groups. One of these is cold cuts, which offers opportunities for developing product ranges even across geographical boundaries. The other is the Sibylla fast food range, a product group whose market position Atria aims to considerably strengthen. Sibylla is Atria's most international brand and has excellent expansion potential.

## Atria's product leadership in a nutshell

Product leadership is an essential element of Atria's profitable growth strategy. Atria uses it to gain long-term competitive advantage and stand out from its competitors.

### In accordance with the product leadership model, Atria will:

- develop proprietary products that genuinely bring added value to consumers; operations are primarily consumer-driven, secondarily retail-driven
- focus on its own brands
- avoid following or copying of competitors' products
- shift the focus of supply from volume to profitability, especially in Finland
- heavily invest in deepening consumer understanding and in market research
- heavily invest in product development and marketing
- maintain product innovations as a key preference, aiming for pioneering innovations in all business areas
- create a balanced product portfolio which also comprises longer-term development projects
- draw upon the competences and resources of the entire Group to achieve product leadership
- analyse and carefully select the product groups in which product leadership is targeted; product leadership does not apply to all product groups
- apply sustained efforts; the successful development of product range management, R&D and marketing processes takes 2–3 years.

# Striving for leadership in fresh foods

Atria's goal is to be the number one choice for consumers and customers in fresh foods in the Baltic Sea region and European parts of Russia.

To put the vision into practice Atria will apply its profitable growth strategy, with which the new 2010–2013 strategy has been aligned. The strategy dictates that Atria looks for growth in the traditional meat and meat processing market and also more extensively in the entire food sector, particularly in the fresh food segments.

Atria's primary aim is to grow organically, but complementary acquisitions are also possible.

### Dynamics in the operating environment

Atria's profitable growth strategy has been adapted to continuing intense changes in the business environment.

The international environment is governed by the following dynamics in particular:

- Global increase in the demand for food
- Internationalisation of the food processing industry and industrial processes
- Internationalisation of the consumer goods retail trade and the food sector
- Raw material trade across borders
- Increased focus on ethical and environmental issues
- More fragmented consumer behaviour
- Operating models based on networking and partnerships

### Basic assumptions determining Atria's growth

In Atria's Finnish and Scandinavian markets the quantitative growth

in meat consumption is negligible, the consumer goods retail trade is concentrated and the share and growth of private label products is considerable.

In Russia, particularly in large cities like Moscow and St Petersburg, overall demand for meat products is expected to grow considerably over the medium and long term. In the Baltic Sea area long-term growth expectations are also promising, although the total volume of the market is modest compared with Atria's other markets. The concentration of retail trade is only just beginning in Russia and the Baltic states.

The food industry is the largest industry in the EU and meat processing is its largest sub-sector.

The food industry and its most important customer segment, the consumer goods retail trade, are in the process of becoming more international

## Product leadership as Atria's long-term competitive asset

Product leadership is Atria's new competitive strategy applied to gain long-term competitive advantage and stand out from competitors.

To achieve optimal success, product leadership requires consumer-driven operations and clear segmentation of product lines.

A second prerequisite for sustained success is a comprehensive and balanced offering, which Atria is well positioned to achieve as one of the leading operators in the sector.



and concentrated.

Despite the increasingly international nature of the industry, culinary preferences are still largely determined by national culture.

The average margins of meat industry products are lower than in many other industries, and, in the long run, price levels of products will be harmonised both on the EU level and globally.

The food industry is historically less sensitive to business cycles than most other industries.

#### MISSION

**Good food – better mood.**

#### VISION 2013

**Atria is the first choice for consumers and customers in fresh food in the Baltic Sea region and in European parts of Russia.**

- We are the market leader or number two in all of our business areas. This way we are the best creator of sustainable shareholder value.
- Our brands are among the two best-known brands in the existing food category, developing markets of meat products and in emerging markets in the meat categories.
- We are our customers' most preferred partner in the existing food category, developing markets of meat products and in emerging markets in the meat categories.
- We are the most efficient and streamlined company in the industry.
- We are the best employer; our tools are good management and systematic development of skills based on our strategy.

#### VALUES

**Profitability and forerunner in our business**

- Consumer and customer focus
- Individual and co-operative initiative
- Networking – teamworking
- Cost-efficiency

#### Role of segment

- Create value
- Platform for innovation
- Spearhead for international expansion

#### Category

- Most of cold cuts
- Higher-end sausages
- Higher-end of convenience

#### Key success factors

- Continuous innovation
- Very clear and compelling brand promise

- Strong value brand in Finland
- Providing scale & visibility towards customer

- Large volume products with strong brand promise

- Continuous innovation
- Large scale

- Needed for SC optimization: Maximize utilization

- Largest volume products with little innovation potential
- Lower quality PL

- Efficient supply chain
- High-volumes
- "Right-sized" supply



### Strengths supporting Atria's new strategy

#### Strong market position

In Finland, Atria is the market leader in many of the product groups it represents and it is the largest player in the meat processing market. In Sweden, the company is the second largest player in the market, and it has a sound bridgehead position in Denmark. In Russia, Atria is the market leader in its segment in the consumer goods retail trade in the St Petersburg area and its position in Moscow has strengthened. In Estonia Atria is the second largest player in the market.

#### Strong brands

Atria has strong and well-known brands, the significance of which is

further highlighted in the product leadership model of the new strategy. Due to its strong brands Atria is well positioned to continue launching new products and product groups and to aim for growth, particularly in product groups with a higher degree of processing and better profitability.

#### Good knowledge of consumers

Knowing consumers' purchasing and culinary habits is essential for success in the food industry. Good customer knowledge is already a significant strength of Atria's, and the new strategy means even more investments to promote it. Atria strengthens its customer partnerships by developing

new, innovative and profitable co-operation models with each consumer goods retail chain.

#### Cost-efficient operations

In order to meet the challenges presented by the changing nature of the consumer goods retail trade and business environment, Atria has implemented extensive programmes to increase the efficiency of its production and operations. Experience with increasing production efficiency and good control over change processes and the supply chain are Atria's core strengths in all business areas.

### Financial targets 2010

	Target	Achieved
• EBIT	5%	0.8%
• Equity ratio	40%	40.2%
• Share of international operations	50%	42.1%
• Return on equity	12%	-1.0%
• Distribution of dividends (of the profit for the period)	50%	-132.9%

### Strategic measures in 2010

In 2010 Atria did not acquire new companies but aimed for organic growth and stabilising the operations of previous acquisitions and achieving improved profitability in accordance with the company strategy.

In Russia, Atria confirmed its partnership agreements with the Danish company Dan Invest A/S concerning pork production. The agreement gave Atria a 26 per cent holding in the Russian company

OOO Dan Invest, owner of two pork farms. The estimated annual production volume is 188,000 pigs by 2013. The total value of the project is about EUR 40 million. Atria is investing EUR 3 million in the project now and a further EUR 2 million when an agreed production volume has been achieved. Atria also signed a supply agreement with the production company.



## Efficiency improvement programmes 2009–2010

	Events	Impact
Atria Finland	2009: efficiency improvement programme covering all operations	<ul style="list-style-type: none"> <li>• annual savings EUR 5 million</li> <li>• personnel reduction 125 man-years</li> </ul>
	2010–2012: decision to concentrate bovine slaughtering in Kauhajoki	<ul style="list-style-type: none"> <li>• annual savings EUR 6 million</li> <li>• personnel reduction 120 man-years</li> </ul>
Atria Scandinavia	2009: sale of the salad and sandwich business and EUR 5 million investment in increasing the efficiency of the Atria Deli business	• total personnel reductions 201 man-years
	2010: discontinuation of consumer packed meat production and investments in production automation	• total personnel reductions 79 man-years
Atria Russia	2009: efficiency improvement programme covering all operations	<ul style="list-style-type: none"> <li>• annual savings EUR 4 million</li> <li>• total personnel reductions 150 man-years</li> </ul>
	2010: transfer of most of the meat product production of the Moscow and Sinyavino plants to the new, centralised Gorelovo plant in St Petersburg	<ul style="list-style-type: none"> <li>• annual savings EUR 6 million (starting from Q2/2012)</li> <li>• total personnel reductions 300 man-years</li> </ul>
Atria Baltic	2009: concentration of slaughtering, cutting and meat product production at the Valga plant	<ul style="list-style-type: none"> <li>• annual savings EUR 1.4 million</li> <li>• total personnel reductions 100 man-years</li> </ul>
	2010: shutdown of the Ahja plant and concentration of production at the Valga and Vastse-Kuuste plants	<ul style="list-style-type: none"> <li>• annual savings EUR 1 million</li> <li>• personnel reduction 40 man-years</li> </ul>

## Atria's strategic measures and growth from 2006 to 2010

### 2006

- Atria merges the operations of its Lithuanian subsidiary UAB Vilnius Mesa and the Estonian company Valga Lihatööstus.

### 2007

- Atria acquires the Swedish company AB Sardus
- Atria acquires Liha-Pouttu Oy in Finland
- Atria sells the Swedish company Svensk Snabbmat för Storkök AB
- Atria discontinues its production operations in Lithuania.

### 2008

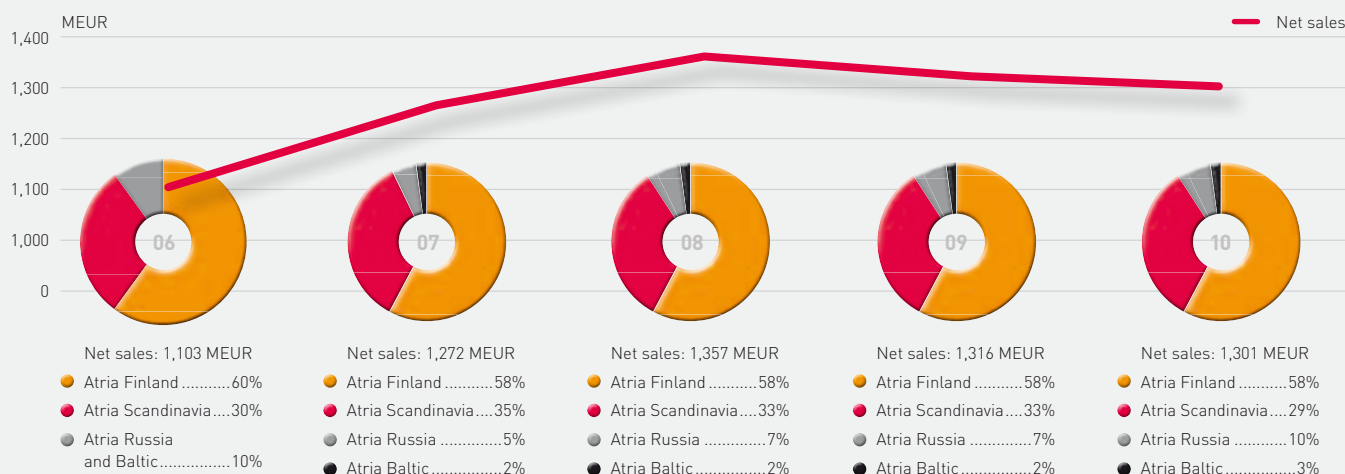
- Atria acquires the Russian company OOO Campomos, which mainly operates in the Moscow market
- Atria acquires the Swedish company AB Ridderheims Delikatesser
- Atria acquires the meat processing companies AS Wõro Kommerts and AS Vastse-Kuuste Lihatööstus in Estonia.

### 2009

- Atria sells the Lätta Måltider business in Sweden
- Atria invests in pork production in Russia by acquiring a 26 per cent holding in the Russian company OOO Dan Invest.

### 2010

- Atria made no new acquisitions or sales. Instead, it focused on developing operations and improving profitability.



## Growth subsided slightly, profitability weakened

The direct and indirect consequences of the production break caused by the industrial dispute in spring 2010 significantly weakened Atria Finland's growth and performance prospects. The company's net sales fell by nearly 2 per cent and operating profit fell by 28 per cent. Profitability was also weakened by the rise in feed prices, which increased the costs of meat production. Additionally, an increase in imports put pressure on consumer prices.

The food industry strike and related lock-out in April and May directly and indirectly weakened Atria Finland's volume and earnings development. The labour dispute that affected the majority of Finland's food industry operators stopped Atria Finland's production operations for 10 days in Kauhajoki, Kuopio and Nurmo, with the exception of the chicken slaughterhouse.

Atria Finland's net sales fell by EUR 14.1 million or 1.8 per cent to EUR 767.8 million. In the first half of 2010, net sales decreased by EUR 25.6 million, which was 6.7 per cent less compared to the corresponding period the year before. Sales volumes recovered in the last quarter, when net sales grew by approximately three per cent year-on-year.

Falling volumes and the other indirect consequences of the production break significantly weakened Atria Finland's profitability. The company's EBIT decreased by EUR 12.2 million to EUR 30.7 million. This was 28.4 per cent down on the previous year. Profitability weakened, especially in early summer when Atria's sales structure was unfavourable due to problems in production. The decreased average price of the product range also reduced profitability.

Despite the volume and net sales reduction caused by the production break, Atria Finland's cost efficiency remained high and the company slimmed down its cost structure according to plan.

### Major companies

#### Atria Finland Ltd

- This company develops, manufactures and markets Finnish fresh food products and related services. In terms of net sales, it is the largest meat processing company in Finland.
- It has production plants in Nurmo, Forssa, Kuopio, Kauhajoki and Karkkila.

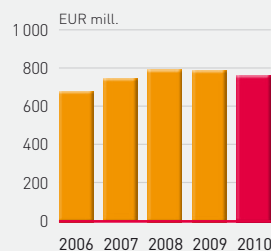
#### A-Farmers Ltd

- Subsidiary focusing on meat purchasing.

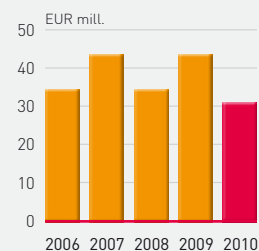
#### A-Rehu Oy

- Subsidiary focusing on the feed business.
- Production plants located in Koskenkorva and Varkaus.

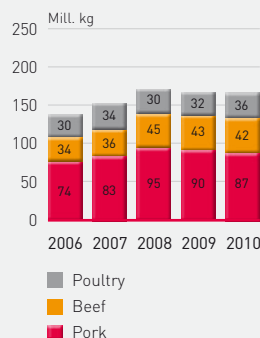
#### Net sales



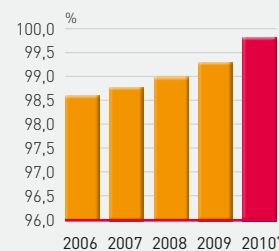
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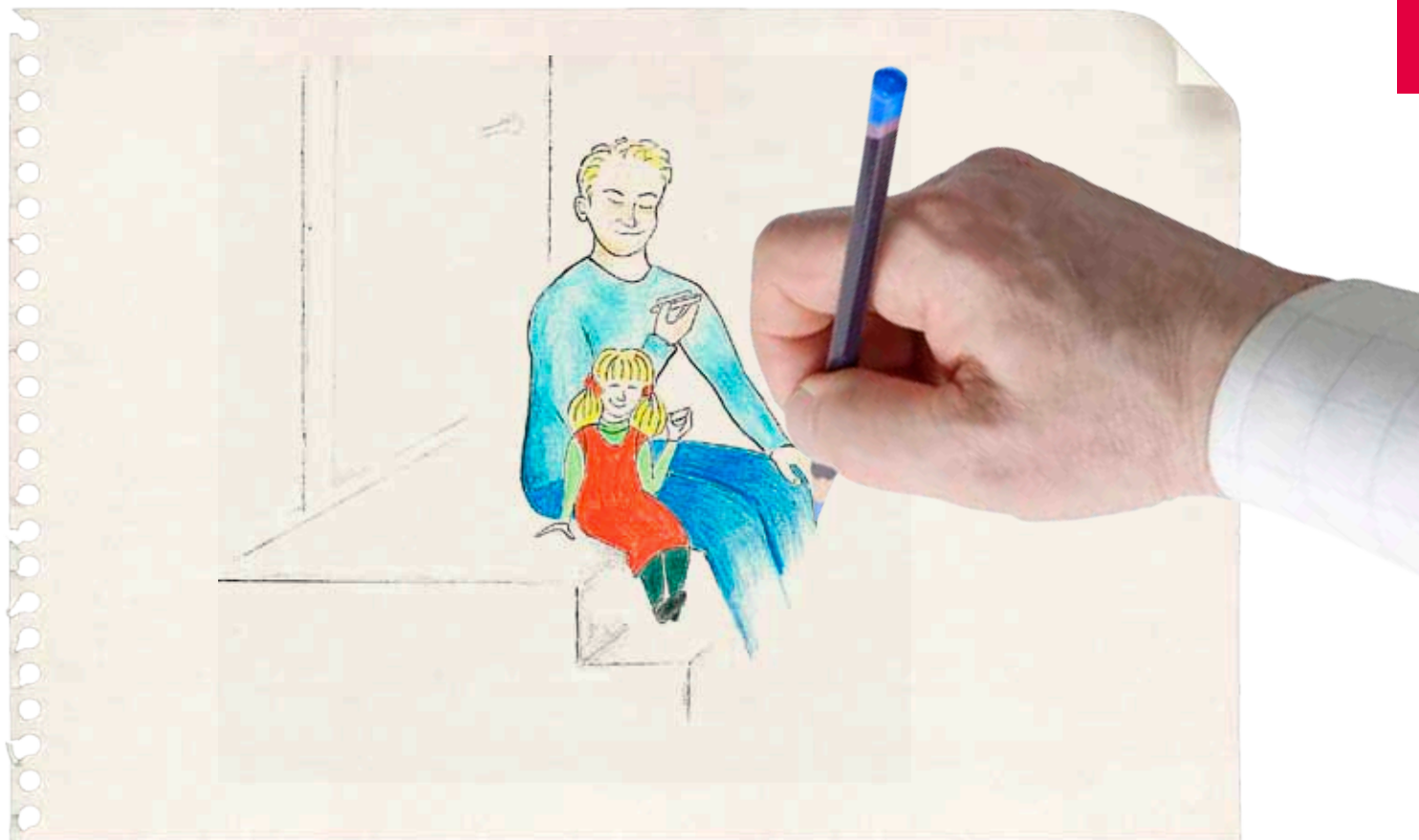
#### Meat volumes processed by Atria



#### Delivery reliability



\*] The 99.8% delivery reliability figure does not include the impacts of the production break in spring 2010



## TOWARDS PRODUCT LEADERSHIP

The first product group used by Atria Finland to pursue product leadership as per the new strategy is the cold cuts product group. Atria is the market leader in the product group in Finland with a share of over 25 per cent, and the Atria brand has been the quality leader in the product group since the beginning of the 2000s. The size of the cold cut market increased steadily throughout the 2000s until 2010, when growth subsided slightly, along with demand generally. In terms of value, the market size is about EUR 400 million<sup>1)</sup>.

Atria Finland's major investment in the higher price category of the cold cuts product group is the new Kulinaari product family. During its launch phase, the family included four completely new

<sup>1)</sup> Sources: Nielsen Market Trends, FFDIF statistics

### Cheap imported meat and feed price hikes put pressure on prices

The production break overloaded Atria Finland's pig and bovine slaughtering, which caused a significant increase in stock levels. The clearing of frozen stocks was slowed down primarily by a significant increase in the amount of cheap imported meat.

Even though the growth in import to Finland slowed towards the end of the year, the increase on the previous year was significant. Pork imports increased by 21% to 28.4 million kilos and beef imports by 14% to more than 17 million kilos. The share of imported pork as a proportion of total pork consumption increased by two percentage points, to 15 per cent. The share of imported beef as a proportion of total beef consumption also increased by two percentage points, to a total of 18 per cent.<sup>1)</sup>

In addition to cheap imported meat, the rise in feed prices increased

cost and price pressure on Atria Finland and its meat producers. This was due to the significant increase in the price of cereal and protein raw materials internationally. For example, the price of feed barley almost doubled in 2010. (See page 17.)

### Consumer prices fell

Even though the total demand in the retail and Food Service sectors recovered towards the end of the year and the overall demand for food was up from a year earlier, the total value of the food market fell.

The average price of food in the retail trade was 4 per cent lower than in the previous year. The average price of beef was down 7 per cent and the price of beef fillet dropped by 10 per cent. The average price of pork and pork products was 4 per cent down from the previous year.<sup>1)</sup>

Prices varied greatly throughout the year. In summer and early autumn, for example, imports of German pork,

which had increased by a third, put pressure on the average market price of pork and on the average consumer price of Finnish pork products.

The consumer prices of product groups represented by Atria Finland also declined, although not as drastically as the average prices of meat products. In Atria's own estimate the market for cold cuts and poultry products declined in value by some 2.5 per cent while sausage sales remained unchanged. The convenience foods market saw a mild growth of less than 2 per cent in terms of value.

### Market share remained strong

The lower-than-anticipated overall demand for fresh food products, the availability issues caused by the production break and the pressure on the price level from cheap imported meat weakened the profit-making capacity of the entire sector and gave rise to occasional bouts of fierce price competition.

Source: Suomen Gallup Elintarviketieto, 2011.

products and two that had already been on the market before. The best hams and roasts are used as raw materials for the products. The products have a meat content of at least 95 per cent, and they are manufactured using traditional recipes and methods. The products do not contain monosodium glutamate or substances listed as allergens by the EU. All Kulinaari products come in next-generation recyclable paperboard containers. On top of each container there is a sliding lid that can be easily opened and closed. Thanks to this, the product remains well preserved in the fridge after being opened.



To secure its profitability Atria Finland restrained from getting involved in the fiercest price battles, which affected its market share in some product sub-segments. The company's overall market share in the retail trade remained strong, at approximately 25 per cent by its own estimate.

The poultry group progressed especially well with a sales growth of almost 15 per cent. Successful product launches and well-timed product and marketing investments increased Atria's market share, as the new EU fresh poultry marketing standard came into force on 1 May 2010.

#### **Procurement shares unchanged, meat production profitability holds major challenges**

Overall, meat consumption in Finland increased by some 3 per cent, with beef and poultry leading the way. Pork consumption also saw a slight increase. Total production volume, on the other hand, remained at the previous year's level, but pork production fell 1.3 per cent. The increase in consumption only applied to imported pork.

Atria's pork processing volume fell relatively more than national production, at about 2 per cent. The most important single reason for this fall was the poor profitability of pork farms, which further deteriorated as feed and cereal prices rose steeply near the end of the year. Unprofitability has led to pork farm closures.

The processing volumes of beef remained at the previous year's level although freight slaughtering fell slightly. Chicken processing volumes grew markedly, by almost 15 per cent.

Despite the challenging procurement situation, Atria maintained its procurement shares. Atria is Finland's leading pork and beef processor with a 43 per cent share of the market.

Export volumes and value remained at 2009 levels despite the import restrictions in Russia. Atria was able to find replacing markets, which meant a bigger role for Group subsidiaries. The profitability of exports was good, as anticipated.

#### **Better competitiveness for the entire beef chain**

At the end of the year, Atria Finland published a programme of substantial improvements to be made to the effectiveness and competitiveness of its beef production and the entire beef chain. The price competitiveness of domestic production and processing of beef has been affected by increased imports.

In line with the efficiency improvement programme approved in early 2011, Atria's bovine slaughtering and cutting operations will be centralised at a large new facility to be built in Kauhajoki, which is large even on European standards. This EUR 26 million investment is due to be completed by the end of 2012. Atria will subsequently close down the operations of its Kuopio unit. The efficiency improvement programme is expected to generate annual cost savings of EUR 6 million.



#### **Year 2011**

"The faster-than-anticipated recovery of the Finnish economy is positively reflected in demand for consumer goods, which also means that the overall demand for fresh food products is expected to grow by more than in 2010. The flip side is the unusually severe pressure to raise the consumer prices of fresh food products, since the costs of primary production are likely to continue rising for at least the first half of the year. Retail price levels are naturally of crucial importance for Atria Finland's profitability, but we will also continue systematically improving the cost-efficiency of operations. Our organic growth will be supported by new products aligned with our new strategy, which will be accompanied by substantial marketing inputs."

**Mika Ala-Fossi**  
Executive Vice President,  
Atria Finland business area



## Atria Finland's business environment

### Overview

- Quantitative growth of the market:<sup>1)</sup> approx. 3%
- Growth in terms of value:<sup>2)</sup> approx. -4%
- Size of the market:<sup>3)</sup> approx. EUR 2 billion
- Proportion of total consumer expenditure spent on food: 12%
- Finland is a net exporter of meat; the main export is pork
- 84.8% of the pork consumed is Finnish
- 82.5% of the beef consumed is Finnish
- 85.0% of the poultry consumed is Finnish

### Operational environment

- The consumer goods retail trade is highly concentrated; the sector is dominated by the S Group and the K Group.
- S Group's market share is 43.2%, K Group's market share is 34.2% and Suomen Lähikauppa's market share is 10.2%.<sup>4)</sup>
- The market share of private label goods in the entire retail trade grew slightly in 2010. Their share in the product groups represented by Atria ranged from 5 to 15 per cent.

### Competitive environment

- There are some 300 meat processing plants and slaughterhouses in Finland, of which the 20 largest produce over 90% of the gross value of production.
- By far the largest market players are Atria Finland Ltd and HK Ruokatalo Oy.
- Atria Finland is the largest slaughterhouse industry operator in Finland with a market share of over 45% in pork and beef processing.
- Other significant, mid-sized players are the privately owned Saarioinen Oy, Oy Snellman Ab and Pouttu Oy.

1) Overall demand for meat products

2) Average consumer price of meat and meat products

3) Total market for food products represented by Atria

4) Figures for 2009, Source: Finnish Grocery Trade Association (FGTA)

### FINLAND'S MEAT PROCESSING MARKETS

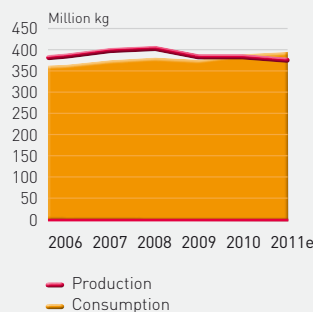
#### Overall production and consumption

- Meat consumption increased by 3% to 389 million kilos
- Meat production remained at the previous year's level of 382 million kilos
- Meat imports increased by 16%, pork imports increased the most
- Imports as a proportion of overall consumption grew to 17 per cent (15% in 2009)
- Exports decreased by 2%, pork exports decreased the most

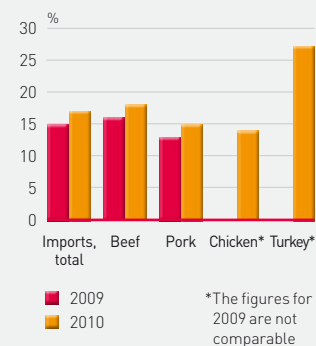
#### Forecast for 2011

- Meat consumption will remain unchanged, and overall production will grow by approximately 0.5%.
- Pork production will decrease slightly
- Production of other types of meat will grow slightly.

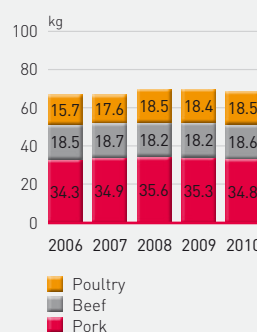
Overall production and consumption of meat



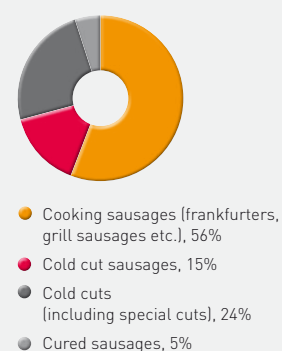
Proportion of meat imports in total consumption



Meat consumption in Finland per capita

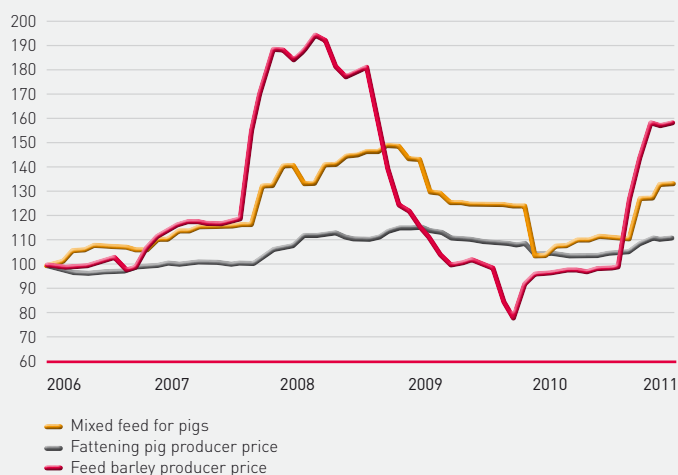


Structure of meat products consumption





Price index: mixed feed for pigs as well as feed barley and fattening pig producer price in Finland 2006–2010 (Index: 2005=100)



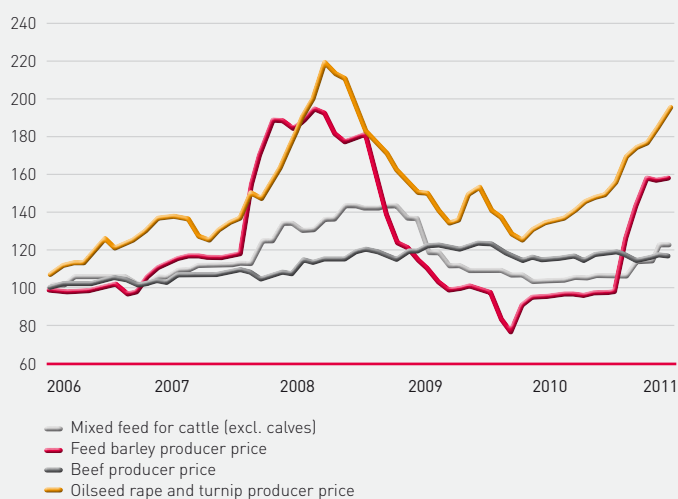
### Pork

- Pork consumption increased by 2% to 187 million kilos
- Pork production decreased by 1.3% to 203 million kilos

### Forecast for 2011

- Pork consumption will increase by 1%
- Pork production will decrease by 1%

Price index: mixed feed for cattle and feed barley, oilseed rape/turnip rape and beef producer prices in Finland 2006–2010. (Index: 2005 = 100)



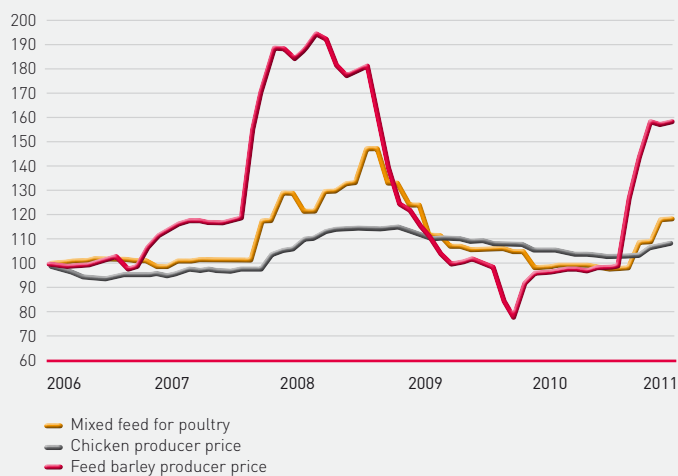
### Beef

- Beef consumption increased by 5% to 99 million kilos
- Beef production increased by 1% to 82 million kilos

### Forecast for 2011

- Beef consumption will remain unchanged
- Beef production will increase by 1%

Price index: mixed feed for poultry as well as feed barley and chicken producer price in Finland 2006–2010 (Index: 2005=100)



### Poultry

- Poultry consumption increased by 5% to 98 million kilos
- Chicken production increased by 2% to 88 million kilos
- Turkey production remained unchanged, standing at 8.7 million kilos

### Forecast for 2011

- Poultry consumption will increase by nearly 4%

Finland's meat processing markets,  
source: Suomen Gallup Elintarviketieto Oy, 2011

Atria Scandinavia's profitability improved significantly. The company's EBIT grew by nearly 40 per cent on the previous year. The positive development is mainly due to the massive reorganisation of production, which enabled the company to slim down its cost structure and improve the cost efficiency of operations. The strengthening of the Swedish krona also improved the company's profit-making capacity. Net sales, on the other hand, decreased by just over 3 per cent. This primarily stemmed from discontinued operations. The company's organic growth was hampered by reduced sales in some product groups in the Swedish fresh foods market, where recovery has been slower than expected.

## Profitability and cost efficiency improved significantly

Atria Scandinavia's net sales fell for the second year in a row following the closure of unprofitable operations.

In 2010, net sales fell by 3.4 per cent year-on-year to EUR 391.6 million. Net sales in krona fell by 12.3 per cent. The decrease was mainly due to the discontinuation of the production of consumer-packed meat in summer 2010 as well as the divestment of the Lätta Måltider salad and sandwich business in summer 2009. The annual volumes of these two businesses were significant. Net sales of consumer-packed meat amounted to about EUR 45 million and net sales of Lätta Måltider stood at approximately EUR 25 million.

Atria Scandinavia's profitability developed very positively. The company's EBIT grew by 39 per cent to EUR 13.9 million. Despite the decrease

in net sales, operative EBIT remained at the previous year's level in the first half of the year. In the second half performance improved significantly. In the fourth quarter, the company reached 5.7 per cent EBIT with the same net sales as during the corresponding period of the previous year.

The trend was supported by the strengthening of the Swedish krona by over 10 per cent against the euro. Thanks to this, the prices of imported raw materials sank, which in turn improved sales margins. However, the improved performance was primarily due to the reorganisation that the company used to slim down its cost structure and improve its cost efficiency.

Atria Scandinavia's business environment in Sweden remained very challenging despite a slight recuperation in the economy. The consumer goods

### Major companies

#### Atria Retail AB

- Supplier of meat products and convenience food for the grocery industry.

#### Atria Foodservice AB

- Supplier of meat products and convenience food for foodservice-sector.

#### Atria Deli - Ridderheims & Falbygden AB

- Supplier of fresh delicatessen products to the grocery industry and foodservice-sector.

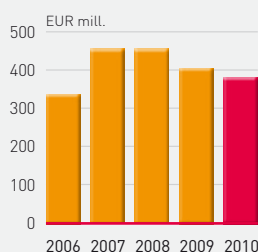
#### Atria Concept AB

- Developer and supplier for the Sibylla fast food concept.

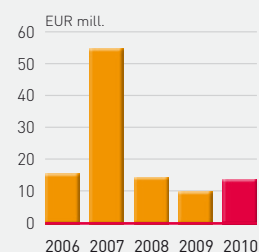
#### 3-Stjernet A/S

- Supplier of cold cuts for the grocery industry, primarily in Denmark.

Net sales



EBIT



Atria Scandinavia's core product groups 2010

	Market share	Market position
Sausages, Sweden	13%	2
Traditional home meals, Sweden	23%	1
Cold cuts, Sweden	17%	2
Cold cuts, Denmark	14%	2
Convenience food, Sweden	17%	2
Fast food/Sibylla, Sweden	14%	2



## TOWARDS PRODUCT LEADERSHIP

Sibylla is Atria's most international brand. Atria utilises it to implement its product leadership strategy at a concept level across geographical boundaries. There are good growth opportunities for the Sibylla concept in all of Atria's business areas. However, the most significant growth opportunities are in Russia's major cities as well as in Eastern European EU countries, such as Poland, Hungary, Slovakia and the Czech Republic.

The Fast Food segment grew steadily in the late 2000s, when the demand for many other fresh food segments decreased due to financial uncertainty. For example, in Finland and Sweden, the estimated annual growth of the fast food market was approximately five per cent. In Russia and the Baltic countries, the annual growth



market grew by just 2.5 per cent instead of the predicted 4 per cent. The increase in meat product sales in terms of value was even lower than this at 1.1 per cent.<sup>1)</sup> The weak demand for meat products resulted in tightened market share competition in the consumer goods retail trade, where hard discount stores increased their share.

### Market position remained strong

Despite the weak overall demand for fresh food products and increased domestic and international competition, Atria Scandinavia's total market position in Sweden remained almost unchanged and in Denmark it strengthened.

Atria Scandinavia's decision to give up its consumer-packed meat production notably reduced Atria Retail's sales to the retail branch, but at the same time it clarified the sales structure and improved the function's profitability. Private label products sold steadily and Atria Scandinavia maintained its position as the leading supplier of traditional home meals ("Husmanskost").

Atria Foodservice's sales to the restaurant and catering branch started to pick up in the second half of the

year. At the same time, it was able to strengthen its position with new supply contracts, the effects of which will be evident in the sales for 2011.

The sales of Ridderheims and Falbygdens products in Sweden declined slightly due to low overall demand. However, Atria Deli's position as the market leader in fresh delicatessen products remained strong. In exports, demand for Atria Deli products was particularly good in Finland, where sales grew by more than 50 per cent.

In Denmark, the position of the 3-Stjernet brand as the second largest player in the cold cuts market strengthened due to increased sales.

International growth of the Sibylla fast food concept continued to be particularly strong in Eastern European countries. In Poland, for example, Atria Concept delivered approximately 240 new Sibylla outlets to service stations, which raised the number of Sibylla outlets in the country to a total of 560. In Russia, 200 new Sibylla outlets were opened, resulting in a total number of 390 outlets in Russia.

### Significant reorganisations

Atria Scandinavia carried out several restructuring and efficiency

improvement measures which resulted in improved cost efficiency and competitiveness.

At the very beginning of the year, Atria Scandinavia announced the discontinuation of the production of consumer-packed meat, and it shut down the Årsta production plant in Stockholm during the summer. Also the Tyresö plant located in the Stockholm region was shut down and production was transferred to the Skene plant. The production of delicatessen products was also transferred there from Gothenburg. The Gothenburg plant was turned into a delivery centre for delicatessen products. As part of the rationalisation of operations, co-operation in meat cutting was launched between the Malmö production plant and KLS Ugglarps, a subsidiary of Danish Crown.

Atria Scandinavia's operations were also streamlined and integrated through significant logistics and IT investments. The target was to get all Swedish operations under a single ERP system in 2011.

1) Grocery Manufacturers of Sweden, 2011

was as much as 15 per cent, depending on the area.

The international growth of the Sibylla fast food concept is based on both developing the offering of the existing sales outlets and establishing new ones. The majority of them are sales outlets based on a franchise agreement and operating at service stations or in other shopping spaces.



## Atria Scandinavia's business environment

### Overview

#### Sweden

- Quantitative growth of the market:<sup>1)</sup> 2.5%
- Growth in terms of value:<sup>2)</sup> approx. 1%
- Size of the market:<sup>3)</sup> approx. EUR 2.8 billion
- Proportion of total consumer expenditure spent on food: 11%
- Sweden is a net importer of meat; nearly 50% of beef, over 25% of pork, and over 40% of poultry is imported.
- Denmark is a major net exporter of meat globally; the main export is pork.

### Operational environment

- The consumer goods retail trade is highly concentrated in Sweden; by far the most significant player is ICA, the leading retail company in the Nordic countries, with a market share of approx. 45%.
- Coop and Axfood both have market shares of approx. 20% in Sweden.
- In Denmark, the consumer goods retail trade is dominated by Danske Supermarked and Coop with a share of nearly 70%; SuperGros has a market share of approx. 20%.
- Sales of private label goods in Sweden and Denmark accounted for 19% and 21% of total sales, respectively. The growth in private labels subsided.

### Competitive environment

- More than half of the Swedish meat processing market is dominated by small companies with annual net sales of less than EUR 50 million.
- The largest player in the market is Scan AB, which is owned by HKScan. Atria Scandinavia is the second largest player.
- The acquisitions made by Atria and HKScan were the biggest M&A arrangements in the industry in Sweden.
- In Denmark, the clear leader in the meat processing market is Danish Crown, Europe's largest meat industry company and one of the largest meat export companies in the world.

1) Consumer goods retail trade market

2) Total growth of the product groups represented by Atria in the consumer goods retail trade

3) Total market for food products represented by Atria



### Year 2011

"Atria Scandinavia's key target in 2011 is to further improve profitability. The massive reorganisations create a good basis for this in terms of operations and cost structure. Although the Swedish fresh food segment is not expected to grow much as a whole, we see significant growth potential in sub-segments with a higher degree of processing, especially in premium products. The market position of private label products in Sweden appears to be declining, which also creates a potential demand for our strong brands. Our international growth will be boosted by Atria Deli's strong Ridderheims and Falbygdens brands and the Sibylla fast food concept, which will be given more attention in line with our product leadership strategy."

#### Juha Gröhn

Executive Vice President, Atria Scandinavia business area until 18 March 2011



## Market position strengthened, profitability declined

Increased marketing and sales efforts improved the net sales of Atria Russia and strengthened its position in the consumer goods retail trade in both Moscow and St Petersburg. At the same time the profitability of operations declined significantly. A decrease in overall demand, increased price competition and higher raw material costs caused the operations to make a loss. Non-recurring goodwill impairments brought the result down by more than EUR 10 million.

Atria Russia's net sales increased by 14.3 per cent to EUR 129.2 million. Growth was boosted by increased sales, strengthening of the Russian rouble and price increases implemented at the end of the year. Calculated in roubles, the growth was 3.9 per cent.

Atria Russia's profitability was weak and the result was very much in the red. The economic recession continued from the previous year and weakened the earnings potential decisively. Because of the recession, overall demand for meat products declined by approximately 10 per cent <sup>1)</sup> and demand shifted towards lower cost product groups and products. The contracting market also toughened price competition. The price level rose towards the end of the year, but not sufficiently to compensate for the rise in raw material prices and the general inflation rate of 9 per cent <sup>2)</sup>.

A steep rise in the price of meat raw material on global markets started

during the second half of the year. This eroded Atria Russia's profitability as well as its competitiveness. The price rose from the starting level at the beginning of the year by approximately 26 per cent. Almost 90 per cent of the meat raw material used by Atria Russia is imported meat. Atria was able to pass on only part of the increased raw material costs to sales prices.

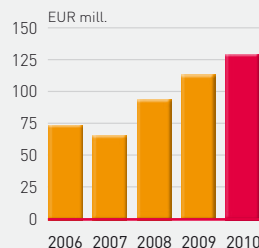
Atria Russia's result was also significantly strained by increased marketing costs and fixed costs and the non-recurring goodwill impairment. Atria invested heavily in marketing, especially in Moscow, which increased marketing costs by approximately EUR 3 million. The start-up of the new production plant in Gorelovo increased fixed costs and depreciation by approximately EUR 3 million.

As a result of goodwill impairment testing in Atria Russia, the company decided to record impairments totalling EUR 10.8 million allocated to goodwill. These non-recurring entries did not affect the cash flow.

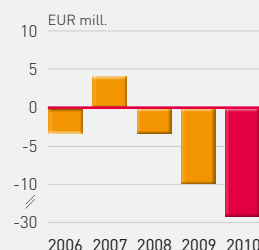
### Atria Russia

- Facilities: Moscow and St Petersburg
- Key brands: CampoMos (in Moscow and St Petersburg) and Pit-Product (specifically in St Petersburg)
- Main product groups: meat products, particularly sausages and cold cuts, fresh meat and convenience foods, especially CampoMos pizzas
- Production plants: Moscow factory, St Petersburg's Gorelovo and Sinyavino factories
- Logistics centres: in Moscow and St Petersburg; the company has its own truck fleet
- Primary production in 2010: Campofarm pork farm 170 km southeast of Moscow; slaughtering contracted out, meat cutting at the Moscow factory

Net sales



EBIT



### Stronger position, particularly in Moscow

Atria Russia continued investments launched in 2009 to enhance the recognition rate and market position of the CampoMos brand, particularly in the Moscow region. Thanks to these investments the market share of the brand rose to 4 per cent in Moscow's retail-chain based consumer goods trade <sup>3)</sup>. The sales of CampoMos cold cuts sold in re-closable packages increased

1) Source of market information: Business Analytica 2010, unless otherwise indicated.

2) Source: Bank of Finland, BOFIT, 2011

3) Atria's own estimate





## TOWARDS PRODUCT LEADERSHIP

In 2009–2010, Atria Russia made record investments in renewing and marketing its CampoMos brand, particularly in the Moscow region, which is the largest market area of the food industry in Russia by far. Furthermore, citizens' purchasing power there is nearly twice as high as in the rest of Russia. The value of the meat and meat product markets is about EUR 2.7 billion. The corresponding figure for the St Petersburg region is about EUR 0.9 billion. Moscow's enormous market also has a significantly high number of players in the meat processing industry. In some product groups, Atria has 50–60 local competitors. Atria has practically no international competitors in the Moscow market.

In line with its product leadership strategy, Atria Russia looks for growth through differentiation. It strives to differentiate itself from its competitors through the quality of its products and its innovation. Re-closable cold cut packages are an example of a very successful innovation. Atria was the first company to launch them in Russia.



significantly. Thanks to promotion campaigns, the recognition of the brand increased in the Moscow region to as high as 95 per cent <sup>4)</sup>.

Atria's market position in the St Petersburg region remained strong. In terms of value, the market share in St Petersburg's entire consumer goods retail trade rose to over 20 per cent, making Atria the clear market leader in its segment. The biggest increase was seen in the frankfurter sub-segment, where sales in terms of volume and value increased by nearly 10 per cent in an otherwise declining market.

To increase sales and strengthen its pioneering position as a producer of fresh convenience foods, Atria launched entirely new products in the Russian market. These are cooked minced beef products such as meat balls, hamburger patties and kebabs. The products are sold in similar modified atmosphere boxes as in the Finnish market.

Atria Russia's competitive environment became significantly tighter both in the St Petersburg and Moscow regions. Because of falling overall demand, overcapacity in the segment only grew worse. This resulted in tough price competition which caused severe profitability and liquidity problems for some companies operating in the sector.

### Primary production and Gorelovo plant investments increased competitiveness

Some of Atria Russia's investments in primary production, crucial for its competitiveness, were ready to start production. In accordance with the shareholder agreement signed in 2009, Atria owns 26 per cent of the Russian company OOO Dan Invest, which invests approximately EUR 40 million in two pork farms (see page 10). The

investment is progressing according to plan, and the estimated production volume of the pork farms is to grow in stages to 188,000 slaughter pigs in 2013. The Campofarm pork farm, fully owned by Atria, was already completed and in full use in 2010. The annual volume of the farm is 55,000 slaughter pigs. Slaughtering has been contracted out and the meat is cut at the Campomos plant in Moscow.

The significance of the new mass-scale pork farms for Atria Russia's competitiveness was further heightened when the Russian government announced new food import quotas and self-sufficiency targets. With its investments in primary production, Atria Russia will reach 90 per cent self-sufficiency in pork.

Atria Russia's EUR 70 million logistics centre and production facility investment was finalised when the new Gorelovo, St Petersburg meat product plant started production in early summer. The logistics centre has been operating since 2008. The production capacity of the Sinyavino plant located in St Petersburg was also increased in the important cured sausages product segment.

### Operations concentrated in the new St Petersburg facility

To improve its cost efficiency, Atria Russia decided at the end of the year to move the production of some of its meat products from the Moscow and Sinyavino plants to the new Gorelovo plant in St Petersburg. The arrangement enables Atria to increase the productivity of its entire production structure and make maximum use of the efficient western process technology at the new Gorelovo facility.

The measures to improve efficiency will reduce the number of Atria's personnel by about 300. The annual cost savings are estimated at EUR 6 million, which will be fully realised by spring 2012.

After these measures, logistics operations, meat cutting and pizza

production will still remain in Moscow. The Sinyavino plant will concentrate mainly on the production of cured sausages. If the food market recovers and leads to increased demand, the production of meat products at the Moscow plant can be re-commissioned to increase production capacity.



### Year 2011

"The overall demand for the food products represented by Atria Russia is expected to pick up alongside the general economic recovery in Russia, and the value of the market is likely to grow at least on a par with the rate of inflation. The massive development and efficiency improvement measures we have taken will improve our cost efficiency and thereby our profit-making capacity. We are implementing profitable growth in line with the product leadership strategy."

Juha Ruohola  
Executive Vice President,  
Atria Russia business area

<sup>4)</sup> Survey: Toy-Opinion, 2010

## Atria's business environment in Russia

### Overview

#### ST PETERSBURG

- Quantitative development<sup>1)</sup> -8%
- Growth in terms of value<sup>1)</sup> approx. 10%
- Size of the market<sup>2)</sup> approx. EUR 0.9 billion

#### MOSCOW

- Quantitative development<sup>1)</sup> -10%
- Growth of food products in terms of value<sup>1)</sup> approx. 3%
- Size of the market<sup>2)</sup> approx. EUR 2.7 billion
- Food accounts for 32% of total consumption expenditure by Russian citizens.
- Russia is the world's most significant net importer of meat; the country's own meat production cannot satisfy the growing demand, either in terms of quantity or quality.

### Operational environment

- The share of the modern consumer goods retail trade is growing rapidly in Russia, although traditional marketplaces and market halls still dominate with a share of over 50%. The share of supermarkets and hypermarkets is growing most intensively.
- Consumer goods retail trade is highly fragmented, but chains are increasingly gaining ground.
- The combined market share of the three largest consumer retail chains is approximately 4% of total sales throughout Russia. The largest chains are Magnit, X5 and Kopeika. The total volume of the Russian food retail market is more than EUR 150 billion.

### Competitive environment

- The consolidation of the meat processing industry is still in its early days in Russia, and there are few international players. Atria is the largest foreign operator in the sector.
- Price competition remained tough in 2009–2010 and landed some operators in the sector in severe financial difficulties, but did not eliminate the significant overcapacity.

1) Overall demand for meat products in consumer goods retail trade

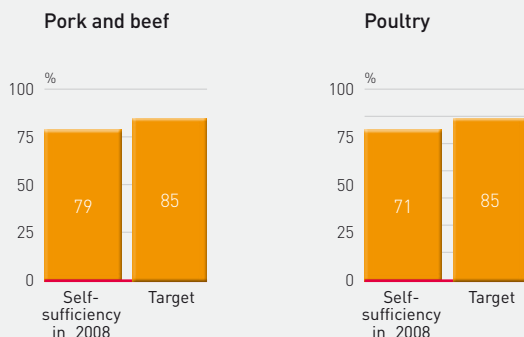
2) Total market of food segments in which Atria operates

## IMPORT QUOTAS AND NATIONAL SUBSIDIES STEER RUSSIA'S PRIMARY PRODUCTION

The Russian president approved a plan in February 2010, according to which Russia will strive to reinforce the position of domestic food production and reduce dependency on foreign imports.

With its new food strategy, which is part of the national security strategy in force until 2020, Russia will strive to raise its level of self-sufficiency in all major foodstuffs. The self-sufficiency target for cereal is 95%, for sugar 80%, for vegetable oil 80%, for dairy products 90% and for meat and meat products 85%.

### Self-sufficiency target rates in Russia for meat and meat products



### Measures for securing national production in Russia

- The import quotas of food, including meat, are strict and imports are also limited by other regulatory practices
- The price of imported meat exceeding the quotas is notably higher.
- The state strongly supports domestic primary production with incentives such as investment subsidies
- Import quotas for poultry were cut by 20% in 2009, and the next cut will take place in 2011.

## Growth subsided, profitability improved

The continued decline in demand for and prices of daily consumer goods in Estonia had an adverse effect on Atria Baltic's growth and performance prospects. Net sales did not reach the level seen in 2009 and EBIT was negative. Profitability improved, however, thanks to intensive efficiency improvement measures.

The continued decline in consumer purchasing power in Estonia decreased overall demand in the product groups represented by Atria Baltic. For example, sales of cooking sausages in the consumer goods retail trade fell by almost 10 per cent and cold cuts by approximately 5 per cent <sup>1)</sup>.

Due to weakened overall demand and decreased market shares in meat products Atria Baltic's net sales fell by 6.7 per cent to EUR 35.0 million.

The decreased price level was the main element that hampered Atria Baltic's profitability. The price level was weighed down by reduced overall demand and the resulting stiff price competition between companies in the meat industry and retail chains. The decline in the price level was also fuelled by increased imports of inexpensive meat and meat products. For example, average prices of cooking sausages in the consumer goods retail trade fell by 6 per cent and cold cuts by 4 per cent. Atria's preconditions for profit-making were also weakened by the rise in the price of cereals and feed, which raised producer prices for beef and pork and costs at Atria's own pork farms.

Despite the fallen prices Atria Baltic was able to improve its profitability. The operating loss (excluding goodwill impairment losses) decreased by 31.5 per cent to EUR 3.7 million.

### Cost efficiency improved

In order to improve its competitiveness and profitability, Atria Baltic carried out an efficiency improvement programme, which slimmed down the company's cost structure and measurably improved operational cost efficiency.

The most significant actions were the shutdown of the Ahja plant and the concentration of production to the Valga and Vastse-Kuuste plants. Additionally, the company launched a programme to considerably reduce costs and increase cost efficiency in all areas of its business process.

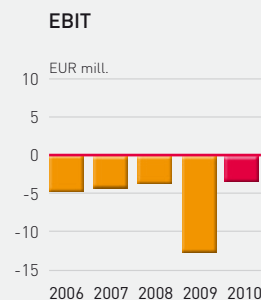
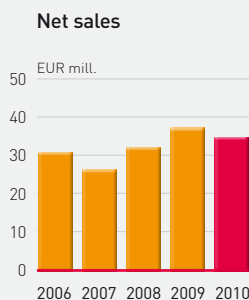
### Market share fell slightly

The market shares of Atria Baltic's key product groups narrowed slightly in the declining market. Atria retained its market position as the second largest player in the important cold cuts market with a share of just under 20 per cent. In the first half of the year, Atria lost some ground in sausages, although rising sales in the second half of the year compensated for the loss. Atria is the market leader in the grill sausages sub-segment with a share of over 30 per cent. Sales of consumer-packed meat grew from the previous year.

<sup>1)</sup> Source of market information: AC Nielsen 2010, unless otherwise indicated

### Atria Baltic

- Production plants in Estonia in 2010: Valga and Vastse-Kuuste
- Brands: Maks & Moorits, Wõro and VK
- Main product groups: cold cuts, sausages and consumer-packed meat





## Year 2011

"Once Estonia's economy takes a turn for the better, the contraction of the meat market is also expected to end. At this point the demand for more expensive product segments is also expected to pick up, which is key to our profitability. On the other hand, the cost level rise in primary production poses a challenge to our price competitiveness. The cost efficiency improvement measures we have launched and our investments in sales and product development will create the preconditions for profitable growth in the expanding market."

### Tomas Back

Executive Vice President,  
Atria Baltic business area



## TOWARDS PRODUCT LEADERSHIP

In line with its product leadership strategy, Atria Baltic strives to boost its growth by investing in strengthening its own brands. The best-known brands are Maks & Moorits and Wõro, which are among Estonia's 10 strongest food brands, including all international brands<sup>1)</sup>. The Wõro brand has the widest product range of all the Atria Baltic's brands. The marketing of fresh meat – both packaged and unpackaged – focuses on the Maks & Moorits brand. The VK brand is used to market ham and other meat products for consumers who appreciate high quality.

1) Source: TNS Emor, 2010



## Atria Baltic's business environment in Estonia

### Overview

- Growth in terms of value:<sup>1)</sup> approx. -2%
- Size of the market:<sup>2)</sup> approx. EUR 200 million
- Proportion of total consumer expenditure spent on food: approx. 25%
- Estonia's own meat production is mostly sufficient to cover the increased demand; some pork is imported.

### Operational environment

- The Estonian consumer goods retail trade has been rapidly modernised since the country joined the EU in 2004.
- Nordic chains have a prominent position in the country, the largest ones being Rimi Baltic, owned by ICA, and Prisma, owned by the S Group. ETK, Selver and Maxima are the main local players.

### Competitive environment

- Estonia's largest meat industry company is Rakvere Lihakombinaat, which is owned by HKScan. Atria is the second largest player in the country.
- The number of meat processing companies has decreased slightly in Estonia, and small companies which often operate locally are more focused on improving their operational efficiency than on expansion.

1) Overall demand for meat products in the modern consumer goods retail trade

2) Total market for food products represented by Atria



### Additional investments in research operations and marketing communications

Atria's new strategy states that product leadership is the guiding principle in the development of product groups and operations. Atria uses product leadership to gain long-term competitive advantage and stand out from its competitors.

Atria's product leadership model is a genuinely consumer-driven business model in which the development of operations and product groups is primarily guided by consumer needs, rather than the needs of retail operators or Atria's other customers. In order to make its operations and supply more consumer-driven, Atria stepped up its research and product development investments in 2010. The Group's research and product development operations focus on researching consumer behaviour and market data. In addition, Atria participates in applied research in the areas of product and packaging technology and food science.

Atria's research and product development operations form an integrated function along with marketing. At the Group level, Atria is developing a joint R&D process and joint operating models between the business areas. Each business area has, however, its own operative research and marketing unit, because the business is mainly regional and culinary preferences are rather culture-specific.

In 2010, Atria launched over 400 new products. This figure, which is considerably higher than that of the previous year, also includes new

packages and new products related to product support. The significance of new products is further emphasised in the new strategy, and efforts are made to considerably increase their share in both net sales and EBIT.

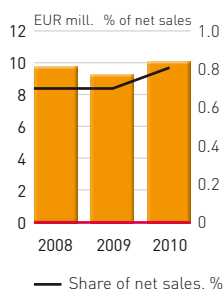
#### Emphasis on marketing communications

In addition to research and development operations, Atria's product leadership model emphasises marketing. As product leadership is Atria's differentiation tool, innovation and uniqueness are significant factors in marketing communication. Marketing communication resourcing is also a critical success factor.

In 2010, Atria Russia had the highest relative increase in marketing communications. The main investment target was the CampoMos brand. However, also the sales of the Pit-Product brand were boosted through major additional investments. The effects of Atria Finland's new marketing communications guidelines and the considerably higher investments will become visible in 2011.

Atria complies with the updated guidelines for responsible food marketing communications, which are based on the principles of responsible marketing communications of the Confederation of the Food and Drink Industries of the EU (CIAA). These illustrate the approach at the EU level and serve as a guideline for the voluntary self-regulation of companies.

Atria's research and product development operations



Additional information on Atria's responsible marketing is at: [www.atriagroup.com/en/corporateresponsibility/socialresponsibility/ResponsibleMarketingCommunications](http://www.atriagroup.com/en/corporateresponsibility/socialresponsibility/ResponsibleMarketingCommunications)

## Key marketing campaigns in various business areas in 2010

	Main campaign:	Key target:	Key means:	Key achievements:
Finland	a perfect Finnish summer day, Wilhelm	strengthening the image as the leading supplier of the grilling season	afternoon newspapers, periodicals, television, radio, online banners and image service on Facebook and Twitter	the image targets were met, but the same cannot be said for all sales targets as the production break weakened the delivery reliability of certain product groups.
Scandinavia	Lithells ASADO	increasing sales and product awareness	the grilling party at Kungsträdgården Park in Stockholm, sales material, TV spots, announcements in the specialised press, competitions online and in social media, as well as our own iPhone application	the campaign aroused the interest of the media and received an honourable mention in the Chark-SM competition.
Russia	Pit-Product frankfurters	25% sales growth	extensive use of mass media and various advertising channels, such as special advertising hoardings, lotteries and competitions	sales grew by 35 per cent, exceeding the original targets by 10 per cent.
Estonia	Wõro frankfurters	increasing sales	TV, POS, radio, PR	sales grew by approximately 200 per cent.



Campaigns:

1. Atria Finland, Atria Wilhelm campaign
2. Atria Baltic, Wõro campaign
3. Atria Russia, Pit-Product campaign
4. Atria Scandinavia, Lithells Asado campaign



# Responsible business for the long term

Atria's corporate responsibility policy is encapsulated in its mission, "Good food – better mood". For Atria, the concept of good food covers the entire food chain from primary production to the dining table. Atria's good food is produced in a responsible and ethical manner; it is of high quality and it is safe. Good food leads to a better mood and added value for all of Atria's stakeholders.

Atria aims to secure its current and future operating conditions through responsible operations. In accordance with the principles of sustainable development, Atria takes into account the economic, social and environmental aspects of all its business areas.

Atria's corporate responsibility policy is embodied in its day-to-day work with stakeholders. Atria uses various surveys, inquiries and analyses, as well as meetings and personal interaction, to gain extensive knowledge of its stakeholders' expectations.

The key stakeholders have been defined on the basis of Atria's business strategy. The most important stakeholder groups are

- Customers
- Consumers
- Shareholders
- Authorities
- Personnel
- Suppliers

Other stakeholders include subcontractors, local communities, educational institutes and the media.

Atria's corporate responsibility policy is managed on two levels. A Group-level workgroup determines the main principles of corporate responsibility and ensures that the business areas' development programmes support the common goals. Steering groups in the business areas analyse the expectations that the most significant and active stakeholders of the business area have concerning Atria's corporate responsibility, and initiate development programmes.

### The CR programme sums up the principles of responsible operations

In autumn 2010 Atria launched an extensive and long-term corporate responsibility programme, Atria's Handprint, which is visible in and impacts the entire Atria food processing chain. This programme will assist Atria as it continues to build upon its long history of corporate responsibility, which began nearly 110 years ago.

The Atria's Handprint programme gathers the principles, practices, projects and results of Atria's responsible operations and transparently provides extensive information on them. The programme has been integrated into the Group's management practices and a member of the management team has been put in charge of the programme.

Under the Atria's Handprint

programme, responsible operations will initially be developed and measured in the following seven sectors:

- finance
- environment
- well-being of animals
- product safety
- nutrition
- personnel
- communication

By developing all of these sectors in a balanced manner, Atria aims to become a leading company in responsible food production in its areas of operation. Responsible practices will be developed and expanded with various development projects, which vary from one business area to the next. The development projects bring together established practices and also create entirely new operating methods.

The symbol of Atria's Handprint programme is the Handprint logo. The logo speaks of the personal contribution – handprint – of each person participating in the Atria food processing chain, and communicates responsibility with its colours.

### Atria's Code of Conduct promotes ethical actions

Atria published its set of ethical guidelines, the Atria Code of Conduct, in autumn 2010. The guidelines reflect Atria's values and practices, and guide the Group's operations towards sustainable development and continuous improvement. Atria's Code of Conduct lays out the company's expectations for the behaviour of its employees, as well as the employees' ethical and legal basic responsibilities when they act as Atria's representatives.

In addition to the information provided in this Annual Report, corporate responsibility at Atria is discussed in the Corporate Responsibility Report and on the company website at [www.atriagroup.com/en/corporateresponsibility](http://www.atriagroup.com/en/corporateresponsibility) [www.atria.fi/atria\\_yrityksena/yritysvastuu](http://www.atria.fi/atria_yrityksena/yritysvastuu) (in Finnish)

The Atria Code of Conduct comprises five sectors:

- Safe Atria Quality
- Respect for the environment
- Interest group relations
- Motivated people
- Business integrity

The Code of Conduct applies to all Atria employees, partners and clerical employees, as well as members of the management team, Board of Directors and Supervisory Board. The Code covers all business areas and also the partnerships and joint ventures in which Atria has a majority holding and/or positions of responsibility.

The Atria Code of Conduct has been distributed to every Atria employee as an insert of Atria's Group magazine, Our Atrium. The issue takes a comprehensive look at the code and the significance of responsibility in each individual's work.

### First stand-alone Corporate Responsibility Report

At the end of 2010 Atria published its first stand-alone Corporate Responsibility Report. The report describes the impact Atria has on its operating environment and on society as a whole, as well as how Atria takes corporate responsibility into account in its current and future operations. The report describes Atria's key events, results and impacts in 2009 from the point of view of corporate responsibility. As the basis for its reporting, Atria uses the international Global Reporting Initiative (GRI) guidelines, in which corporate responsibility is viewed from the economic, social and environmental perspective according to a three-pillar model. The 2010 Corporate Responsibility Report will be published in the summer of 2011.



Clockwise from top left  
Therese Sundman, Anna  
Schreil, Ulrik Jismyr ja Tiina  
Kinnunen





### On the basis of profitability

By financial responsibility, Atria refers to meeting its financial targets in such a way that it can generate economic added value to the shareholders and other stakeholders on a long-term basis and increase well-being in the surrounding communities and society.

In order to reach the financial targets, Atria's business must first and foremost be profitable. This is supported by good competitiveness and efficiency, together with business risk management. The company's financial goals and their achievement in 2010 are presented on page 10.

For Atria, economic responsibility also means complying with healthy and responsible business practices. Corporate responsibility, decision-making and administration are subject

to national legislation and regulations, as well as the Corporate Governance Code for Finnish listed companies, which Atria has followed from the beginning of 2009.

Profitability and efficiency create the preconditions for bearing social and environmental responsibility. Atria believes that socially and environmentally responsible conduct also works in the other direction by strengthening economic responsibility.

#### Distribution of Atria's economic added value

##### Customers

Consumer goods retail  
trade market  
Food Service customers  
Food industry  
Export customers



##### Atria

Net sales and  
other operating  
income  
EUR 1,309 mill.



##### Partners

Primary production  
in particular  
Purchasing and  
other expenses  
EUR 998 mill.

##### Personnel

Wages and salaries  
EUR 181 mill.

##### Society

Taxes and social  
security expenses  
EUR 52 mill.

##### Shareholders

Dividends <sup>1)</sup>  
EUR 7 mill.

##### Lenders

Financial expenses  
EUR 11 mill.

##### Growth investments

Gross investments,  
Research and development  
EUR 57 mill.

<sup>1)</sup> Proposal of the Board of Directors



## Environmental management supports the entire food production chain

A prospering environment is essential to Atria and its entire food production chain. One of the key elements of Atria's environmental responsibility is taking into consideration the natural environment at each stage of operations.

Atria is committed to monitoring the environmental impact of its operations, products and services and to identifying the significance of the environmental impact of each stage of the operating chain.

What this means in practice is reducing the direct environmental impact of practical operations and identifying the indirect environmental impact of the entire operating chain.

Atria's environmental management vision is to be an efficient expert in environmental matters such that environmental management supports the business and promotes sustainable development. A key objective of Atria's environmental management is the controlled and sparing use of natural resources. Continuous improvement means continuous monitoring of energy and water consumption, packaging material and waste volumes, and using all of these inputs more efficiently.

The starting point for environmental management is ensuring that the company operates in compliance with local environmental legislation. Atria's environmental management strategy is based on networking, in line with the company's values. By networking with research and development operators and the operative level, Atria can develop the best environmental management practices to support continuous improvement.

### Environmental operations permeate the whole food processing chain

Atria is committed to reducing the direct environmental impact of its operations, and it continuously monitors and optimises its environmental performance. Atria's environmental measures permeate the whole food processing chain: primary production, industrial production, transportation, and products and services for customers and consumers.

Atria's meat raw material procurement models and structures differ from one country to another. Atria Scandinavia acquires its meat raw material from Swedish slaughterhouses and international meat raw material markets. In Estonia, Atria has its own slaughterhouse that processes animals from Atria's own pork farms and from local farmers. Some meat is also imported into Estonia from Atria's Finnish plants and from elsewhere in the EU. Russia has the most versatile raw material base in terms of origin: South and North America, EU countries, Russia's regions and Atria's own farm.

In Finland, nearly all of the raw material needed by the industry is acquired from Finnish farms, and the slaughter animals produced on the farms are slaughtered, cut and processed at Atria's production plants. All of the meat used in Atria-branded products comes from Finnish producers. In primary production Atria supports sustainable development by offering expert services to develop production farms. In Finland these operations are handled by A-Farmers Ltd.

### Energy, water and waste management as special challenges

In industrial production, essential factors include compliance with

environmental management principles, management of the environmental impact of production, efficient use of energy, fuel and water, the reduction of waste and sorting.

In the food industry, energy consumption is highest in various manufacturing-related heating and cooling processes, as well as in the maintenance of material flows. Atria has increased the efficiency of its energy consumption relative to production output, since the pressure to increase energy consumption has been substantial following the increase of refrigerated production space and increasingly strict refrigeration requirements.

In transportation the aim is to reduce CO<sub>2</sub> emissions by using new trucks, more efficient logistics planning, driver training and networking. Atria Finland's CO<sub>2</sub> emissions fell by a third, from 0.006 to 0.004 CO<sub>2</sub>/kg from 2007 to 2010.

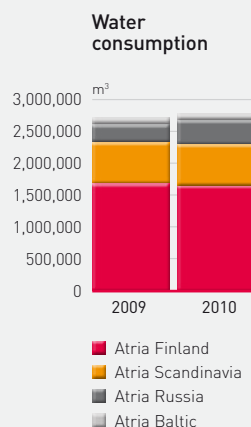
The aim is to reduce waste volumes through better identification and utilisation of waste: clean packaging materials are recycled: clean plastic packages are recycled, energy waste is separated from mixed waste and food waste is utilised as fuel for biogas plants or as feed for fur animals.

### Towards unified environmental targets

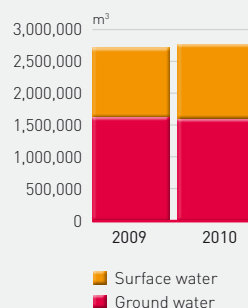
The structures of Atria's operations and the measurement of environmental variables vary greatly between the business areas, so unified environmental targets and objectives had still not been fully defined at the end of 2010. Atria continued drafting Group-level measurement principles, targets and common environmental guidelines for all business areas. A concrete goal is to create Group-level measurement principles and targets for environmental objectives and modernise the

## Water consumption

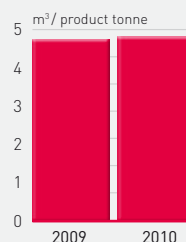
The food industry uses large amounts of water, partly because of production hygiene requirements. The total water consumption increased by 2 per cent in the monitoring period due to the production start of the Pit Product plant in Russia. In other business areas water consumption fell on average by 2.5 per cent. Water consumption efficiency has improved by 2 per cent. Atria strives to minimise the environmental impacts of water consumption in cooperation with local waterworks, among other things by increasing the use of surface water and levelling off consumption peaks.



## Total water consumption by source

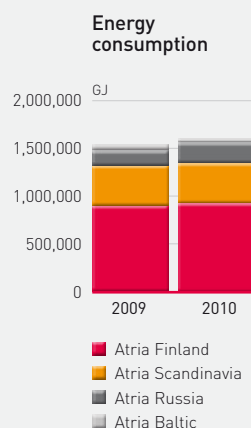


## Total water consumption by source in proportion to production

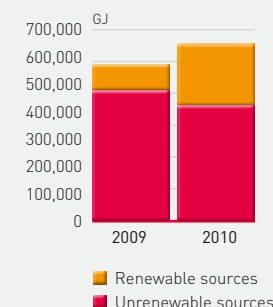


## Energy consumption

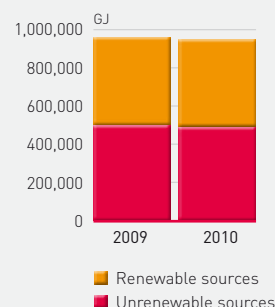
In the food industry, energy consumption is highest in various manufacturing-related heating and cooling processes, as well as in the maintenance of material flows and the refrigeration chain. Total energy consumption increased by 4 per cent, and energy efficiency per kilogram of end product increased by 4.6 per cent.



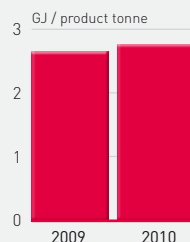
## Direct energy consumption of the main sources



## Indirect energy consumption of the main sources



## Total energy consumption in proportion to production



environmental guidelines that apply to all of Atria's business areas.

At Group level, 2010 environmental performance indicators included energy and water consumption as well as direct and indirect consumption of the main sources. Performance was also measured

in terms of CO<sub>2</sub> emissions, both as absolute values and in proportion to production volume. Because of the differences detected in the measurement of CO<sub>2</sub> emissions these figures are not shown in the statistical summary.

## Atria's Quality And Environment Systems

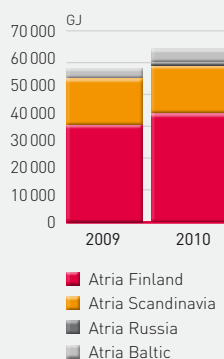
BUSINESS AREA	QUALITY	ENVIRONMENT	PRODUCTION PLANT
Atria Finland	ISO/IEC 17025:2005 (Laboratory accreditation)		Nurmo, Kuopio, Kauhajoki
	SFS-EN ISO 9001:2000		Nurmo, Forssa, Kuopio, Kauhajoki, Karkkila, Seinäjoki
	ISO 22000:2005		Nurmo
		SFS-EN ISO 14001:2004	Nurmo, Kuopio, Forssa Kauhajoki, Karkkila, Seinäjoki
		Air quality control, Finland's environmental administration: Seinäjoki and Kuopio area quality control, bio-indicator research	Seinäjoki, Kuopio
Atria Baltic	ISO 22000:2005		Wõro Kommerts
	ISO 9001:2000		Valga
	ISO/IEC 17025:2005 (Laboratory accreditation)		Valga
Atria Russia	ISO 9001:2000		Campomos
	GOST R 51705.1-2001 and Regulation (EC) Nr. 852/2004 of the European parliament and the council of 29 April 2004 on the hygiene of foodstuffs. <sup>1)</sup>		Pit-Product, Campomos
Atria Scandinavia	BRC Global Standard - Food (Issue5:January 2005) Grade A		Sköllersta, Tranås, Falköping, Skene, Moheda, Borås, Horsens, Halmstad
	The IKEA Way on Purchasing Food (IWAY)		Borås, Falköping
	BRC Global Standard for Food Safety (Issue5:January 2008) Grade B		Sköllersta, Malmö
	DS/EN ISO 9001:2000		Horsens
		ISO 14001:2004	Sköllersta
		Organic Production according to Council Regulation (EEC) 2092/9	Tranås, Moheda, Borås
		Organic production according to KRAV Regulation	Falköping

<sup>1)</sup> Written GOST R-certificate is a guarantee for that the product fulfils Russian security standards.

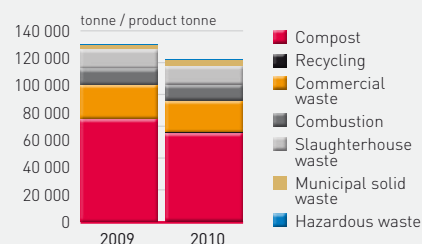
### Greenhouse gas emissions

The greenhouse gas emissions arising from the production of operating energy calculated as carbon dioxide equivalents has increased in the monitoring period. At Atria Finland the replacement of crude oil by peat has increased the volume of greenhouse gas emissions, but on the other hand this assessment does not take into account the overall environmental impacts, which in our view are positive when using peat. The use of peat is also justified from an economic and social responsibility perspective and it has been a conscious choice.

Greenhouse gas emissions



Atria Finland's waste profile



### Atria Finland's target-oriented environmental management

Atria Finland's environmental impact has been analysed on five measures: management of energy consumption, water consumption, wastewater values, municipal waste and packaging material. A target and a programme have been defined for each measure.

Atria Finland will develop Group-level measurement principles and indicators for environmental objectives and modernise the environmental guidelines that apply to all of Atria's business areas.

Atria Finland's environmental management is handled by a steering group, which works under the Management Team. It includes representatives from purchasing, production, product and package

development and energy production. The composition of the group ensures that management encompasses all of the areas in which Atria can control its environmental impact. The group analyses the results achieved in the previous year, plans the required investments and sets the targets for the following period.

#### Atria Finland's environmental objectives, targets and programmes 2009–2012

Environmental objective	Environmental target	Environmental programme
Control of energy consumption	The consumption of energy relative to the volume of production will be reduced by 9% by 2016, comparison year 2005	<ul style="list-style-type: none"><li>• Energy review and analysis at Nurmo</li><li>• Improving the efficiency of the controls of cold stores and systems</li><li>• Increase of heat recovery profitably</li></ul>
Control of water consumption	The consumption of water relative to the volume of production will be maintained at the 2008 level	<ul style="list-style-type: none"><li>• More effective recycling of water and identification of new recycling possibilities</li><li>• Identification of water loss through new consumption monitoring methods and alarms</li><li>• Optimisation of water consumption in process washes</li></ul>
Control of wastewater values	Ensuring operations are within valid environmental permit limits	<ul style="list-style-type: none"><li>• Emptying production equipment of solid waste before washing</li><li>• Maintaining the cleaning capacity of pre-treatment plants</li></ul>
Control of municipal waste volumes	5% increase in the volume of waste used for energy by 2011	<ul style="list-style-type: none"><li>• Improving the efficiency of sorting through personnel training</li><li>• Planning the locations of the energy waste collection points</li><li>• Colour coding of waste bins</li></ul>
Control of packaging materials	Consideration of environmental values an integral part of package design	<ul style="list-style-type: none"><li>• Recognising the environmental impacts of packaging methods and materials</li><li>• Development of packaging units that are suitable for the transport module</li></ul>

Atria Finland's environmental indicators in 2010 in the Corporate Responsibility Report to be published in summer 2011





Atria production plant in Nurmo





# Personnel at the heart of social responsibility

The competence and well-being of personnel form the most central dimension of Atria's social responsibility. The quality and competitiveness of all the company's operations and products rest on them.

The well-being of personnel is a key factor for Atria's sustainable growth. Atria engages in continuous co-operation with employees to promote physical and psychological well-being at work. Atria's success is critically dependent on employees' investment in their personal and professional development.

Atria's human resources work in 2010 focused on integrating operations and supporting more efficient practices especially in Atria Scandinavia and Atria Baltic. In Atria Russia, the inauguration of the Gorelovo facility took centre stage in human resources operations and in Atria Finland, spring 2010 was shadowed by labour market disputes in the food industry.

Development of skills was a focus area in business areas as well as in international Group-level training programmes, the first among which, Atria Future Leader, came to completion. An international meat technology training programme, Atria Meat Technology Seminar, was launched at the end of 2010, with individuals attending from all business areas. The training maintains and promotes Atria's pioneering work in the field of meat technology.

In Group-level HR work, systematic development of skills will continue in 2011 and a Group employee survey will be conducted in all Group units at the same time in the first quarter. The survey will gather information on the various operational areas of the organisation and on factors affecting satisfaction at work. Based on the findings of the survey, measures will be prepared in spring to further improve workplace operations and the well-being of employees.

### Atria Finland

Atria Finland continued the implementation of the Early Caring

project for better employee well-being in 2010. A well-being survey was conducted among all Atria Finland employees along with physical capability tests. All participants received individual feedback on their physical capacity. Spring 2010 was shadowed by labour market disputes in the food industry. Measures to maintain individuals' ability to work were strengthened and set up in the occupational health care. Managerial activities and leadership structures were also improved. Strategy-based training and development programmes were established, for example, by launching the new Atria Trainee coaching for young academic talents.

The Early Caring employee well-being project will continue in 2011 with focus on occupational safety and safety management. Atria has safety management targets for accident rate and close calls reporting. A well-being at work discussion will be held with all production employees during 2011, while clerical and managerial employees have their annual personal performance evaluations which also address the issue. The 2011 priority areas are productivity improvement, further development of leadership and managerial work and the creation and reinforcement of talent.

### Atria Scandinavia

Human resources work within Atria Scandinavia involved continued reorganisation of the Sköllersta and Fosie sites. Particular attention was paid to reassigning existing personnel. An internal and external recruitment tool was developed to ensure efficient organisation and the payroll and travel expenses accounting system was also improved.

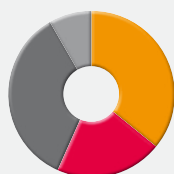
The Apollo project, launched in 2009 to increase the efficiency of Atria Deli operations and to develop its product portfolio, actively continued

You can read more about social responsibility in the Corporate Responsibility Report to be published in summer 2011

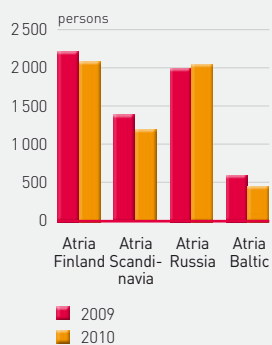
At Atria, social responsibility also refers to obligations and voluntary responsibilities relating to product safety and product responsibility as well as consumer protection, including product labelling and marketing communications.

## Personnel

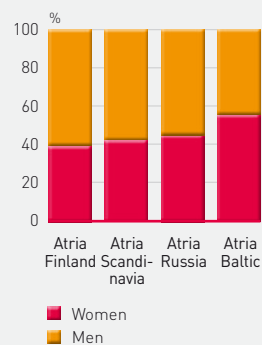
Atria Group's average number of personnel 5812



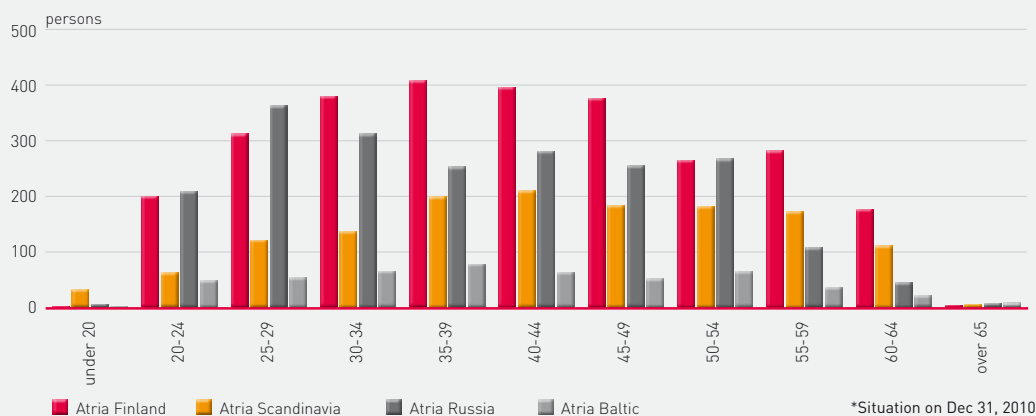
Personnel in average



Men & women

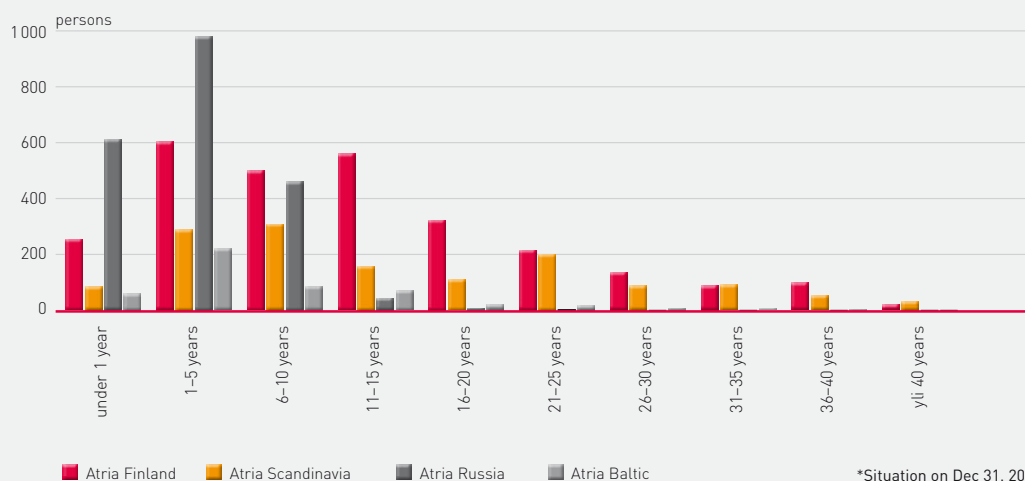


Age structure in Atria Group\*



\*Situation on Dec 31, 2010

Service years\*



\*Situation on Dec 31, 2010



in 2010. The project, which has affected the entire organisation, is expected to yield positive results in 2011. The drafting of shared human resources practices started alongside the reorganisation work to support business expansion and employee well-being.

Atria Scandinavia participated in the Group-level development projects to secure the development of skills, and a regional sales development programme was launched.

Human resources targets for 2011 highlight the reinforcement of leadership and sales skills, harmonising personnel practices and supporting employees through the organisation's structural change process.

### **Atria Russia**

The main personnel changes within Atria Russia in 2010 were linked to the recruitment, workplace induction and training of production personnel for the newly opened Gorelovo production facility. Gorelovo's production managers also took part in leadership training. The Moscow and St Petersburg sales units were strengthened and expanded.

The programme focusing on well-being at work launched in 2010 involves a work station survey and regular health checks for production personnel. Well-being at work was promoted by means of various personnel events, excursions and contests. Hard work was promoted by revising the remuneration scheme of the logistics, production, technology and marketing units.

Atria Russia engages in development of skills through participation in Atria's joint training programmes. The unit also launched its own quality management training programme with an eye on the implementation of the ISO 22 000 food safety standard.

At the end of 2010 Atria Russia announced a shift of meat product

production from the Moscow and Sinyavino plants to the new Gorelovo plant in St Petersburg. This concentration of operations means a net reduction of 300 employees.

Atria Russia's main targets in 2011 is to focus on strengthening skills through leadership and conference training and Group training programmes. Internal communications will be intensified by means of regular meetings and events.

### **Atria Baltic**

Within Atria Baltic, key organisational changes included restructuring of the Ahja production plant and a new sales unit with 70 per cent new workforce.

The meat products and sales units' pay systems were revised, and a review of salaries was conducted among clerical employees. The employment contracts were redrafted according to new Estonia Employment Act. Job descriptions were updated for office and factory employees.

All production and logistics centre employees participated in annual physical health check and work environment risk assessment was carried out in Vastse-Kuuste production plant. Skills were developed through participation in Group training programmes; in language and team training.

Internal communication was improved by arranging communication training for the sales and marketing team as well as by arranging regular meetings and common events.

The goals for 2011 highlight the development of skills through participation in training programmes, variable pay-system to production employees, implementation of health and safety strategy and investment to internal communication.

## Product safety maintained throughout the food chain

The management of product quality and the safety of Atria's meat products starts at primary production and continues throughout the processing chain all the way to the consumer. Each link in the chain ensures that predetermined quality criteria are met. The foundation for safety is laid by competent personnel, a hygienic production environment, hygienic work methods and an uninterrupted cold chain.

Product safety work starts at the beginning of the chain. A crucial part of the product safety of meat consists of the disease prevention work conducted at farms and a strictly limited use of veterinary medicines, such as antibiotics, so that the meat contains only minor traces. The wellbeing of production animals consists of animal health, rearing conditions and the consideration of species-typical needs in animal husbandry.

The wellbeing of animals is measured by several indicators. Information is gathered in national health classification systems and national and European registers, such as the pork farm health classification

register (SIKAVA), the salmonella control programme and the European Food Safety Authority (EFSA). In addition to EU requirements, meat producers are subject to structural, operational and documentation requirements on a national level, the compliance with which is controlled by authorities.

The safety and microbiological quality of Atria's products are based on self-monitoring plans that are approved by the authorities and cover raw materials, production processes and distribution routes. Safe Atria Quality workgroups which meet up regularly review the internal monitoring process and methods in use. In-house validations and audits ensure the functionality of systems. Through authority approval and regular audits, Atria ensures that the plans comply with the latest legislation and product safety standards in the industry, as well as with the requirements of international trade.



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Corporate Governance Code (See separate table  
of contents on page 106)

## Annual General Meeting 29 April 2011

Atria Plc invites its shareholders to the Annual General Meeting, which will be held on Thursday, 29 April 2011 in Helsinki at the Finlandia Hall.

The AGM will address the following matters, among others:  
1. Matters to be addressed at the AGM as set out in Article 16 of the Articles of Association.

The invitation to the AGM is published in national newspapers on 21 of March 2011. The AGM documents are available on Atria's website at [www.atriagroup.com](http://www.atriagroup.com).

## Financial Reporting in 2011

Atria Plc will publish financial results in 2011 as follows:

2010 Financial statement.....	17 February 2011
2010 Annual report .....	during week 14
Interim report Q1 (3 months).....	29 April 2011
Interim report Q2 (6 months) .....	28 July 2011
Interim report Q3 (9 months) .....	27 October 2011

Atria's financial information will be published in real time on the company website at [www.atriagroup.com](http://www.atriagroup.com)



# Report by the Board of Directors 1 Jan–31 Dec 2010

## POOR PERFORMANCE IN RUSSIA AND INDUSTRIAL DISPUTES IN FINLAND WEIGHED DOWN THE GROUP RESULT

The recovery of the food products market in 2010, following the previous year's recession, was slower than anticipated. The Russian economy developed particularly weakly. In April and May, industrial disputes in Finland culminated and a strike by food processing employees and an employer lock-out kept the Nurmo, Kauhajoki and Kuopio production plants closed for a period of 10 days. These were the main reasons for the year's unexpectedly weak performance. The recovery from the impact of the strike takes some time. Sales in the important summer season were lower than predicted, as the impact of the strike on the range of products for sale, and thus on customer orders, was still evident in the second half of the year.

The market for food products in Russia continued to contract. More intense competition made it more difficult to implement price increases and, therefore, it has not been possible to transfer the increased raw material prices to sales prices. Atria Russia's performance was additionally weighed down by the costs of the new production plant in the St Petersburg region and increased investments in marketing. At the end of the year, as a result of goodwill impairment testing in Atria Russia, the Board of Directors decided that Atria Russia will record impairments totalling EUR 10.8 million allocated to goodwill. The impairments were recorded in the performance of Q3/2010 as a non-recurring item.

The strengthening of the Russian rouble and Swedish krona against the euro increased the Group's net sales in euro terms. The Group's cash flow was strongly positive during the fourth quarter of the year and, owing to this, free cash flow for the entire year (operating cash flow – cash flow from investments) amounted to EUR 4.4 million (EUR 27.6 million). Consolidated net liabilities increased to EUR 411 million (EUR 391 million). This was mainly due to the strengthening of the Swedish krona.

### New strategy 2010–2013: higher profitability through product leadership

Work towards revamping the strategy was initiated in 2010. In April, the Board of Directors approved the new strategy, which extends to 2013. The most important financial goal of the new strategy is to significantly improve the profitability of Atria's international operations. The strategy also aims to secure and strengthen Atria Finland's profitability, which is already good.

Besides improving profitability, the new strategy promotes company growth. This means predominantly organic growth, and only complementary acquisitions will be considered. The strengthening of the financial position and balance sheet structure are also highlighted in the new strategy.

Product leadership is the strategic cornerstone. In practice this means that Atria will, in the coming years, increasingly invest in product development and marketing as well as in the development of new types of operating models. Becoming more innovative is one of the key objectives of the product leadership strategy.

Besides new products, further development of existing products and product families is crucial in achieving product leadership and putting the strategy into practice. Individual product group strategies will be devised for all product groups. Product leadership will be sought in two primary product groups: cold cuts and the Sibylla fast food business.

The business area specific strategy plans were built into strategic projects with specified financial indicators. The strategic projects in each country are monitored by the Group on a monthly basis, and more extensive reviews are carried out quarterly.

Atria wants to be the first choice of consumers and customers in the food sector – especially in fresh products – in the Baltic Sea region and European part of Russia. To accomplish this, Atria must be the market leader or at least the second largest player in the market in all business areas, and its brands must be among the two best-known brands.

Atria Group's financial goals are as follows:

- EBIT ..... 5%
- Equity ratio ..... 40%
- Share of international operations ..... 50%
- Return on equity (ROE) ..... 12%
- Dividend distribution of profit for the period ..... 50%

### Making responsibility part of the business

In the period under review Atria focused on further developing its responsible operations and published the principles and goals of the Handprint programme. With the Handprint programme, Atria's responsible operations, which already have more than 100 years of history, will be developed in a coordinated manner. It is a comprehensive corporate responsibility programme that concerns the entire Atria food processing chain. The Atria's Handprint programme gathers the principles, practices and results of Atria's responsible operations and provides extensive, transparent information on them. The corporate responsibility programme is particularly concerned with seven sectors:

- finance
- well-being of animals
- nutrition
- communication
- environment
- product safety
- personnel

As part of the Handprint programme, Atria published a set of ethical principles, the Atria Code of Conduct, and the Group's first stand-alone Corporate Responsibility Report.

Responsible operating methods and transparency are key development priorities for the entire food industry. By investing more systematically in developing responsible operating methods, Atria aims to secure its current and future operating conditions.

### **Finland and Scandinavia achieved moderate results despite sluggish markets, demand fell in Russia**

**Atria Finland's** net sales were EUR 767.8 million (EUR 781.9 million), down 1.8 per cent year-on-year. The decline of net sales was mainly due to the industrial disputes in spring 2010. The Nurmo, Kauhajoki and Kuopio production plants shut down, with the exception of the poultry unit, for 10 days.

In the summer season, Atria was particularly successful within the poultry product group. Good preparation for the amendment of the EU poultry directive and good new products boosted Atria's market share to record heights. In other product groups, recovery from the strike to normal levels will take longer. The market for Food Service products is recovering from the recession, and sales took a turn for the better during the accounting period. Christmas season sales, especially sales of ham, were brisk.

The export ban imposed by the Russian authorities interrupted Atria Finland's exporting of pork to Russia during the period between February and December. The share of Russian exports in Atria Finland's net sales is quite small, and the export ban did not have a significant impact on net sales.

Atria Finland's EBIT fell 28.4 per cent from the previous year. The industrial disputes and lower prices across the entire product range weighed on the result. However, cost-efficiency has been good, resulting in moderate profitability.

The 10-day production break caused by the strike overloaded pig and bovine slaughtering in the summer, and clearing this backlog increased the amount of frozen stocks. The frozen stocks could not be cleared because of the record-high amount of imported meat in the market. The steep rise in feed price at the end of the year put heavy cost pressure on meat producers.

In October, Atria Finland published its plan to improve the efficiency of its bovine slaughtering operations. According to the plan, bovine slaughtering and cutting will be concentrated at the Kauhajoki facility. Modern abattoir and cutting facilities will be constructed in Kauhajoki, to be completed by the end of 2012. Employer-employee negotiations relating to the plan were initiated with the

personnel. The annual cost savings from the efficiency improvement programme are estimated at EUR 6 million. The Board of Directors decided to go ahead with the plan in January 2011. The decision did not affect the result for the accounting period.

**Atria Scandinavia's** net sales were EUR 391.6 million (EUR 405.2 million), a decline of 3.4 per cent. Net sales in krona fell by 12.3 per cent. The decrease in net sales was mainly due to the discontinuation of the production of consumer packaged meat in summer 2010 and the sale of the salad and sandwich business in summer 2009. The annual net sales from these totalled approximately EUR 70 million.

Atria Scandinavia's EBIT grew by 39.4 per cent to EUR 13.9 million. The EBIT margin in the fourth quarter of 2010 rose to 5.7 per cent. The performance improvement was supported by the strengthening of the Swedish krona by more than 10 per cent against the euro. This caused the price of imported raw materials to fall, which in turn improved sales margins. The improved performance was primarily due to the reorganisation that the company used to slim down its cost structure and improve its cost efficiency.

An efficiency improvement programme was launched in Sweden in Q1/2010 and the company decided to discontinue production of consumer-packed meat. Production at the Årsta plant came to an end in October and the plant was closed. Atria Scandinavia's result includes EUR 2.3 million of non-recurring costs relating to the shutdown of the Årsta plant. Also, the Tyresö plant located in the Stockholm region was shut down and production was transferred to the Skene plant. A decision was made in the spring concerning large investments in the automation of the cold cuts production line at the Halmstad plant and the automation of the meat products line at Sköllersta. These investments totalled EUR 1.6 million.

Despite the weak overall demand for fresh food products and increased domestic and international competition, Atria Scandinavia's total market position remained unchanged and in Denmark it strengthened. International growth of the Sibylla fast food concept continued to be particularly strong in Eastern European countries. In Poland, for example, Atria Concept delivered approximately 240 new Sibylla outlets to service stations, which raised the number of Sibylla outlets in the country to a total of 560.

Atria Scandinavia's Managing Director Michael Forsmark moved on and Juha Gröhn, M.Sc. (Food Science) was appointed as new Managing Director as of 1 September 2010.

**Atria Russia's** net sales increased by 14.3 per cent to EUR 129.2 million (EUR 113.0 million). Growth was boosted by increased sales, strengthening of the Russian rouble and price increases implemented at the end of the year. In the local currency, net sales grew by 3.9 per cent year-on-year.

Atria Russia's EBIT was heavily in the red at EUR -27.9 million (EUR -9.8 million). During the review period, Atria Russia recorded impairments totalling EUR 10.8 million allocated to goodwill as a non-recurring item. The weak performance was also impacted by sluggish market demand, weakened margins, increased marketing costs and, in particular, the strong rise in the prices of meat raw materials. In 2010 the Russian market for meat products declined by about 10 per cent (Source: Business Analytica).

Atria Russia's EBIT also includes non-recurring items relating to the Campomos acquisition and real estate in Moscow. The company reached an agreement with the seller concerning the conditional purchase price for the Campomos acquisition. The positive net effect of these items was EUR 1.3 million.

Atria's market position in the St Petersburg region remained strong. Its market share in St Petersburg's consumer retail trade increased to over 20 per cent. Atria is the clear market leader in St Petersburg (Source: Business Analytica). In Atria's own estimate its market share in the Moscow retail trade was approximately 4 per cent. The sales and marketing efforts related to Campomos products, initiated in 2009, have continued as planned.

At the end of 2009 Atria signed a shareholder agreement with the Danish company Dan Invest A/S, concerning pork production, and this agreement was confirmed at the beginning of 2010. Once the production of the pork farms reaches full capacity, the estimated annual production volume will be 188,000 slaughter pigs by 2013. With this agreement, Atria has secured better availability and quality of locally produced pork for Russian consumers and Atria's Russian customers. This investment provides Atria with better means for creating a balance between imported and locally produced pork. This enables more efficient management of currency-related risks and other risks associated with the procurement of raw material.

The new meat processing plant in Gorelovo, St Petersburg went on stream in April. The Gorelovo logistics centre has been operational since 2008. At the end of the year Atria Russia decided to concentrate its meat processing in Gorelovo, and production will be transferred there from the Sinyavino and Moscow plants. The aim is to improve cost efficiency by utilising the efficient western process technology at the Gorelovo facility. The measures will reduce the number

of Atria's personnel by about 300. The annual cost savings are estimated at EUR 6 million, which will materialise fully by spring 2012.

**Atria Baltic's** net sales fell by 6.7 per cent to EUR 35 million. The fall was mainly due to weakened overall demand and a decrease in the market share of meat products.

The operating loss (excluding goodwill impairment losses) decreased by 31.5 per cent to EUR 3.7 million. Atria's profit-making ability has been weakened by a lower price level, increased imports of meat products and the rapid increases in the prices of cereals and feed at the end of the year.

Atria's market shares have narrowed slightly in the declining Estonian market. In the important cold cuts market Atria retained its position as the second largest player with a share of just under 20 per cent. In grill sausages, Atria is number one in the Estonian market with a market share exceeding 30 per cent (Source: AC Nielsen).

The closing down of the Ahja plant in the early part of the year, as well as other efficiency improvement measures implemented, have improved the company's cost structure.

Rauno Väisänen was appointed Managing Director of Atria Eesti AS effective of 1 February 2010. Tomas Back, M.Sc. (Econ.), was appointed Executive Vice President of Atria Baltic business area as of 1 September 2010.

## Earnings

Consolidated EBIT was EUR 9.8 million (EUR 27.5 million). EBIT for 2010 includes a total of EUR 11.8 million (EUR 13.1 million) of non-recurring costs. A EUR 10.8 million goodwill value impairment was recorded in Russia along with other non-recurring items with a positive effect of EUR 1.3 million. Atria Scandinavia ceased producing consumer packaged meat and closed down the Årsta plant. This plant closure caused a non-recurring cost item of approximately EUR 2.3 million in 2010.

Consolidated loss for the period was EUR 4.2 million (profit of EUR 7.4 million).

Group key indicators, EUR million:	2010	2009	2008
Net sales	1,300.9	1,316.0	1,356.9
EBIT	9.8	27.5	38.4
EBIT%	0.8	2.1	2.8
Balance sheet total	1,111.6	1,101.3	1,134.5
Return on equity,%	-1.0	1.7	2.5
Return on investments,%	1.9	4.7	5.3
Equity ratio,%	40.2	39.7	38.4
Net gearing,%	92.2	89.4	94.6

### Events occurring after the period

In January 2011, Atria announced its decision to invest approximately 26 million euros in building and renovating the Kauhajoki bovine slaughterhouse and cutting plant. New production facilities will be built in Kauhajoki, and the existing production facilities will be renovated and automated using the latest production technology. Atria will also buy the shares of Kauhajoen Teurastamokiinteistöt Oy from Itikka Co-operative. The purchase price is approximately EUR 7 million.

At the same time, the company launched an efficiency improvement programme to increase the efficiency of bovine slaughtering and cutting operations and bring down the excess capacity in slaughtering. Bovine slaughtering and cutting at the Kuopio facility will be transferred to the Kauhajoki slaughterhouse by the end of 2012. Carrying out the efficiency improvement programme means the reduction of approximately 120 man-years of work in Kuopio by the end of 2012. The annual cost savings from the efficiency improvement programme are estimated at EUR 6 million. The decision did not affect the result for the accounting period.

In this context Atria also announced the conclusion of a co-operation agreement with Saarioinen Oy on the slaughtering of cattle reared in Eastern Finland at Saarioinen's Jyväskylä slaughterhouse.

Mika Ala-Fossi was appointed Managing Director of Atria Finland and member of the management team on 1 February 2011.

In February 2011, Atria Scandinavia announced a plan for an investment and efficiency improvement programme aimed at streamlining and automating the black pudding production process. According to plan Atria will invest approximately EUR 2.2 million in new production equipment for the Tranås plant. The production of black pudding will be transferred from the Saltsjö-Boo plant in Stockholm to Tranås. Significant synergy benefits will be achieved from moving the production to Tranås. The efficiency improvement programme is expected to generate annual cost savings of approximately EUR 1 million.

Matti Tikkakoski resigned as President and CEO of Atria Plc on 4 March 2011. He also resigned from the Board of Directors. The Board of Directors started the recruitment process to appoint a new CEO. In the meantime the CEO's duties are performed by Juha Gröhn, Managing Director of Atria Scandinavia and Deputy CEO of Atria Plc.

### Research and development

Atria Group's research and development operations focus on researching consumer behaviour and market data in all

of the Group's business areas. In addition, Atria participates in applied research in the areas of product and packaging technology and food science.

In line with Atria's new strategy, product leadership is our strategic differentiation tool. Product research and development resources were adjusted to meet the new strategy in the second half of 2010.

Atria Finland launched 93 new products in the retail and Food Service markets in 2010. Among the year's biggest successes were Atria Organic Minced Beef, Meatloaf, Grill Plate, CheeseGotler and Surface Seasoned Chicken Tenderloin. The share of the new products in Finland is 3.5 per cent of total sales.

Atria Russia launched a total of 104 new products. Of these 23 were launched under the Pit-Product brand and 83 under the Campomos brand. Re-closable frankfurter and cold cut packages were a significant new product in Russia. This innovation increased Pit-Product frankfurter sales by 10 per cent. In Russia the new products account for 1.5 per cent of total sales.

Atria Scandinavia launched some 200 new products across all product groups. Several new high-end innovations were launched in the delicatessen and cold cuts product groups. In the Atria Scandinavia business area, consumers favour local products. Additive-free and healthy options are also sought after. In Sweden the new products accounted for some 3.7 per cent of total sales.

Funds used for Atria Group's research and development activities in relation to net sales for the period 2008–2010:

	2010	2009	2008
Research and development, EUR million	10.3	9.4	9.9
% of net sales	0.8	0.7	0.7

### Financing and liquidity

After two challenging years, the functioning of financial markets normalised to some extent during the accounting period. Bank credits shifted toward long-term maturities and the availability of credit improved. The decline in the market interest rate reversed in spring 2010, but market rates remained low by historical standards and loan margins decreased somewhat below last year's level. Therefore, the Group's financial expenses fell slightly year-on-year. Atria Plc refinanced a considerable portion of its committed credit limits and made active use of commercial papers to acquire short-term financing.

In order to concentrate external financing in the parent company, Atria Scandinavia AB paid off a loan of

approximately EUR 18 million in June and Atria Plc raised a seven-year loan of EUR 15 million. In September, Atria Plc refinanced four old credit limits totalling EUR 190 million with three new credit limits totalling EUR 150 million. The maturities of the new committed credit limits are five years (EUR 100 million) and seven years (EUR 50 million). In addition to these, an eight-year TyEL loan in the amount of EUR 14 million was drawn. In November, an additional five-year committed credit facility of EUR 50 million was agreed upon. These arrangements lengthened the average maturity of the Group's loan portfolio and decreased the refinancing risk of the loan portfolio. In September, Atria also concluded a new interest rate swap to the amount of SEK 370 million. At the end of the accounting period on 31 December 2010, fixed interest debts accounted for 39.7% (33.0%) of the Group's liabilities.

### Risk management

Atria's business is exposed to a variety of external and internal risks, whose effects on the results may be negative or positive. The purpose of Atria's proactive risk management activities, implemented consistently across the Group, is to support the execution of Atria's strategy and the achievement of targets, as well as to secure business continuity if the risks are realised.

Risk management operations in Atria are guided by the Risk Management Policy approved by the Board of Directors and its harmonised operating models for risk assessment and reporting. A risk assessment in accordance with the policy was implemented in all business areas and Group operations. The most significant risks observed are prioritised throughout the Group and reported to the Board of Directors. The Management Teams of the business areas and the Group Management Team are responsible for implementing the required risk management measures in their respective areas of responsibility.

The profitability of Atria's business is greatly affected by the global-level risk associated with changes in the market price of meat raw material. Price risk in cereals is also connected to Atria's own primary production. Atria aims to protect itself against unfavourable fluctuations in production costs by adjusting production where necessary. Atria also tries to anticipate changes through the pricing of end products. The Group applies a uniform transaction risk management policy to hedge against currency risks relating to raw material procurement. The Group makes active use of currency derivatives, particularly in order to hedge foreign-currency-denominated material purchases in Sweden against currency risks.

Products sold under the Atria brand are manufactured using only Finnish meat. Consequently, changes in the

production volumes and availability of Finnish meat raw material may affect Atria Finland's profitability in the long run. Changes in meat consumption may have a similar impact on production volumes and the Group's business as a whole.

In Atria Russia's operations, changing restrictions and import duties on meat, as well as other authority regulations, constitute a special characteristic of the market. Atria aims to secure availability and quality of locally produced pork by investing in local pig production in Russia. Atria and its Danish partners have launched an extensive project in Russia concerning two pig farms. Atria Russia's new production plant in Gorelovo in the St Petersburg region was inaugurated in May 2010, enabling increased efficiency and the launch of new product groups in the Russian market. The most important new product group is convenience food, not much of which has been on offer in the Russian market up until now. Atria Russia will continue implementing its projects to concentrate functions and manage capacity in 2011.

Retail trade in the food industry is highly concentrated in all of Atria's key markets, which creates opportunities for building diverse forms of cooperation over the long term. On the other hand, this may increase dependence on individual customers. The strength of Atria's market position and its brands improve its negotiating position.

Being a food manufacturing company, it is of primary importance for Atria to see to the high quality and safety of raw materials and products throughout the production chain. Atria has modern methods in place for ensuring the safety of production processes and for eliminating various microbiological, chemical and physical hazards. An animal disease discovered at a critical point in Atria's production chain could interrupt production in the unit concerned and disturb the entire chain's operations. Through internal monitoring involving multiple stages, Atria aims to detect potential hazards as early as possible.

The economic downturn increased the risk of weakening liquidity among Atria's customers and the occurrence of credit losses particularly in the hotel and restaurant sector and in the Baltic states and in Russia. As a result of more efficient credit control, no significant credit losses were incurred. A significant proportion of Atria's trade receivables in Finland are related to feed and animal trading in primary production. The profitability of agricultural production and producers' liquidity may be reduced by sharp changes in the price of inputs.

Significant changes in energy costs, such as electricity and gas prices, may affect Atria's profitability. Atria uses derivatives to hedge against unfavourable changes in



accordance with its hedging policy. The company also has projects underway aiming to cut energy costs.

Low temperatures and repetitive movements are characteristic of work performed within the food industry. The work is often physical and requires the use of cutting machines and tools, which increases the risk of accidents at work. Atria aims to prevent occupational accidents, disease risks and related costs by investing in safety at work and the continuous improvement of work methods and tools.

Atria has more than 20 production plants in Finland, Sweden, Denmark, the Baltic Countries and Russia. All of these are insured against material damage and business interruptions through the Group's insurance programmes.

Atria manages its financial risks in accordance with the financing policy approved by the Board of Directors. The Board of Directors has delegated the application and implementation of financing policy and management of financing risks to the Group's Treasury Committee that consists of the President and CEO, the Executive Vice President, the CFO, the Group Controller and the Treasurer. The practical management of financial risks is centralised in the Group's Treasury unit. The aim of the Group's financing risk management is to reduce the effect on earnings, the balance sheet and cash flow due to price fluctuations on the financial markets and other uncertainty factors, and to ensure sufficient liquidity. The main risks related to financing are interest rate risk, currency risk, liquidity and refinancing risk and credit risk. Atria's financial risk management is discussed in more detail in Note 29 to the financial statements.

### Changes in administration and operational organisation 1 Jan - 31 Dec 2010

In its constitutive meeting following the Annual General Meeting, Atria Plc's Supervisory Board elected Maisa Romanainen, M.Sc. (Econ.), as a new member of the Board of Directors in place of retiring member Runar Lillandt. The Supervisory Board re-elected retiring member Timo Komulainen.

Ari Pirkola was appointed Chairman and Seppo Paavola Deputy Chairman of the Supervisory Board. Martti Selin, Chairman of the Board of Directors, was reappointed.

Atria Plc's Board of Directors had the following membership: Chairman of the Board Martti Selin; Deputy Chairman Timo Komulainen; members Tuomo Heikkilä, Esa Kaarto, Maisa Romanainen, Harri Sivula and Matti Tikkakoski.

Michael Forsmark, Managing Director of Atria Scandinavia, left Atria. Juha Gröhn, M.Sc. (Food Science), was appointed Managing Director of Atria Scandinavia

effective as of 1 September 2010. Juha Gröhn previously served as Managing Director of Atria Finland and director of the Atria Baltic business area. Matti Tikkakoski, M.Sc. (Econ.), was appointed Managing Director of Atria Finland and Tomas Back, M.Sc. (Econ.) Executive Vice President of Atria Baltic business area as of 1 September 2010.

Seija Pietilä, M.Sc. (Econ.), Group Vice President, Human Resources, transferred to another employer. Kirsi Matero, M.Sc. (Econ.), was appointed new Group Vice President, Human Resources and member of the management team from 15 November 2010.

Atria Plc's corporate governance system in 2010 is described in a separate report and published simultaneously with the report by the Board of Directors on the company website.

Atria Plc's governance is described in more detail under the chapter on corporate governance principles on page 107.

### Personnel

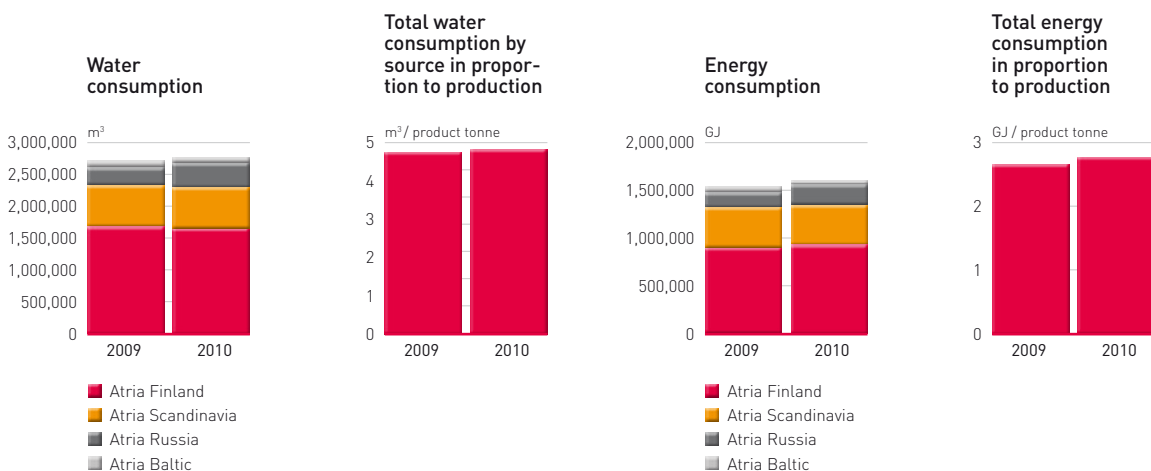
Average at 31 Dec	2010	2009	2008
Atria Finland	2,089	2,222	2,378
Atria Scandinavia	1,205	1,394	1,691
Atria Russia	2,048	2,003	1,525
Atria Baltic	470	595	541
Atria Group total	5,812	6,214	6,135
Salaries and benefits for the period, Group total (EUR million)	180.9	184.8	181.0

### Management and key persons' incentive programmes

#### Share incentive plan

Atria Plc's Board of Directors has decided to continue the share-based incentive programme for Atria Group's key individuals. The programme comprises three one-year accrual periods in the calendar years 2010, 2011 and 2012. Payments will be made in 2010, 2011 and 2012, partly in the form of the company's Series A shares and partly as cash payments. The cash payments will cover any taxes or similar costs caused by the incentives. The shares may not be transferred for a period of two years from the end of the accrual period. Any profit from the programme for the accrual period 2010 will be based on consolidated EBIT and capital employed. The share incentives to be paid for 2010 would have amounted to no more than 100,100 of Atria Plc's Series A shares. However, no share incentives are granted based on the 2010 result.

In the earlier accrual periods of the incentive plan in 2007–2009 incentives were paid partly in Series A shares and



partly as cash payments. The cash payments covered the taxes and similar costs caused by the incentives. The shares may not be transferred for a period of two years from the end of the accrual period. In the 2007–2009 accrual period, a total of 38,540 Series A shares held by the company were transferred free of charge to key persons under the incentive programme (35,260 shares for 2007 and 3,280 shares for 2009). In 2009, a total of 3,870 of these shares were returned to the company.

#### Merit pay system

Atria Plc's Board of Directors has set out the management and key persons' bonus scheme for 2011. The maximum amount of merit pay for Atria Plc's President and CEO and Management Team is 30% to 50% of the annual salary, depending on the effect on the performance and the requirement level of the role. The criteria of Atria Plc's merit pay system comprise result criteria at Group level and in the person's responsibility area, the amount of working capital and, for some individuals, personal performance. In addition to the President and CEO, Deputy CEO, and Management Team, Atria Plc's merit pay system covers approximately 60 people at the executive and supervisory levels.

#### Environmental responsibility

The well-being of the environment is essential to the operations of Atria and the food industry as a whole.

Atria Group's environmental responsibility is built around three main elements:

- taking the environment into consideration at all operational levels
- identifying the indirect environmental impact of various stages of the operating chain
- reducing the direct environmental impact of practical operations.

Atria's main environmental concerns are energy use, water use, wastewater load and the generation of municipal waste. Indirect concerns are transport and primary production. The company is aware of their impact and monitors key variables such as the fuel consumption of vehicles. In primary production, Atria keeps track of the share of farms committed to the conditions for environmental subsidies.

Environmental management is developed in accordance with the Group's values by networking, which enables Atria to develop the best environmental management practices to support continuous improvement together with other players. Environmental management at Atria Finland and, partially, Atria Scandinavia is based on an environmental management system certified in compliance with the ISO 14001 standard. In other business areas, the company strives to achieve a corresponding level of environmental management.

Atria Finland's environmental management is handled by a steering group, which works under the Management Team and is in charge of planning and monitoring environmental management. The steering group has representatives from purchasing, production, product development, packaging design and energy production. The composition of the group ensures that Atria's environmental management encompasses all of the areas in which the company can control its environmental impact. The group analyses the results achieved in the previous year, discusses the required investments and sets the targets for the following period.

Atria's Environmental Responsibility Programme is laid out on page 33 of this Annual Report.

#### Outlook for 2011

Market conditions are expected to remain challenging in 2011. Consumption of food is expected to grow slightly in Finland, Sweden, Denmark and Estonia. In Russia, overall

demand for meat products decreased in 2010 and, according to Atria's estimate, the increase in demand will be slow during 2011. Atria Group's net sales are expected to grow somewhat in 2011. The growth of net sales was weighed down, particularly by the difficult market situation in Russia and the discontinuation of the production of consumer packaged meat in Sweden.

The Group's EBIT excluding non-recurring costs stood at EUR 21.6 million in 2010. In 2011, the Group's EBIT is expected to be higher than this. The key sources for uncertainty in terms of earnings development are the rising prices of cereal, feed and other raw materials, as well as the difficult market situation in Russia. Rising cereal and feed prices cause pressure to increase meat prices.

### Atria Plc's share capital

The breakdown of the parent company's share capital is as follows:

Series A shares (1 vote/share) .....	19,063,747
Series KII shares (10 votes/share) .....	9,203,981

Series A shares have preference for a dividend of €0.17, after which Series KII shares are paid a dividend of up to €0.17. If dividend remains to be paid after this, Series A and Series KII shares entitle their holders to an equal right to a dividend.

Atria's Articles of Association include a pre-emptive purchase clause concerning the KII shares. If a Series KII share is transferred to a party outside the company or a Series KII share is transferred to a shareholder within the company who has not previously owned Series KII shares, the transferee must inform the Board of Directors without delay and a Series KII shareholder has the right to pre-emptively purchase the share under certain conditions. In addition, the acquisition of Series KII shares by means of transfer requires approval by the company. Series A shares have no such limitations.

Information on shareholding distribution, shareholders and management holdings can be found under the heading "Shares and shareholders" on page 52.

### Board of Directors' share issue authorisation

The Annual General Meeting authorised the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 12,800,000 new A shares or on the disposal of any A shares held by the company through a share issue and/or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation will be exercised for the financing or execution of any acquisitions or other arrangements or investments related to the company's

business, for the implementation of the company's incentive programme or for other purposes subject to the Board's decision.

The Board is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that of the shareholders' current shareholdings in the company under the conditions provided by law, the right to issue shares against payment or without charge and the right to decide on a share issue without payment to the Company itself, subject to the provisions of the Companies Act on the maximum number of treasury shares.

The authorisation shall supersede the share issue authorisation granted by the Annual General Meeting on 29 April 2009 to the Board of Directors, and be valid until the closing of the next Annual General Meeting or until 30 June 2011, whichever is first.

### Purchase and transfer of treasury shares

The Annual General Meeting held on 29 April 2010 authorised the Board of Directors to decide, on one or several occasions, on the acquisition of a maximum of 2,800,000 of the company's own Series A shares with funds belonging to the Company's unrestricted equity, subject to the provisions of the Companies Act regarding the maximum number of treasury shares to be held by a company. The Company's own Series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the Company's business, to finance investments, as part of the Company's incentive scheme, to develop the Company's capital structure, to be otherwise further transferred, to be retained by the Company or to be cancelled.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the Company in public trading arranged by NASDAQ OMX Helsinki Ltd at the trading market price at the moment of acquisition. The shares shall be acquired and paid for in accordance with the rules of NASDAQ OMX Helsinki Ltd and Euroclear Finland Oy. The Board of Directors is authorised to decide on the acquisition of treasury shares in all other respects.

The authorisation by the Annual General Meeting shall supersede the authorisation granted by the Annual General Meeting on 29 April 2009 to the Board of Directors to decide on the acquisition of the company's own shares and be valid until the closing of the next Annual General Meeting or until 30 June 2011, whichever is first.

A total of 3,280 treasury Series A shares held by the company were transferred as share incentives in 2010. As of 31 December 2010, the company held a total of 110,432 treasury shares.

### Donations

The AGM approved the Board of Directors' proposal on the donation of a maximum amount of EUR 150,000 to be made to the operation of universities or other educational institutions. The Board of Directors decided to donate a total of EUR 150,000 to three academic recipients: EUR 50,000 was donated to each of the University of Vaasa, the University of Eastern Finland and the South Ostrobothnian University Fund.

### Board of Directors' proposal for profit distribution

The parent company's shareholders' equity on 31 December 2010 comprises the invested unrestricted equity fund of EUR 110,227,500, treasury share fund of EUR -1,271,455 and profits of EUR 85,382,754, of which profit for the period totals EUR 10,984,562.

The Board of Directors will propose to the Annual General Meeting that the distributable profits be used as follows:

• a dividend of EUR 0.25/share	
be paid totalling	EUR 7,039,324
• added to shareholders' equity	EUR 77,071,975
	<hr/>
	EUR 84,111,299

No significant changes have occurred in the company's financial position since the end of the financial year. The company's liquidity is good and, in the Board of Directors' opinion, the proposed dividend does not compromise the company's solvency.

## Atria Plc shareholders and shares

### BREAKDOWN OF SHARE OWNERSHIP

#### Shareholders according to the number of shares owned, 31 Dec 2010

Number of shares	No. of shareholders	%	Shares (1,000)	%
1-100	4,882	42.98	248	0.88
101-1,000	5,440	47.89	2,042	7.22
1,001-10,000	944	8.31	2,390	8.45
10,001-100,000	71	0.63	1,660	5.87
100,001-1,000,000	20	0.18	5,865	20.75
1,000,001-999,999,999,999	3	0.03	16,063	56.83
Total	11,360	100.00	28,268	100.00

#### Shareholders by business sector, 31 Dec 2010

Business sector	No. of shareholders	%	Shares (1,000)	%
Companies	484	4.26	17,059	60.35
Financial and insurance institutions	44	0.39	2,041	7.22
Public corporations	17	0.15	1,610	5.70
Non-profit associations	117	1.03	742	2.62
Households	10,671	93.94	4,686	16.58
Foreign owners	27	0.24	1,497	5.30
Total	11,360	100.00	27,635	97.76
Nominee-registered, total	8		633	2.24

### INFORMATION ON SHAREHOLDERS

#### Major shareholders, 31 Dec 2010

	KII	A	Total	%
Itikka Co-operative	4,914,281	2,642,801	7,557,082	26.73
Lihakunta	4,020,200	3,438,797	7,458,997	26.39
Odin Norden		1,047,216	1,047,216	3.70
Varma Mutual Pension Insurance Company		767,411	767,411	2.71
Pohjanmaan Liha Co-operative	269,500	480,038	749,538	2.65
Mandatum Life Insurance Company Limited		502,000	502,000	1.78
Public pension insurance company Veritas		366,000	366,000	1.29
Odin Finland		316,392	316,392	1.12
Nordea Bank Finland Plc		312,329	312,329	1.10
Reima Kuisla		297,470	297,470	1.05

#### Major shareholders in terms of voting rights, 31 Dec 2010

	KII	A	Total	%
Itikka Co-operative	49,142,810	2,642,801	51,785,611	46.61
Lihakunta	40,202,000	3,438,797	43,640,797	39.28
Pohjanmaan Liha Co-operative	2,695,000	480,038	3,175,038	2.86
Odin Norden		1,047,216	1,047,216	0.94
Varma Mutual Pension Insurance Company		767,411	767,411	0.69
Mandatum Life Insurance Company Limited		502,000	502,000	0.45
Public pension insurance company Veritas		366,000	366,000	0.33
Odin Finland		316,392	316,392	0.28
Nordea Bank Finland Plc		312,329	312,329	0.28
Reima Kuisla		297,470	297,470	0.27



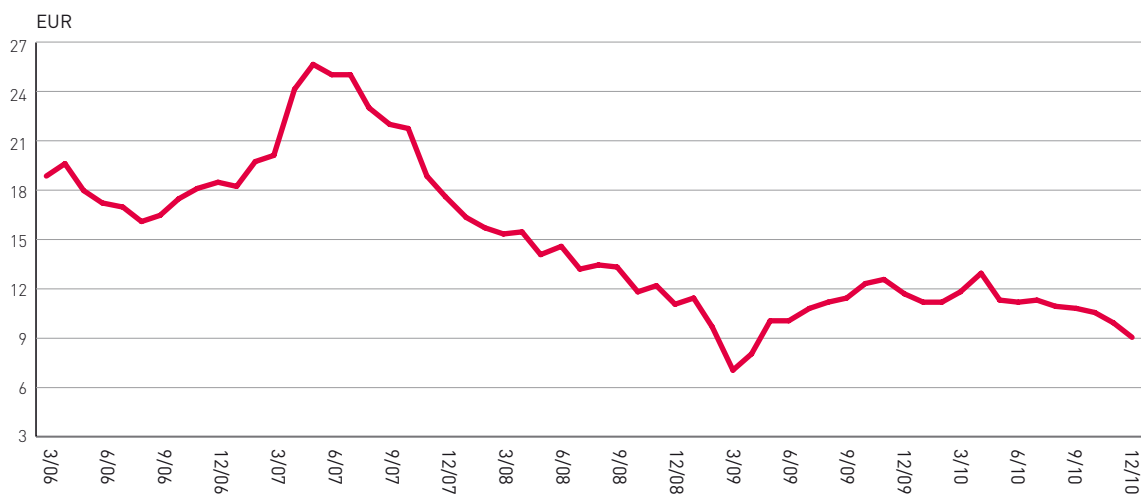
### MANAGEMENT'S SHAREHOLDING

The members of the Board of Directors and Supervisory Board, and the President and CEO and deputy CEO owned a total of 46,464 A series shares on 31 December 2010, which corresponds to 0.16% of shares and 0.04% of the voting rights conferred by them.

### MONTHLY TRADING VOLUME OF A SERIES SHARES IN 2010

Month	Turnover, EUR	Turnover, shares	Monthly lowest	Monthly highest
January	10,763,493	962,665	10.70	11.60
February	8,215,255	740,446	10.80	11.51
March	12,588,165	1,070,790	10.92	12.42
April	13,810,068	1,067,338	12.01	13.48
May	8,180,041	730,865	10.51	12.27
June	3,519,231	314,971	10.80	11.52
July	2,493,127	222,109	10.60	11.80
August	13,798,622	1,270,300	10.35	11.25
September	10,578,127	984,092	10.60	11.16
October	6,150,134	580,631	9.86	10.80
November	3,376,543	339,971	9.79	10.10
December	12,879,863	1,417,951	8.74	9.87
Total	106,352,671	9,702,129		

### TREND IN THE PRICE OF THE A SERIES SHARE



## Group Key Indicators

### FINANCIAL INDICATORS

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Net sales, EUR million	1,300.9	1,316.0	1,356.9	1,272.2	1,103.3
EBIT, EUR million	9.8	27.5	38.4	94.5	41.5
% of net sales	0.8	2.1	2.8	7.4	3.8
Financial income and expenses, EUR million	-11.1	-12.4	-22.3	-14.3	-7.3
% of net sales	0.9	0.9	1.6	1.1	0.6
Profit before tax, EUR million	0.3	16.5	16.7	80.6	34.6
% of net sales	0.0	1.3	1.2	6.3	3.1
Return on equity (ROE), %	-1.0	1.7	2.5	17.2	8.8
Return on investment (ROI), %	1.9	4.7	5.3	15.2	8.7
Equity ratio, %	40.2	39.7	38.4	47.6	42.8
Interest-bearing liabilities, EUR million	429.9	425.8	448.4	321.9	244.2
Gearing, %	96.4	97.5	103.1	67.6	78.1
Net gearing, %	92.2	89.4	94.6	60.1	66.8
Gross investments in fixed assets, EUR million	46.2	33.0	152.6	284.1	89.0
% of net sales	3.5	2.5	11.2	22.3	8.1
Average number of employees	5,812	6,214	6,135	5,947	5,740
Research and development costs, EUR million	10.3	9.4	9.9	8.4	7.4
% of net sales *	0.8	0.7	0.7	0.7	0.7
Volume of orders**	-	-	-	-	-

\* Booked in total as expenditure for the financial year

\*\* Not a significant indicator as orders are generally delivered on the day following the order being placed

### SHARE-ISSUE ADJUSTED INDICATORS PER-SHARE

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Earnings per share (EPS), EUR	-0.18	0.25	0.42	2.56	1.15
Shareholders' equity per share, EUR	15.68	15.39	15.34	16.77	13.28
Dividend/share, EUR*	0.25	0.25	0.20	0.70	0.595
Dividend/profit, %*	-138.9	99.5	48.1	27.4	51.7
Effective dividend yield*	2.8	2.3	1.7	4.0	3.3
Price/earnings (P/E)	-50.0	44.0	27.9	6.8	15.9
Market capitalisation, EUR million	254.4	312.6	327.9	490.4	422.4
Share turnover/1,000 shares	A 9.702	7.389	4.077	7.933	3.899
Share turnover, %	A 50.9	38.8	21.4	41.6	28.1
Number of shares, million, total	28.3	28.3	28.3	28.3	23.1
Number of shares	A 19.1	19.1	19.1	19.1	13.9
	KII 9.2	9.2	9.2	9.2	9.2
Share issue-adjusted average number of shares	28.3	28.3	28.3	26.1	21.8
Share issue-adjusted number of shares on 31 December	28.3	28.3	28.3	28.3	23.1

### SHARE PRICE DEVELOPMENT

Lowest of the period	A 8.74	6.50	10.51	16.90	15.00
Highest of the period	A 13.48	13.00	18.29	28.77	21.50
At end of period	A 9.00	11.06	11.60	17.35	18.29
Average price during the period	A 10.93	10.76	14.04	22.18	18.31

\* The Board of Directors' proposal

## FINANCIAL INDICATORS

Return on equity (%)	=	$\frac{\text{Profit/loss for the period}}{\text{Shareholders' equity (average for the period)}} \times 100$
Return on investments, %	=	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advance payments received}} \times 100$
Gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities}}{\text{Shareholders' equity}} \times 100$
Net Gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities - cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$
Earnings per share (basic)	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Average share issue-adjusted number of shares for the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend per share	=	$\frac{\text{Dividend distribution during the period}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend/profit (%)	=	$\frac{\text{Dividend / share}}{\text{Earnings/share (EPS)}} \times 100$
Effective dividend yield (%)	=	$\frac{\text{Dividend / share}}{\text{Closing price at the end of the period}} \times 100$
Price/earnings (P/E)	=	$\frac{\text{Closing price at the end of the period}}{\text{Earnings / share}}$
Average price	=	$\frac{\text{Overall share turnover in euro}}{\text{Undiluted average number of shares traded during the period}}$
Market capitalisation	=	Number of shares at the end of the period * closing price on 31 Dec
Share turnover (%)	=	$\frac{\text{Number of shares traded during the period}}{\text{Undiluted average number of shares}} \times 100$

# Atria Group's IFRS Financial Statements 2010

## CONSOLIDATED INCOME STATEMENT, EUR 1,000

	Notes	1 January – 31 December 2010	1 January – 31 December 2009
Net sales	1, 2	1,300,906	1,315,998
Costs of goods sold	7, 8	-1,149,118	-1,151,133
Gross margin		151,788	164,865
Sales and marketing expenses	3, 7, 8	-84,497	-77,737
Administrative expenses	4, 7, 8	-47,329	-47,658
Other operating income	5	7,714	4,646
Other operating expenses	6	-17,920	-16,602
EBIT	1	9,756	27,514
Financial income	9	31,500	24,657
Financial expenses	9	-42,623	-37,066
Net financial items		-11,123	-12,409
Income from associates	15	1,672	1,439
Profit before tax		305	16,544
Income taxes	10, 18	-4,532	-9,097
Income for the financial period		-4,227	7,447
Income distribution for the financial period:			
To parent company owners		-5,069	7,073
To non-controlling owners		842	374
Total		-4,227	7,447
Earnings per share (basic), EUR	11	-0,18	0,25
Diluted earnings per share, EUR	11	-0,18	0,25

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR 1,000

Income for the financial period		-4,227	7,447
Other items of the total comprehensive income after tax:			
Financial assets available for sale	9, 10	13	15
Cash flow hedge	9, 10	3,156	-1,443
Net investment hedge	10	322	-322
Translation differences	9	16,888	2,510
Total comprehensive income for the financial period		16,152	8,207
Comprehensive income distribution for the financial period:			
To parent company owners		15,097	7,758
To non-controlling owners		1,055	449
Total		16,152	8,207

The notes presented on pages 60 to 95 form an integral part of the consolidated financial statements.

**CONSOLIDATED BALANCE SHEET, EUR 1,000**

Assets	Notes	31 Dec 2010	31 Dec 2009
<b>Non-current assets</b>			
Property, plant and equipment	1, 12	470,099	467,284
Biological assets	13	1,891	1,811
Goodwill	14	162,923	157,801
Other intangible assets	14	75,527	70,008
Investments in joint ventures and associates	1, 15, 32	11,862	7,444
Other financial assets	16, 29	1,586	2,307
Trade receivables, loans and other receivables	17, 29	20,166	20,394
Deferred tax assets	10, 18	11,453	7,025
<b>Total</b>		<b>755,507</b>	<b>734,074</b>
<b>Current assets</b>			
Inventories	19	105,334	110,131
Biological assets	13	5,765	5,440
Trade and other receivables	20, 29	199,852	198,191
Tax assets		17,453	8,206
Cash and cash equivalents	21, 29	18,530	35,300
<b>Total</b>		<b>346,934</b>	<b>357,268</b>
<b>Non-current assets held for sale</b>	<b>22</b>	<b>9,174</b>	<b>9,995</b>
<b>Total assets</b>	<b>1</b>	<b>1,111,615</b>	<b>1,101,337</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to the shareholders of the parent company</b>			
Share capital		48,055	48,055
Share premium		138,502	138,502
Treasury shares		-1,271	-1,308
Other funds		1,822	-1,669
Invested unrestricted equity fund		110,571	110,596
Translation differences		-14,314	-30,989
Retained earnings		159,811	171,919
<b>Total</b>	<b>10, 11, 18, 23, 24, 29</b>	<b>443,176</b>	<b>435,106</b>
<b>Non-controlling owners' share</b>		<b>2,867</b>	<b>1,812</b>
<b>Total equity</b>		<b>446,043</b>	<b>436,918</b>
<b>Non-current liabilities</b>			
Interest-bearing financial liabilities	26, 29	302,778	318,883
Deferred tax liabilities	10, 18	46,797	41,186
Other liabilities	25, 29	800	1,380
Provisions	27	812	
<b>Total</b>		<b>351,187</b>	<b>361,449</b>
<b>Current liabilities</b>			
Interest-bearing financial liabilities	26, 29	127,159	106,914
Trade and other payables	28, 29	186,525	186,842
Current tax liabilities		701	9,214
<b>Total</b>		<b>314,385</b>	<b>302,970</b>
<b>Total liabilities</b>	<b>1</b>	<b>665,572</b>	<b>664,419</b>
<b>Equity and liabilities, total</b>		<b>1,111,615</b>	<b>1,101,337</b>

The notes presented on pages 60 to 95 form an integral part of the consolidated financial statements.



# Atria Group's IFRS Financial Statements 2010

## CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP, EUR 1,000

	Note	Equity attributable to the owners of the parent company							Non-controlling owners' share	Total equity
		Share capital	Share premium	Treasury shares	Other funds	Invested unre-stricted equity fund	Translation differences premium	Retained earnings		
Equity 1 January 2009		48,055	138,502	-542	81	110,336	-33,424	170,499	1,363	434,870
Total comprehensive income for the financial period										
Income for the financial period								7,073	374	7,447
Other items of the total comprehensive income										
Financial assets available for sale					15			15		15
Cash flow hedge					-1,443			-1,443		-1,443
Net investment hedge					-322			-322		-322
Translation differences							2,435	2,435	75	2,510
Transactions with owners										
Treasury shares	23			-766				-766		-766
Share incentives	24					260		260		260
Distribution of dividends	23							-5,653		-5,653
Equity 31 December 2009		48,055	138,502	-1,308	-1,669	110,596	-30,989	171,919	1,812	436,918
Total comprehensive income for the financial period										
Income for the financial period								-5,069	842	-4,227
Other items of the total comprehensive income										
Financial assets available for sale					13			13		13
Cash flow hedge					3,156			3,156		3,156
Net investment hedge					322			322		322
Translation differences							16,675	16,675	213	16,888
Transactions with owners										
Treasury shares	23			37				37		37
Share incentives	24					-25		-25		-25
Distribution of dividends	23							-7,039		-7,039
Equity 31 December 2010		48,055	138,502	-1,271	1,822	110,571	-14,314	159,811	2,867	446,043

The notes presented on pages 60 to 95 form an integral part of the consolidated financial statements.

**CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000**

	Notes	1 January – 31 December 2010	1 January – 31 December 2009
<b>Cash flow from operating activities</b>			
Sales income		1,302,497	1,332,314
Payments received from other operating revenue		7,627	4,646
Payments on operating expenses		-1,224,582	-1,244,217
Interest paid and payments on other operating expenses		-42,723	-38,815
Dividends received		12	5
Interest payments received and other financial income		26,756	17,388
Direct taxes paid		-24,894	-9,584
<b>Cash flow from operating activities</b>		<b>44,693</b>	<b>61,737</b>
<b>Cash flow from investments</b>			
Investments in tangible and intangible assets		-39,615	-32,340
Investments		-596	-1,850
<b>Cash flow from investments</b>		<b>-40,211</b>	<b>-34,190</b>
<b>Cash flow from financing</b>			
Draw down of long-term loans		40,814	41,807
Repayment of long-term loans		-56,245	-64,768
Dividends paid	23	-7,039	-5,653
Treasury shares	23		-766
<b>Cash flow from financing</b>		<b>-22,470</b>	<b>-29,380</b>
<b>Change in cash and cash equivalents</b>		<b>-17,988</b>	<b>-1,833</b>
Cash and cash equivalents at the start of the financial period	21	35,300	37,138
Effect of exchange rate changes		1,218	-5
<b>Cash and cash equivalents at end of financial period</b>		<b>18,530</b>	<b>35,300</b>

The notes presented on pages 60 to 95 form an integral part of the consolidated financial statements.

### BASIC CORPORATE INFORMATION

The parent company of the Atria Group, Atria Plc, is a Finnish public company formed in accordance with Finnish law and domiciled in Kuopio, Finland. The company has been listed on Nasdaq OMX Helsinki Ltd since 1991. Copies of the consolidated financial statements are available online at [www.atriagroup.com](http://www.atriagroup.com) or from the parent company's head office at Atriantie 1, Nurmo; postal address: P.O. Box 900, FI-60060 ATRIA.

Atria Plc and its subsidiaries manufacture and market food products, especially meat products, poultry products, meals and food concepts. Atria has defined Finland, Sweden, Denmark, European parts of Russia and the Baltic countries as its market area. Atria's subsidiaries are also located in this area. The Group's operations are divided into four business areas: Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic.

The financial statements were approved by the Board of Directors for publication on 16 February 2011. According to the Finnish Companies Act, the shareholders are entitled to approve or reject the financial statements in the Annual General Meeting to be held after their publication. The AGM can also make a decision to revise the financial statements.

### ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU. IAS and IFRS standards valid on 31 December 2010 have been followed, as well as SIC and IFRIC interpretations. The IFRS refer to standards and interpretations thereof approved for application in the EU in compliance with the proceedings stipulated in EU decree (EC) 1606/2002, as referred to in the Finnish Accounting Act and subsequent regulations. The notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation.

The consolidated financial statement has been prepared on acquisition cost basis with the exception of available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss and derivative instruments. From the moment of classification, the assets held for sale are measured at the lower of their book value and fair value less cost to sell.

The financial statement data is presented in units of 1,000 euros, with sums rounded off to the nearest thousand.

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### a) New and amended standards which must be applied by the financial period beginning on 1 January 2010

- Revised IFRS 3 "Business Combinations" and resulting amendments in IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" are applied with a non-retroactive effect to those business combinations in which the acquisition date falls in a financial period beginning on or after 1 July 2009. According to the revised standard, the acquisition method is still applied to business combinations. However, the method has undergone some significant changes compared with the former IFRS 3 standard. For example, all payments executed in order to implement an acquisition are recognised at fair value at the time of the acquisition and certain contingent payments classified as liabilities are measured at fair value through the statement of comprehensive income at a later stage. The non-controlling interest for each acquisition can be valued either at fair value or as a proportion of the net assets of the acquisition target. All acquisition-related expenses are recognised as expenses. The revisions to the standard affect the amount of goodwill from acquisitions and income from sales of business operations. The revision also affects items recorded through profit or loss both in the acquisition period and in periods in which additional purchase price is paid or additional acquisitions are carried out.
- Under the amended IAS 27, the impacts of transactions carried out with holders of non-controlling interest must be recognised under equity if there is no change in control, and goodwill or revenue and expenses no longer arise from these transactions. If the parent company loses its control in the subsidiary, any remaining interest in the acquisition target is measured at fair value through profit or loss. The amended IAS 27 has no impact in this financial period.

#### b) New and amended standards and interpretations which must be applied in financial periods beginning on or after 1 January 2010 but which currently have no impact on the group

- IFRIC 12 "Service Concession Arrangements"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"
- IFRIC 9 "Reassessment of Embedded Derivatives" and amended IAS 39 "Financial Instruments: Recognition and Measurement"

- IAS 39 amendment: “Financial Instruments: Recognition and Measurement”. The amendments concern hedge accounting.
- Amendment to IFRS 2 “Share-based Payment – Group cash-settled share-based payment transactions”.

c) IASB published in April 2009 improvements to 12 standards as part of the annual standard improvement process (Improvements to IFRSs). The impacts of the amendments vary depending on the standard, but the changes have not had a material impact on the consolidated financial statements.

d) New standards and interpretations which have been published but which do not have to be applied in the financial period beginning on 1 January 2010 and have not been adopted early

- Revised IAS 24 “Related Party Disclosures” was issued in November 2009. This standard replaces the IAS 24 published in 2003. Revised IAS 24 must be applied in financial periods beginning on or after 1 January 2011. It may also be applied earlier either in part or fully. In the revised standard, the definition of a ‘related party’ has been clarified and simplified, and government-related entities are no longer obliged to disclose the details of business transactions carried out with government or other government-related entities. The revision does not change existing related party reporting.
- “Classification of Rights Issues” (amendment to IAS 32) was issued in October 2009. The amendment applies to financial periods beginning on or after 1 February 2010. Earlier application is allowed. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided that certain conditions are met, these rights are now classified as equity regardless of the currency in which the exercise price is denominated. Previously these rights were accounted for as derivative liabilities. This amendment will not affect the next consolidated financial statement.
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” is applicable in financial periods beginning on or after 1 July 2010. The interpretation clarifies the accounting approach in a situation where the terms of a financial liability are renegotiated and, as a consequence, the company issues equity instruments to a creditor to extinguish all or part of the financial liability (settling liability by equity). The Group will adopt this interpretation as of 1 January 2011. It is not expected to affect the consolidated or parent company financial statements.
- “Prepayments of a Minimum Funding Requirement” (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14 “IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”. Without these amendment, companies would not be allowed to recognise as an asset in their balance sheet some voluntary prepayments for minimum funding contributions. The amendments apply in financial periods beginning on or after 1 January 2011. The amendments are not expected to affect the consolidated financial statements.
- IASB published in July 2010 improvements to seven standards or interpretations as part of the annual standard improvement process. EU has not yet approved the improvements for application in the EU. The Group will adopt the amendments after the EU approval in its financial statements for 2011. Group management is looking into how the amendments will affect the consolidated financial statements.

e) The Group will adopt the following standards, interpretations or amendments to existing standards in 2012 or later

- IFRS 9 Financial Instruments, covering classification and measurement of financial assets was issued in November 2009. It was the first part in a process to replace IAS 39 “Financial Instruments: Recognition and Measurement” with a new standard. IFRS 9 contains new kinds of requirements regarding the classification and measurement of financial assets, and it is not believed to affect the accounting of financial assets in the Group. The standard will not be effective until January 2013, but early adoption is permitted. However, the standard has not yet been approved for adoption in the EU. IFRS 9 “Classification and measurement of financial liabilities” was issued in October 2010. It complements the first part of the process to replace IAS 39, which targeted on the classification and measurement of financial assets, issued in November 2009. Under the new standard the recognition and measurement of financial liabilities should remain unchanged, except for those financial liabilities to which the fair value option is applied. The amendment is not expected to affect the accounting treatment of financial liabilities in the Group. The standard is not effective until January 2013, but early adoption is allowed if the previously issued standard on the recognition and measurement of financial assets has also been adopted early. However, the standard has not yet been approved for adoption in the EU. The overall effect of IFRS 9 is only now being looked into.

- Amendment to IFRS 7 “Disclosures: transfers of financial assets” requires additional notes regarding risk positions arising from transferred financial assets. The amendment extends the requirement of detailed notes to cover also such transfers of financial assets that have been fully recognised outside balance sheet but to which the transferor maintains an interest. The amendment may increase the required amount of notes in financial statements. The amendment will be effective for financial periods beginning on or after 1 July 2011. It has not been given EU approval yet.
- Amendment to IAS 12 “Deferred tax”. In the past, IAS 12 required that the entity assesses what extent of the book value of an asset item recognised at fair value in the balance sheet can be accrued from continuous usage (as in rental revenue) and what extent from the sale of the asset. In accordance with this amendment, the book value of certain assets recognised at fair value is by default assumed to be accrued from the sale of the asset. This assumption is applicable for deferred taxes which arise from investment real estate, property, plant and equipment and intangible assets valued either at fair value or by the revaluation model. This amendment will not affect the consolidated financial statement.

### ACCOUNTING POLICIES CALLING FOR JUDGMENTS BY THE MANAGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When preparing the financial statements, the management must make assessments and assumptions concerning the future and affecting assets and debts in relation to responsibilities, profits and costs. The realised values may deviate from the original assessments and assumptions. In addition, deliberation must be used in applying the accounting policies. This concerns cases where the IFRS practice in force contains alternative recognition, measurement or presentation procedures. The management has exercised judgment in the classification of assets and financial assets and in the recognition of deferred tax assets and reserves.

#### Key accounting assessments and assumptions:

The assessments are based on the management's view at the end date of the reporting period. Any changes in the assessments and assumptions are recognised in the accounting period in which the assessment or assumption is adjusted and in all subsequent accounting periods.

#### Measurement of the fair value of assets acquired in business combinations:

The assets and liabilities acquired in business combinations are valued using the fair value at the time of acquisition. In significant business combinations, the Group has used an external advisor when measuring the fair value of tangible and intangible assets. In the case of tangible assets, comparisons have been made with the market price of corresponding assets, and the assets have been tested for impairment caused by their age, wear and other similar factors. The fair value of intangible assets is determined based on assessments of asset cash flows. The management believes that the assessments and assumptions are sufficiently detailed to be used as the basis for fair value measurement.

#### Impairment of assets:

The Group reviews any indication of impairment of tangible and intangible assets at least at the end date of each reporting period.

The Group conducts annual impairment tests on goodwill and intangible assets with indefinite useful lives. It also assesses any indication of impairment in accordance with the accounting policies. At the end of the accounting period, the value of the intangible assets to be tested annually was EUR 231.2 million. The recoverable amounts of cash-generating units are defined on the basis of value-in-use calculations. The cash flows resulting from these calculations are based on the five-year financial plans approved by the management (Note 14).

As a result of goodwill impairment testing, Atria Russia decided to record an impairment totalling EUR 10.8 million allocated to goodwill. Additional information on the recoverable amount susceptibility to changes in the assumptions used can be found in Note 14.

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

#### SUBSIDIARIES

The consolidated financial statements include the parent company Atria Plc and all of its subsidiaries. Subsidiaries are companies over which the Group has control. The Group is in control when it owns over half of the voting rights or otherwise has the say in the company. Control refers to the right to decide on the company's financial and operating principles in order to reap benefit from its operations. The acquired subsidiaries are consolidated from the moment the Group has gained control of the company until said control ends.



Business combinations are accounted for using the acquisition method. The consideration paid for an acquisition of a subsidiary is measured using the fair value of assigned assets and accepted liabilities. Paid consideration includes the fair value of an asset or liability arising from a contingent consideration arrangement. Acquisition costs are entered as expenses as they arise. The net assets and accepted and contingent liabilities acquired in business combinations are valued at fair value at the time of the acquisition. The interest of non-controlling owners in the acquisition target is recognised on acquisition basis either at fair value or based on their relative share of the net assets of the acquisition target.

The amount by which the sum total of paid consideration, non-controlling owners' share in the acquisition target and the fair value of the previously held interest exceeds the Group's share of the fair value of the acquired net assets is recognised as goodwill in the balance sheet. If the sum total of the consideration, non-controlling owners' share and previously held interest is less than the fair value of the acquired net assets of the subsidiary, the difference is entered directly in the profit and loss account.

All intra-Group transactions, receivables and liabilities, as well as unrealised profits are eliminated. Unrealised losses are also eliminated.

Transactions conducted with non-controlling shareholders are treated as those conducted with Group shareholders. When shares are purchased from non-controlling shareholders, the difference between the consideration paid and the book value of the share acquired of the net assets of the subsidiary is recognised in equity. Profit or loss from the sale of shares to non-controlling shareholders is also recognised in equity.

When the control or large influence ceases to exist, any remaining interest is measured at fair value and the change in book value is recognised through profit or loss. This fair value serves as the original book value when the remaining interest is later recognised as an associate, joint venture or financial assets. In addition, the amounts of the said entity previously recognised in other comprehensive income are treated as if the Group had directly assigned the associated assets and liabilities. This may mean that amounts previously entered as other comprehensive income become accounted for through profit or loss.

If the interest in an associate diminishes but a large influence remains, only a relative share of the amounts previously recognised in other comprehensive income is accounted for through profit or loss where appropriate.

## ASSOCIATES

Associates are companies in which the Group has considerable influence. Considerable influence materialises when the Group owns more than 20 per cent of the company's voting rights, or when the Group otherwise has considerable influence but not control over the company. The associates have been consolidated using the equity method. If the Group's share in the associates' losses exceeds the investment's book value, the investment will be entered at zero value in the balance sheet and the losses exceeding the book value will not be recognised unless the Group is committed to fulfilling the associates' obligations. Investments in associates include investments at the time of acquisition and changes in the associates' equity after the time of acquisition. Income for the financial year from associates, corresponding to the Group's holding in them, has been entered as a separate item after operating profit.

## JOINT VENTURES

Joint ventures are companies in which the Group and other parties exercise joint control based on an agreement. Within the Group, joint ventures are consolidated using the equity method.

## FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent company.

Foreign currency business transactions have been translated into euros at the exchange rate on the date of transaction. Foreign currency receivables and liabilities have been translated into euros at the exchange rate on the closing date. Exchange gains and losses arising from foreign currency transactions as well as receivables and liabilities have been recognised in the income statement, excluding loans that are part of a net investment in a foreign operation and those exchange rate changes of derivative instruments that are qualifying cash flow hedges or are used to effectively protect foreign net investments. These exchange differences have been recognised in other items of the total comprehensive income. Exchange gains and losses from operations are included in the appropriate item before operating profit. Exchange gains and losses from foreign currency-denominated loans and forward exchange agreements protecting financial transactions are included in financial income and expenses.

The profit and financial position of Group companies outside the eurozone have been accounted for in the currency that is the currency of the operating region of the company in question. The income statements of Group companies

outside the eurozone have been translated into euros at the average exchange rate for the reporting period, and the balance sheets at the rate on the closing date. The exchange difference arising from the use of different translation rates is recognised in other comprehensive income. The translation differences arising from the elimination of the acquisition costs of subsidiaries outside the eurozone and the hedge profit deriving from the corresponding net investments are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange rate differences recognised in equity are recognised through profit or loss as a sales gain or loss.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at original cost, less accumulated depreciation and any impairment.

If the tangible fixed asset consists of several parts with different useful lives, each part is treated as a separate asset. In this case, the costs connected to renewing the part are activated. Otherwise, later costs are included in the book value of the property, plant and equipment only if it is probable that the future benefit connected to the asset will benefit the Group, and the acquisition cost of the asset can be reliably determined. Other repair and maintenance costs are booked so that they affect earnings after they have materialised.

Depreciation is calculated as straight-line depreciation according to the estimated useful life as follows:

Buildings	25–40 years
Machinery and equipment	5–10 years
Other intangible assets	5–10 years

No depreciation is made on land and water. Assets which are not suited for recognition in other property, plant or equipment accounts due to their nature or depreciation periods are recognised as other tangible assets (Buildings, Machinery and equipment).

The residual value and the useful life of assets are checked in every financial statement and, if necessary, adjusted so that the book value equals, at most, the recoverable amount.

The depreciation of property, plant and equipment stops when the tangible fixed asset is classified as available for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Gains and losses accumulated from the disposal or transfer of tangible fixed assets are included in other operating income or expenses.

### Leases – Group as lessor:

Leases concerning tangible assets where the Group has a considerable share of the risks and rewards related to ownership are classified as finance leases. Finance leases are entered in the balance sheet at the fair value of the leased asset on the day the lease period begins, or at a lower value that corresponds to the current value of the minimum lease payments. The depreciation of assets acquired with finance leases are made during the useful life of assets or a shorter leasing period. Lease payments are apportioned between a finance charge and debt reduction over the lease period, so that a constant interest rate is formed for the outstanding liability in each financial year. Lease obligations are included in interest-bearing debts.

Leases where the risks and rewards incident to ownership remain with the lessor are handled as operating leases. Rents paid on the basis of other leases are recognised as costs in the profit and loss account, based on the straight-line method during the lease period.

### INTANGIBLE ASSETS

#### Goodwill:

Goodwill is the amount by which the acquisition cost exceeds the Group's share of the fair value of the acquired subsidiary's net assets at the time of acquisition. Goodwill arising from the acquisition of subsidiaries is recognised in intangible assets. Goodwill is tested annually for impairment and entered in the balance sheet at acquisition cost less accrued impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. The Group's cash-generating units are classified by business segment based on the operations and location of subsidiaries. In 2010, they are Atria Finland, Atria Scandinavia, Atria Russia and Atria Estonia. Goodwill is measured at original cost less impairment.

#### Other intangible assets:

Intangible assets are only entered in the balance sheet if the acquisition cost of the asset can be reliably determined and if it is probable that the expected economic benefit from the asset will flow to the company.

Intangible assets with a limited useful life are recognised as expenses based on straight-line depreciation in the income statement during their known or estimated useful life. Intangible assets with indefinite useful lives are not amortised, but instead tested annually for impairment.

Depreciation periods:	
Customer relationships	3–8 years
Trademarks	5–10 years
Other intangible assets *)	5–10 years

\*) Includes e.g. computer software and subscription fees

#### IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

On each closing date, the Group tests intangible and tangible assets to see whether they show indications of impairment. If there are such indications, the recoverable amount from the said asset is estimated. The recoverable amount of cash from goodwill and intangible assets with indefinite useful lives is assessed annually and whenever indications of impairment are detected. The recoverable amount is the fair value of the asset less costs to sell or, if higher, the asset's value in use. If the recoverable amount cannot be assessed per item, the impairment need is observed on the level of cash-flow generating units, i.e. at the lowest unit level which is mainly independent of other units and at which cash flows can be distinguished from other cash flows.

Impairment loss is recognised if the book value of the asset is higher than the recoverable amount. Impairment loss is recognised immediately in the income statement. If the impairment loss arises with regard to a cash-generating unit, it is first allocated to reduce the goodwill and then to reduce the other assets of the unit pro rata. The useful life of the amortised asset is re-evaluated in conjunction with the recognition of an impairment loss. An impairment loss recognised for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount from the said asset. However, the impairment loss may not be reversed in excess of what the asset's book value would be without the recognition of the impairment loss. An impairment loss recognised for goodwill is never reversed.

#### INVENTORIES

Inventories are measured at the lower of original cost or probable net realisable value. The acquisition cost is determined using the FIFO method. The acquisition cost for finished and unfinished products consists of raw materials, direct labour costs, other direct costs, and the appropriate share of manufacturing-related overhead and fixed overhead at a normal level of operations. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs related to sales.

#### BIOLOGICAL ASSETS

The Group's biological assets are live animals and growing

crops. Biological assets are valued at fair value, less estimated sales-related costs. Productive animals are included in tangible assets and other biological assets are included in inventories.

Agricultural products harvested of the biological assets at harvest time are valued at fair value, less estimated sales-related costs. Valuation after harvest is conducted in accordance with inventories' valuation principles.

The fair value of productive biological assets is based on acquisition price less a cost corresponding to the reduction of value in use due to the aging of animals. There is no available market price for productive animals. The fair value of consumable biological assets (slaughter animals) equals their market price, which is based on the company's slaughter animal procurement/sales in the local market. The fair value of consumable biological assets (growing crops) is based on production costs.

#### FINANCIAL ASSETS

##### Classification

The Group's financial assets are divided into the following groups:

- Financial assets recognised at fair value through profit or loss
- Loans and other receivables
- Financial assets available for sale

The classification is made on the basis of the purpose of the acquisition, and the assets are classified in connection with the original acquisition.

##### Financial assets recognised at fair value through profit or loss:

A financial asset belongs to this group if it has been acquired for trading purposes or if it has been initially recognised at fair value through profit or loss. Financial assets held for trading are acquired mainly to generate profit from changes in short-term market prices. The derivatives used by the company that do not fulfil the hedge accounting conditions in IAS 39 have been classified as held for trading. The assets belonging to this group have been classified as current assets.

##### Loans and other receivables:

Loans and other receivables are non-derivative financial assets which involve payments that are fixed or determinable and which are not noted on active markets. They are included in current assets, except when they fall due within more than 12 months of the end date of the reporting period. These assets are classified as non-current assets. The trade and other receivables

as well as cash and cash equivalents in financial assets are also included in the Group's loans and other receivables.

### **Financial assets available for sale:**

Financial assets available for sale are non-derivative assets that have been prescribed to this group or that have not been prescribed to any other group. They are included in non-current assets unless they fall due or are intended to be kept for less than 12 months from the closing date, in which case they are included in current assets.

### **RECOGNITION AND MEASUREMENT**

Regular purchases and sales of financial assets are recognised on the basis of the trading date, i.e., the date on which the Group commits to purchase or sell the asset. Financial assets are classified as non-current assets when they fall due more than 12 months from the closing date. If financial assets are intended to be kept for less than 12 months, they are classified as current assets.

Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred to another party and the Group has transferred substantially all risks and rewards of ownership.

Investments in financial assets not recognised at fair value through profit or loss are initially recognised at fair value plus all transaction costs that are directly attributable to the acquisition or issue. Financial assets recognised at fair value through profit or loss are initially recognised at fair value, and all transaction costs are expensed in the income statement.

Financial assets recognised at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Loans and other receivables are measured at amortised cost using the effective interest method.

Unrealised and realised profits and losses due to changes in the fair value of the "financial assets at fair value through profit or loss" group are recognised in the income statement in the accounting period in which they occur. Exchange differences and changes in the fair value of assets classified as available for sale are recognised in other comprehensive income and are presented in the fair value fund, taking into consideration the tax effect.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the income statement as financial income and expenses. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established. The fair values of quoted investments are based on current bid

prices. If the market for a financial asset is not active (and for unlisted securities), fair value is established through valuation techniques. These include the use of recent arm's-length transactions between independent parties, fair values of other instruments that are substantially the same and discounted cash flow analysis. The models make maximum use of market inputs and relies as little as possible on entity-specific inputs. Whether there is objective proof of impairment of a financial asset or financial asset group is estimated on each closing date. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its acquisition cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments will not be reversed through the income statement.

### **DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The derivatives hedge accounting is applied to are defined as either:

- hedges of interest rate, currency or electricity price risks associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The relationship between hedging instruments and hedged items is documented at the inception of the hedging transaction. Risk management objectives and strategies for undertaking various hedging transactions are documented as well. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

**Cash flow hedge:**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other items of the total comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement under the proper item. Gains and losses accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial acquisition cost of the asset. The deferred amounts are ultimately recognised in costs of goods sold in case of inventories, or in depreciations in case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised in the income statement only when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under the proper item.

**Net investment hedge:**

Hedges of net investments in foreign operations are accounted for in the same way as cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other items of the total comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

**Derivatives that do not meet the criteria for hedge accounting:**

Certain derivative instruments do not meet the criteria for hedge accounting. All changes in the fair value of this kind of derivatives are immediately recognised in the proper item of the income statement.

**TRADE RECEIVABLES**

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method and taking impairment into account. Provisions for impairment for trade receivables are recognised

when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

If the impairment loss decreases in a later accounting period, and the reduction can be objectively linked to a transaction that has taken place after the recognition of the impairment loss, the recognised loss is reversed through profit or loss.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash and bank deposits available on demand. Items classified as cash and cash equivalents have a maximum maturity of three months from acquisition. Available credit limits are included in current interest-bearing liabilities.

**NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets are classified as held for sale if their book value is to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Furthermore, management must be committed to the sale, which should be expected to occur within one year of the date of classification.

Immediately before being classified as held for sale, these assets are measured in accordance with the applicable IFRS standards. Thereafter, the assets are measured at the lower of their book value and fair value less cost to sell. These assets are no longer depreciated after the classification.

**EQUITY**

Ordinary shares are presented as share capital. Expenses related to the issue or acquisition of equity instruments are presented as a deductible item under equity.

If a Group company acquires shares in the company, the consideration paid for them and the expenses arising directly from the acquisition, taking into consideration the tax effect, are deducted from the shareholders' equity until the shares are either cancelled or reissued. If the shares are reissued, the consideration received for them less transaction costs directly attributable to the shares is included in the shareholders' equity, taking into consideration the tax effect.

**FINANCIAL LIABILITIES**

Financial liabilities are initially recognised at fair value. They are later measured at amortised cost using the effective



interest method. Financial liabilities are included in current and non-current liabilities.

A one-off credit fee related to committed credit facilities is spread over the duration of the agreement. The credit limit fees related to such facilities are recognised as a cost based on the passing of time.

### RESERVATIONS

A reservation is entered when the Group has, due to a past event, a judicial or factual obligation, and the obligation is likely to materialise and the sum of the obligation can be reliably estimated. Reservations are valued at the current value of the expenses required to cover the obligation. The amounts of reservations are assessed on each closing date and their amounts are adjusted to correspond to the best estimate at that time. Changes in reservations are recognised in the income statement in the same item where the original reservation was entered.

### REVENUE RECOGNITION

Turnover includes profits from the sale of products and services, as well as raw materials and equipment, adjusted by indirect taxes and discounts.

#### Goods and services:

Revenue from the sale of articles is recognised when the risks and rewards of owning the article have been transferred to the buyer. Revenue from services is recognised when the service has been completed.

#### Rental income:

Rental income is recognised on a straight-line basis over the lease period.

#### Interest and dividends:

Interest rates are recognised based on the passing of time, taking into account the effective income from the asset. Dividend income is recognised when the shareholders' right to payment is established.

### EMPLOYEE BENEFITS

#### Pension obligations:

Pension arrangements are classified as either defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments into a separate unit. The Group has no legal or constructive obligation to make additional payments, if the recipient of the payments cannot pay the pension benefits in question. All plans that do not fulfil these conditions are defined benefit pension

plans. Payments made into defined contribution plans are recognised in the income statement in the reporting period to which they apply. The Group's pension plans are mainly defined contribution plans. Swedish ITP pension arrangements are multi-employer defined benefit plans. Sufficient information on these arrangements has not been acquired to allocate liabilities and assets, and therefore these plans are treated as defined contribution plans in the financial statements.

#### Share-based payments:

The Group has an incentive programme for the management where the payments are made in part as company shares, and in part as money. The benefits awarded under the programme are measured at fair value at the time of awarding and recognised in the income statement as an expense arising from employee benefits spread over the earnings and engagement period. The amount of money paid in the arrangement is remeasured using the share price at the balance sheet date and recognised in the income statement as an expense from employee benefits evenly from the day of granting until the money is transferred to the recipient. More information on share-based payments in Note 24.

### RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the balance sheet. Development costs related to individual projects are activated in the balance sheet when there is enough certainty that the asset in question can be technically implemented and will probably generate a future financial benefit. Activated development costs are recognised as project-specific costs during the useful life of the asset. The asset is amortised from the time it is ready for use. The Group has no activated development costs.

### GOVERNMENT GRANTS

Grants received as compensation for expenses are recognised in the income statement, while expenses connected with the grant are entered as costs. Such grants are entered under other operating income. In the period under review, production subsidies for agricultural operations in Russia and Estonia have been recognised as government grants. The nature of the grants varies from one country to the next and the grants are only paid after all the terms and conditions of the grant have been met, so the company does not have a repayment obligation regarding grants received. No significant change is anticipated regarding the amount of grants.

Government grants, such as grants received for the acquisition of property, plant and equipment, are recognised

as a deduction in the book value of property, plant and equipment when it is reasonably certain that the grant will be received and that the Group company fulfils the prerequisites for receiving the grant. Grants are recognised as income in the form of lower depreciation during the useful life of the asset.

#### INCOME TAXES

The tax expense in the income statement consists of current tax, tax adjustments from previous financial years, and deferred tax. Taxes are entered in the income statement except if they are connected to other comprehensive income or to items recognised directly in equity. In this case the tax is also entered in other comprehensive income or directly in equity. Current tax is calculated from taxable profit based on the valid tax rate of each country. The tax is adjusted by possible taxes related to previous periods.

Deferred tax is calculated from all temporary differences between the book value and tax base. The biggest temporary differences arise from the depreciation of tangible fixed assets and fair value measurement in connection with acquisitions. No deferred tax is recognised for non-deductible goodwill impairment, and no deferred tax is recognised for the undistributed profits of subsidiaries if the difference is not likely to dissolve in the foreseeable future.

Deferred tax is calculated using the tax rates provided on the balance sheet date. Deferred tax assets are recognised to the amount for which it is likely that taxable profit will be generated in the future against which the temporary difference can be utilised.

# Notes to the Financial Statements

## 1. Segment information, EUR 1,000

The Group's operating segments are based on the Group's internal organisation structure and internal financial reporting, which the Group's Board of Directors uses in strategic and operative decision-making. The Group's Board of Directors assesses the performance of the operating segments based on net sales, EBIT and return on capital employed. The Group has four recognisable geographical segments that differ essentially from one another in terms of the functioning of the markets. They are Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic. In addition, Group costs are now reported separately in unallocated items. Group costs mainly consist of personnel and administration costs as well as costs arising from the share-based payment plan. A segment's assets and liabilities are items that can be directly attributed or reasonably allocated to the segment. The transactions between the segments take place at market price.

The group has two customers, with whom the value of the trade is between 10 and 15 percent of the Group's net sales. The net sales in question is reported in the operating segments Finland, Russia and Baltic.

### Accounting period that ended on 31 Dec 2010

Operating segments	Finland	Scandinavia	Russia	Baltic	Unallocated	Eliminations	Group
Net sales							
External	753,655	383,190	129,248	34,813			1,300,906
Internal	14,114	8,440		152		-22,706	0
Total net sales	767,769	391,630	129,248	34,965			1,300,906
EBIT	30,690	13,895	-27,943	-3,666	-3,220		9,756
Financial income and expenses							-11,123
Income from joint ventures and associates							1,672
Income taxes							-4,532
Profit for the period							-4,227
Assets	492,025	413,066	188,235	52,167		-33,878	1,111,615
Liabilities	241,924	299,224	141,688	16,614		-33,878	665,572
Return on capital employed (ROCE) %	7.9%	5.3%	-16.9%	-9.6%			1.1%
Investments	13,254	9,524	22,624	765			46,167
Depreciation	28,749	11,662	8,102	2,985			51,498
Impairment		210	10,825	19			11,054

### Accounting period that ended on 31 Dec 2009

Operating segments	Finland	Scandinavia	Russia	Baltic	Unallocated	Eliminations	Group
Net sales							
External	766,611	399,018	112,956	37,413			1,315,998
Internal	15,312	6,200		134		-21,646	0
Total net sales	781,923	405,218	112,956	37,547			1,315,998
EBIT	42,910	9,973	-9,819	-12,485	-3,065		27,514
Financial income and expenses							-12,409
Income from joint ventures and associates							1,439
Income taxes							-9,097
Profit for the period							7,447
Assets							
Segment assets	512,265	369,411	184,402	54,261		-26,446	1,093,893
Investments in joint ventures and associates	7,437			7			7,444
Total assets	519,702	369,411	184,402	54,268		-26,446	1,101,337
Liabilities	266,394	262,528	147,518	14,425		-26,446	664,419
Return on capital employed (ROCE) %	10.2%	4.0%	-6.9%	-26.5%			3.1%
Investments	14,154	5,291	11,965	1,616			33,026
Depreciation	29,584	11,245	6,254	3,283			50,366
Impairment	96	775	187	7,217			8,275

<b>2. Net sales, EUR 1,000</b>	<b>2010</b>	<b>2009</b>
Sale of goods	1,286,489	1,302,033
Sale of services	5,227	5,953
Other sales	9,190	8,012
<b>Total</b>	<b>1,300,906</b>	<b>1,315,998</b>

### **3. Research and development costs, EUR 1,000**

The income statement includes R&D costs booked as costs to the amount of	10,287	9,382
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### **4. Fees paid to auditors, EUR 1,000**

Fees paid to auditing	546	494
Reports and statements	33	11
Tax consulting	46	18
Other fees	93	42
<b>Total</b>	<b>718</b>	<b>565</b>

### **5. Other operating income, EUR 1,000**

Sales income from fixed assets	87	116
Cancellation of contingent consideration	2,922	
Contributions received	366	407
Others *)	4,339	4,123
<b>Total</b>	<b>7,714</b>	<b>4,646</b>

\*) including rental income and sales income from by-products

### **6. Other operating expenses, EUR 1,000**

Sales loss from fixed assets	1,233	
Impairment of fixed assets	1,263	3,481
Depreciation on intangible assets	11,774	4,956
Others *)	3,650	8,165
<b>Total</b>	<b>17,920</b>	<b>16,602</b>

\*) including costs related to the sales of by-products, credit losses and non-recurring restructuring costs

### **7. Personnel expenses, EUR 1,000**

Expenses from employee benefits:		
Salaries and wages	180,916	184,766
Pension costs - contribution plans	28,061	23,854
Other staff-related expenses	19,795	26,748
<b>Total</b>	<b>228,772</b>	<b>235,368</b>

Information on management employee benefits is presented in Note 32. Information on granted share incentives is presented in Note 24.

Expenses from employee benefits per operation:		
Costs of goods sold	177,632	183,353
Sales and marketing expenses	27,945	26,308
Administrative expenses	23,195	25,707
<b>Total</b>	<b>228,772</b>	<b>235,368</b>

## Notes to the Financial Statements

	2010	2009
Group personnel on average by segment:		
Finland	2,089	2,222
Scandinavia	1,205	1,394
Russia	2,048	2,003
Baltic	470	595
Total	5,812	6,214

### 8. Depreciation and impairment, EUR 1,000

Depreciation and impairment per operation:		
Costs of goods sold	46,129	44,924
Sales and marketing expenses	1,572	990
Administrative expenses	4,066	4,452
Other operating expenses	10,785	8,275
Total	62,552	58,641

### 9. Financial income and expenses, EUR 1,000

Financial income:		
Interest income from loan assets	2,986	3,472
Exchange rate profits from loan assets	26,470	14,640
Dividends received from financial assets for sale	12	5
Other financial income	28	6,008
Changes in the value of financial assets at fair value through profit or loss		
- Derivative instruments - not in hedge accounting	2,004	532
Total	31,500	24,657
Financial expenses:		
Interest expenses from financial liabilities valued at amortised cost	-10,694	-14,780
Exchange rate losses from financial liabilities valued at amortised cost	-20,472	-12,231
Other financial expenses	-2,351	-1,598
Changes in the value of financial assets at fair value through profit or loss		
- Derivative instruments - not in hedge accounting	-9,106	-8,457
Total	-42,623	-37,066
Financial income and expenses, total	-11,123	-12,409

During the year 2009, compensation in the amount of about EUR 6 million for the delayed completion of the meat product plant in Gorelovo, St Petersburg, was recorded under other financial income.

Items related to financial instruments and recognised in other items of the total comprehensive income before taxes:		
Cash flow hedges	4,207	-1,950
Financial assets available for sale	17	46
Translation differences	16,888	2,510
Total	21,112	606

### 10. Income taxes, EUR 1,000

Taxes in the income statement:		
Tax based on the taxable profit for the period	6,956	15,221
Retained taxes	181	-154
Deferred tax	-2,605	-5,970
Total	4,532	9,097



	2010	2009
Balancing of income statement taxes to profit before taxes:		
Profit before taxes	305	16,544
Taxes calculated with parent company's 26% tax rate	79	4,301
Effect of foreign subsidiaries' deviating tax rates	3,175	2,148
Effect from associates' earnings	-432	-373
Retained taxes	579	-154
Effect of tax-free income	-1,179	-97
Effect of costs that are undeductible in taxation	2,315	325
Unrecognised deferred tax assets	61	2,995
Other changes	-66	-48
Total	4,532	9,097

	Before tax	Tax effects	After tax
Taxes recognised in other items of the total comprehensive income			
2010			
Cash flow hedges	4,207	-1,051	3,156
Net investment hedge	434	-112	322
Financial assets available for sale	17	-4	13
Translation differences	16,888		16,888
Total	21,546	-1,167	20,379
2009			
Cash flow hedges	-1,950	507	-1,443
Net investment hedge	-434	112	-322
Financial assets available for sale	48	-33	15
Translation differences	2,510		2,510
Total	174	586	760

#### 11. Earnings per share, EUR 1,000

Basic earnings per share are calculated by dividing the parent company's shareholder's profit for the period by the weighted average number of outstanding shares.

Profit for the period attributable to the owners of the parent company	-5,069	7,073
Weighted average of shares for the period (1,000)	28,156	28,160
Basic earnings per share	-0,18	0,25

When calculating the earnings per share adjusted by the dilution effect, the dilution effect from all potential dilutive conversions of ordinary shares is taken into account in the weighted average number of shares. Shares transferred through the Group's share incentive plan have a dilution effect. The share incentive plan criteria based on the 2010 result are not met and, therefore, no dilutive shares exist.

## Notes to the Financial Statements

### 12. Property, plant and equipment, EUR 1,000

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Acquisitions in progress	Total
Acquisition cost, 1 Jan 2010	6,693	427,337	496,820	5,737	38,770	975,357
Business combinations						
Increases	5,849	31,537	41,619	290	34,220	113,515
Decreases		-3,865	-19,687	-3,200	-58,213	-84,965
Exchange differences	439	9,266	19,159	22	1,332	30,218
Acquisition cost, 31 Dec 2010	12,981	464,275	537,911	2,849	16,109	1,034,125
Accumulated depreciation and impairment, 1 Jan 2010		-167,707	-338,263	-2,076	-27	-508,073
Business combinations						
Decreases		1,556	6,748	1,349	27	9,680
Depreciation		-12,510	-35,632	-565		-48,707
Impairment		-421	-51	-8		-480
Exchange differences		-3,762	-12,673	-11		-16,446
Accumulated depreciation and impairment, 31 Dec 2010		-182,844	-379,871	-1,311	0	-564,026
Book value, 1 Jan 2010	6,693	259,630	158,557	3,661	38,743	467,284
Book value, 31 Dec 2010	12,981	281,431	158,040	1,538	16,109	470,099
	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Acquisitions in progress	Total
Acquisition cost, 1 Jan 2009	7,395	413,403	478,037	8,434	46,060	953,329
Business combinations						
Increases		15,721	19,077	936	11,825	47,559
Decreases	-876	-1,883	-5,344	-3,461	-17,886	-29,450
Exchange differences	174	96	5,050	-172	-1,229	3,919
Acquisition cost, 31 Dec 2009	6,693	427,337	496,820	5,737	38,770	975,357
Accumulated depreciation and impairment, 1 Jan 2009		-152,580	-304,106	-4,824		-461,510
Business combinations						
Decreases		1,196	5,259	3,212		9,667
Depreciation		-12,170	-34,489	-538		-47,197
Impairment		-3,109	-1,265	-60	-27	-4,461
Exchange differences		-1,044	-3,662	134		-4,572
Accumulated depreciation and impairment, 31 Dec 2009		-167,707	-338,263	-2,076	-27	-508,073
Book value, 1 Jan 2009	7,395	260,823	173,931	3,610	46,060	491,819
Book value, 31 Dec 2009	6,693	259,630	158,557	3,661	38,743	467,284

Assets acquired with financial leasing contracts are included in machinery and equipment. The acquisition cost recognised on the basis of the financial leasing contracts was EUR 5.4 million (EUR 6.9 million) and accumulated depreciation was EUR 1.0 million (EUR 3.7 million). Book value of assets was EUR 4.4 million (EUR 3.3 million).

The value of property, plant and equipment does not include borrowing costs. The Group has not received government grants for the acquisition of fixed assets during the 2010 accounting period.

The tangible assets used as loan collateral amount to EUR 9.0 million (EUR 9.7 million).

13. Biological assets, EUR 1,000	2010	2009
Biological assets:		
Productive	1,891	1,811
Consumable	5,765	5,440
At end of the period	7,656	7,251
Amounts of biological assets at the end of the period:		
Boars / number	57	69
Sows, gilts/number	7,298	7,531
Dairy cattle / number	749	739
Pigs for fattening / number	58,361	54,615
Yearling, heifer/ number	723	681
Chicken eggs, chicken chicks / number	1,710,345	1,742,488
Growing crops / hectares	1,238	414
Production of agricultural products during the period:		
Pork/1,000 kg	10,369	6,804
Beef/1,000 kg	67	133
Chicken/1,000 kg	32,886	28,872
Milk/1,000 kg	5,238	5,551
Cereal/1000 kg	15,113	15,090

Agricultural production is practised in order to control raw material risks in the meat product business. Any increase in the cost of agricultural production is, if possible, passed on in the production chain to the meat product business and to the meat product sale prices.

#### 14. Goodwill and other intangible assets, EUR 1,000

Intangible assets	Goodwill	Trademarks	Customer relationships	Other intangible assets	Total
Acquisition cost, 1 Jan 2010	176,621	67,085	2,347	18,044	264,097
Increases				2,270	2,270
Decreases	-1,048			-514	-1,562
Exchange differences	17,914	7,058		252	25,224
Acquisition cost, 31 Dec 2010	193,487	74,143	2,347	20,052	290,029
Accumulated depreciation and impairment 1 Jan 2010	-18,820	-3,600	-903	-12,965	-36,288
Depreciation on decreases				514	514
Depreciation		-358	-422	-2,008	-2,788
Impairment	-10,785				-10,785
Exchange differences	-959	-1,056		-217	-2,232
Accumulated depreciation, 31 Dec 2010	-30,564	-5,014	-1,325	-14,676	-51,579
Book value, 1 Jan 2010	157,801	63,485	1,444	5,079	227,809
Book value, 31 Dec 2010	162,923	69,129	1,022	5,376	238,450
Intangible assets	Goodwill	Trademarks	Customer relationships	Other intangible assets	Total
Acquisition cost, 1 Jan 2009	166,291	65,176	2,347	16,170	249,984
Increases	1,133	40		1,611	2,784
Decreases				-259	-259
Exchange differences	9,197	1,869		522	11,588
Acquisition cost, 31 Dec 2009	176,621	67,085	2,347	18,044	264,097
Accumulated depreciation and impairment, 1 Jan 2009	-15,237	-2,089	-432	-10,673	-28,431
Depreciation on decreases				258	258

## Notes to the Financial Statements

Depreciation		-294	-471	-2,404	-3,169
Impairment	-3,000	-800		-14	-3,814
Exchange differences	-583	-417		-132	-1,132
Accumulated depreciation, 31 Dec 2009	-18,820	-3,600	-903	-12,965	-36,288
<b>Book value, 1 Jan 2009</b>	<b>151,054</b>	<b>63,087</b>	<b>1,915</b>	<b>5,497</b>	<b>221,553</b>
<b>Book value, 31 Dec 2009</b>	<b>157,801</b>	<b>63,485</b>	<b>1,444</b>	<b>5,079</b>	<b>227,809</b>

During the 2010 accounting period, the company reached an agreement concerning the contingent consideration for the Campomos acquisition. The change in the purchase price reduced the amount of goodwill created by the acquisition by EUR 1.0 million.

Goodwill and intangible assets with indefinite useful lives are allocated to the Group's cash-generating units as follows:

	Goodwill		Trademarks	
	2010	2009	2010	2009
Atria Finland	3,721	3,721		
Atria Scandinavia	150,140	133,975	58,481	52,835
Atria Russia	0	11,043	5,247	4,963
Atria Estonia	9,062	9,062	4,516	4,516
<b>Total</b>	<b>162,923</b>	<b>157,801</b>	<b>68,244</b>	<b>62,314</b>

### Impairment testing

The recoverable amount of a cash-generating unit is defined on the basis of value-in-use calculations. These calculations use cash flow forecasts that are based on budgets approved by the management are defined before taxes and extend over a five-year period. Cash flows after the five-year forecast period are extrapolated using the growth rates presented below. The growth rate used does not exceed the average long-term growth rate of the industry in which the unit that generates the cash flow operates.

Key assumptions for 2010	Atria Finland	Atria Scandinavia	Atria Russia brand	Atria Estonia
Long-term net sales growth rate	1.0%	1.0%	4.5%	1.0%
Discount rate defined before taxes	5.4%	6.1%	11.1%	6.1%

Key assumptions for 2009	Atria Finland	Atria Scandinavia	Atria Russia	Atria Estonia
Long-term net sales growth rate	1.0%	1.0%	5.0%	1.0%
Discount rate defined before taxes	5.3%	5.4%	10.0%	7.5%

The most important assumptions used in Atria's impairment testing for cash flow forecasts are growth in net sales and long-term EBIT margin. The growth and profitability assumptions used are based on the profitability levels and growth rate in net sales that the company has experienced in the near past in Finland and Scandinavia. EBIT margins are expected to be close to the Group's targeted level of 5%. The improving long-term profitability of the Baltic business area is based on the assumptions that the ongoing improvement measures, the more profitable use of meat raw material and the improvement of the general market situation will make the company profitable in the next few years.

Growth percentage assumptions are moderate in all market areas. Russia's higher growth projection is due to its higher market growth expectations and the relatively high growth projection for meat consumption. Due to the relatively stable development of the food industry and moderately optimistic growth forecasts, it is unlikely that the growth rate assumptions will generate impairment losses in the future.

As regards EBIT margins, impairment losses must be recognised if the long-term level in Scandinavia remains about 42% below the assumption and 38% below the assumption in Estonia. In Finland, the EBIT percentage should be approximately 93% below the assumption before the need for impairment arises.

Discount rates could produce impairment losses (all cash flow forecasts being equal) if they increased by 3.1 percentage points in Scandinavia and 1.7 percentage points in Estonia. In Finland, an increase by over 11 percentage points would lead to impairments. Clearly higher discount rates would mean that the market situation has changed in such a way that the change could affect Atria's cash flows as well. Therefore, the above-mentioned increases in discount rates do not directly mean that there would be a need for impairment.

Goodwill impairment testing performed as a result of a decline in market demand, steep rise of meat raw material prices and weakened margins led to the company recording goodwill impairment losses of EUR 10.8 million in Atria Russia during the third quarter of the period.

In the financial statements, a separate test was conducted on a trademark with an indefinite useful life for Atria Russia. The testing did not indicate a need for recognising an impairment loss. On the basis of a sensitivity analysis, an impairment loss is not likely to be recognised for the trademark in the coming years, either.

**15. Investments in joint ventures and associates, EUR 1,000**

Investments in joint ventures and associates	2010	2009
<b>In joint ventures:</b>		
At the beginning of the period	1,038	889
Share of earnings for the period	1,576	165
Dividends received	-33	-16
Other changes	2,171	
<b>At the end of the period</b>	<b>4,752</b>	<b>1,038</b>
<b>In associates:</b>		
At the beginning of the period	6,406	5,248
Share of earnings for the period	96	1,274
Dividends received	-39	-116
Other changes	647	
<b>At the end of the period</b>	<b>7,110</b>	<b>6,406</b>
<b>Total</b>	<b>11,862</b>	<b>7,444</b>

Joint ventures and associates	Domicile	Assets	Liabilities	Net sales	Profit/loss	Ownership share (%)
<b>2010</b>						
<b>Joint ventures:</b>						
Best-In Oy	Kuopio	1,602	726	5,019	73	50,0
Honkajoki Oy Group	Honkajoki	17,356	9,519	25,939	2,733	50,0
Länsi-Kalkkuna Oy	Säkylä	3,696	2,974	24,313	26	50,0
<b>Associates:</b>						
OOO Dan-Invest	Krasnodar, Russia	24,096	16,994	557	-510	26,0
Findest Protein Oy *)	Kaustinen	3,131	1,690	3,535	141	41,7
Finnpig Oy Group	Seinäjoki	2,838	2,029	3,411	118	50,0
Foodwest Oy	Seinäjoki	1,040	254	2,002	-6	33,5
KOY Itikanmäen Teol-lisuustalo	Seinäjoki	3,720	68	174	-8	13,2
OÜ LKT Invest	Valga, Estonia	220			20	26,0
LTK Co-operative	Hämeenlinna	10,673	2,009	21,510	548	40,7
Tuoretie Oy	Seinäjoki	8,148	7,231	60,564	-1	33,3
<b>2009</b>						
<b>Joint ventures:</b>						
Best-In Oy	Kuopio	1,628	758	5,617	134	50,0
Länsi-Kalkkuna Oy	Säkylä	3,629	2,932	25,576	197	50,0
<b>Associates:</b>						
Finnpig Oy Group	Seinäjoki	2,609	1,880	2,979	216	50,0
Findest Protein Oy	Kaustinen	3,541	2,102	3,572	65	40,6
Foodwest Oy	Seinäjoki	1,149	339	1,982	92	33,5
Honkajoki Oy Group	Honkajoki	14,707	9,622	21,365	1,434	47,8
OÜ LKT Invest	Valga, Estonia	200			9	26,0
LTK Co-operative	Hämeenlinna	10,238	2,000	22,888	953	40,7
Tuoretie Oy	Seinäjoki	7,832	6,913	63,717	-12	33,3

\*) Ownership share: direct 16.6% and indirect 25.1 %



## Notes to the Financial Statements

### 16. Other financial assets, EUR 1,000

	2010	2009
Other financial assets include financial assets available for sale:		
Financial assets available for sale, 1 Jan	2,307	2,111
Exchange differences	-1	8
Increases	17	219
Decreases	-737	-31
Financial assets available for sale, 31 Dec	1,586	2,307
Financial assets available for sale include the following items:		
Listed securities	181	164
Unlisted securities	1,405	2,143
Total	1,586	2,307
Financial assets available for sale are denominated in the following currencies:		
EUR	1,505	2,225
SEK	81	82
Total	1,586	2,307

### 17. Trade receivables, loans and other receivables, EUR 1,000

	Balance sheet values 2010	Balance sheet values 2009
Trade receivables from producers	11,309	9,428
Loan receivables	6,597	6,406
Other receivables	918	4,538
Derivative financial instruments - in hedge accounting	1,321	
Accrued credits and deferred charges	21	22
Total	20,166	20,394
Fair values do not deviate significantly from balance sheet values.		
Non-current receivables were divided into currencies as follows:		
EUR	19,720	19,864
SEK	425	506
RUR		2
Others	21	22
Total	20,166	20,394

Trade receivables from producers include feed and animal trading receivables from animal payments, which fall due in more than 12 months. The credit risk of these receivables is explained in Note 20.

No impairment has been recognised for loans and other receivables.

The maximum credit risk for loans and other receivables is equivalent to their book value.

**18. Deferred tax assets and liabilities, EUR 1,000**

Deferred tax assets and liabilities	2010	2009
<b>Deferred tax assets:</b>		
Tax asset to be realised in more than 12 months	11,142	6,697
Tax asset to be realised within 12 months	311	328
<b>Total</b>	<b>11,453</b>	<b>7,025</b>
<b>Deferred tax liabilities:</b>		
Tax liability to be realised in more than 12 months	46,306	41,186
Tax liability to be realised within 12 months	491	0
<b>Total</b>	<b>46,797</b>	<b>41,186</b>

Changes to deferred taxes in 2010	1 Jan 2010	Recognised in the income statement	Exchange differences	Recognised in other items of the total comprehensive income	Recognised in equity	31 Dec 2010
<b>Deferred tax assets:</b>						
Provisions		101	-1			100
Recognised losses	3,277	5,196	30		193	8,696
Benefit-based pension obligations	16	-16				0
Depreciation differences and voluntary provisions	1,270	-736	2			536
Other items	2,462	-158	222	-405		2,121
<b>Total</b>	<b>7,025</b>	<b>4,387</b>	<b>253</b>	<b>-405</b>	<b>193</b>	<b>11,453</b>
<b>Deferred tax liabilities:</b>						
Valuation of tangible and intangible assets at fair value upon acquisition	-16,170	836	-2,608		483	-17,459
Depreciation differences and voluntary provisions	-24,844	-1,140	-1,026			-27,010
Other items	-172	-1,478	-156	-522		-2,328
<b>Total</b>	<b>-41,186</b>	<b>-1,782</b>	<b>-3,790</b>	<b>-522</b>	<b>483</b>	<b>-46,797</b>

Changes to deferred taxes in 2009	1 Jan 2009	Recognised in the income statement	Exchange differences	Recognised in other items of the total comprehensive income	Recognised in equity	31 Dec 2009
<b>Deferred tax assets:</b>						
Recognised losses	386	2,899	-8			3,277
Benefit-based pension obligations	33	-17				16
Depreciation differences and voluntary provisions	1,241	10	19			1,270
Other items	534	1,265	52	611		2,462
<b>Total</b>	<b>2,194</b>	<b>4,157</b>	<b>63</b>	<b>611</b>		<b>7,025</b>
<b>Deferred tax liabilities:</b>						
Valuation of tangible and intangible assets at fair value upon acquisition	-16,484	408	-94			-16,170
Depreciation differences and voluntary provisions	-26,233	1,891	-502			-24,844
Other items	317	-486	22	-25		-172
<b>Total</b>	<b>-42,400</b>	<b>1,813</b>	<b>-574</b>	<b>-25</b>		<b>-41,186</b>

Deferred tax assets for unused tax losses are recognised to the amount for which obtaining tax benefits on the basis of taxable profit is likely. The accounting period's losses, for which deferred tax assets have been left unrecognised, amount to EUR 0.4 million.

## Notes to the Financial Statements

Deferred tax assets recognised from recognised losses expire as follows:	Finland	Sweden	Russia	Total
2016			40	40
2017			557	557
2018	113		0	113
2019			3,075	3,075
2020			4,465	4,465
2021	154	292		446
<b>Total</b>	<b>267</b>	<b>292</b>	<b>8,137</b>	<b>8,696</b>

### 19. Inventories, EUR 1,000

	2010	2009
Materials and supplies	42,979	42,343
Unfinished products	14,616	16,700
Finished products	43,559	47,603
Other inventories	4,180	3,485
<b>Total</b>	<b>105,334</b>	<b>110,131</b>

During the accounting period, EUR 0.8 million (EUR 1.5 million), i.e., the amount used to lower the book value of the inventories to a value comparable with the net realisable value, was recognised as expenses.

### 20. Trade receivables and other current receivables, EUR 1,000

	2010	2009
Trade receivables	135,467	132,393
Trade receivables from producers	30,621	31,362
Loan receivables	3,143	4,109
Other receivables	19,827	21,377
Derivative financial instruments - not in hedge accounting	299	
Derivative financial instruments - in hedge accounting	1,871	
Accrued credits and deferred charges	8,624	8,950
<b>Total</b>	<b>199,852</b>	<b>198,191</b>

Fair values do not deviate significantly from balance sheet values.

In the Atria Group, credit risk from trade receivables is considered small in proportion to the scope of the operations. The Group's trade receivables are dispersed over several market areas and many customers. The share of retail chains in trade receivables is central in all business areas. Credit risk is managed with securities, such as credit insurances and bank guarantees as well as with advance billing. Each business area has been assigned a separate credit policy that takes the special features of the market area into account. Credit risk is examined and monitored on a case-by-case basis for major customers and customer groups.

Trade receivables from producers include feed and animal trading receivables from animal payments. The receivables situation and security values are monitored regularly in accordance with the credit policy.

Material items in accrued credits and deferred charges consist of prepaid expenses of purchase invoices, lease receivables and tax amortisations.

Breakdown of trade receivables and items booked as credit losses:	2010	Credit losses	Net 2010
No due	153,705		153,705
Overdue			
Less than 30 days	8,890	-10	8,880
30-60 days	1,545	-82	1,463
61-90 days	572		572
More than 90 days	2,017	-549	1,468
<b>Total</b>	<b>166,729</b>	<b>-641</b>	<b>166,088</b>

Breakdown of trade receivables and items booked as credit losses:	2009	Credit losses	Net 2009
No due	154,380		154,380
Overdue			
Less than 30 days	12,039	-272	11,767
30–60 days	1,401	-40	1,361
61–90 days	1,519	-26	1,493
More than 90 days	5,557	-1,376	4,181
<b>Total</b>	<b>174,896</b>	<b>-1,714</b>	<b>173,182</b>

Current receivables were divided into currencies as follows:	2010	2009
EUR	119,723	116,932
SEK	41,278	41,060
RUR	24,349	26,917
DKK	6,028	5,157
EEK	4,312	4,278
USD	1,695	1,649
NOK	937	1,474
Others	1,530	724
<b>Total</b>	<b>199,852</b>	<b>198,191</b>

#### 21. Cash and cash equivalents, EUR 1,000

	2010	2009
Cash in hand and at banks	18,530	35,300

#### 22. Non-current assets held for sale, EUR 1,000

	Finland	Russia	Baltic	Total
<b>2010</b>				
Land and water	146			146
Buildings and structures	3,046	1,960	3,675	8,681
Machinery and equipment			330	330
Other intangible assets	17			17
<b>Total</b>	<b>3,209</b>	<b>1,960</b>	<b>4,005</b>	<b>9,174</b>
<b>2009</b>				
Land and water	146			146
Buildings and structures	3,046	2,781	3,675	9,502
Machinery and equipment			330	330
Other intangible assets	17			17
<b>Total</b>	<b>3,209</b>	<b>2,781</b>	<b>4,005</b>	<b>9,995</b>

Non-current assets held for sale include industrial real estate in Moscow (balance sheet value EUR 2.0 million), industrial real estate and related machinery and equipment in Lithuania (balance sheet value EUR 4.0 million) and logistics real estate in Forssa, Finland, (balance sheet value EUR 3.2 million). The company has actively attempted to sell the real estate, but sales periods are longer due to the depressed market situation. The company expects the sales to come through after markets have recovered.

During the 2010 accounting period, an impairment of EUR 1.0 million was recognised for the plant located in Russia. During the 2009 accounting period, an impairment of EUR 1.4 million was recognised for the plant located in Lithuania.

## Notes to the Financial Statements

### 23. Shareholders' equity, EUR 1,000

#### Shares and share capital

Shares are divided into A and KII series, which differ in terms of voting rights. A series shares have one vote per share and KII series shares have ten votes per share. A series shares have preference for a dividend of EUR 0.17, after which KII series shares are paid a dividend of up to EUR 0.17. If there is still more dividend available for distribution, A and KII series shares have the same entitlement to the dividend. All issued shares have been paid in full. The share has no nominal value or a maximum number.

Number of shares outstanding (1,000)	A series	KII series	Total
1 Jan 2009	19,017	9,204	28,221
Purchase of treasury shares	-63		-63
Return of treasury shares	-4		-4
31 Dec 2009	18,950	9,204	28,154
Shares granted in share incentives	3		3
31 Dec 2010	18,953	9,204	28,157

#### Reserves included in shareholders' equity:

##### Share premium:

The portion of share subscription payments recognised in share premium in compliance with the conditions of plans prior to the new Companies Act [21 July 2006/624] taking effect.

##### Treasury shares:

The treasury shares reserve contains the acquisition cost of own shares held by the Group. In 2008 and 2009, the Group's parent company, Atria Plc, acquired 145,102 shares on the stock exchange for an acquisition cost of EUR 1.3 million. In 2008, 35,260 of the acquired shares and, in 2010, 3,280 shares were transferred to key persons as a part of the Group's share incentive plan. At the end of the year, the parent company held a total of 110,432 treasury shares (113,712 treasury shares).

Other funds:	2010	2009
Fair value reserve	107	97
Hedging fund	1,715	-1,766
Total	1,822	-1,669

The other funds item includes the fair value reserve and hedging fund. Changes in the fair value of available-for-sale financial assets are recognised in the fair value reserve, while the effective portions of changes in the fair value of the derivative instruments used for hedging are recognised in the hedging fund.

##### Invested unrestricted equity fund:

This reserve contains other equity investments and the share subscription price to the extent that it is not recognised in share capital according to a separate decision, as well as the value of shares earned on the basis of the share incentive plan, calculated at the rate of the grant date.

##### Translation differences:

This reserve contains the translation differences from the translation of the financial statements of foreign subsidiaries, as well as the translation of fair value adjustments of goodwill, assets and liabilities arising in conjunction with the acquisition of the said companies. Profits and losses arisen from hedges of net investments in foreign operations are also included in translation differences when the hedge accounting criteria are met.

Parent company's distributable shareholders' equity	2010	2009
Invested unrestricted equity fund	110,228	110,228
Retained earnings	74,397	69,420
Own shares	-1,271	-1,308
Profit for the period	10,985	12,016
Total	194,339	190,356
Dividend per share paid for the period	2010	2009
Dividend/share, EUR	0.25	0.20
Dividend distributed by the parent company	7,039	5,653

The Board of Directors proposes to the Annual General Meeting, which will be held on 29 April 2011, that the Company pay EUR 0.25 per share in dividend, total of EUR 7,039,324.



**24. Share-based payments, EUR 1,000**

Atria Plc has a share incentive plan in place as part of the remuneration and commitment plan for the Company's and its subsidiaries' key persons. The purpose is to combine the shareholders' and key persons' goals to increase the Company's value and to commit the persons to the Company by offering them a competitive bonus plan based on the ownership of the Company's shares. The plan has been extended by three 1-year accrual periods that begin on 1 January 2010, 1 January 2011 and 1 January 2012, all ending on 31 December in the respective years. The previous 3-year period comprised the accrual periods 2007, 2008 and 2009. The amount of the bonus for the accrual period is determined on the basis of the goals achieved after the accrual period by the end of April. On the basis of the plan, a maximum of 300,300 shares for the accrual periods 2010–2012 and the amount in money needed to cover the taxes and tax-like payments incurred by the shares at the date of the share issue are issued. The Board of Directors will decide on the plan's accrual criteria and on the goals to be set annually and separately for each accrual period. The shares earned on the basis of the plan may not be transferred or otherwise used for a period of two years from the end of the accrual period (period of commitment). Key persons must return to the Company without delay the shares paid out gratuitously as a reward if their employment with a company belonging to the Group ends during the period of commitment.

Earnings periods	2010	2009
Grant date	17 Feb 2010	1 April 2009
Earnings period begins	1 Jan 2010	1 Jan 2009
Earnings period ends	31 Dec 2010	31 Dec 2009
Maximum number of shares granted as remuneration	100,100	100,100
Share release	31 Dec 2012	31 Dec 2011
Number of people	41	31
Earnings criteria:		
- Operative EBIT %		50%
- Operative EBIT	80%	
- ROCE %		50%
- Capital employed	20%	
Achievement of earnings criteria, %	0%	4%
Number of share incentives granted	0	2,952
Share price listed on grant date, EUR	11.17	6.60
Share price listed on balance sheet date, EUR	9.00	11.06

Impact of share incentive plan on the results for the period	2010	2009
Impact of the scheme on the profit for the period	13	306
Liabilities from the cash payments of the share-based scheme	0	41

**25. Other non-current liabilities, EUR 1,000**

	2010	2009
Pension obligations		63
Other liabilities	34	392
Derivative financial instruments - in hedge accounting	766	925
Total	800	1,380
Non-current liabilities consist of the following currencies:	2010	2009
EUR	766	988
RUR		364
Others	34	28
Total	800	1,380

## Notes to the Financial Statements

### 26. Interest-bearing financial liabilities, EUR 1,000

	2010 Balance sheet values	2009 Balance sheet values
<b>Non-current</b>		
Bonds	80,000	80,000
Loans from financial institutions	158,510	182,526
Pension fund loans	59,929	51,490
Other liabilities	2,037	3,000
Finance lease obligations	2,302	1,867
<b>Total</b>	<b>302,778</b>	<b>318,883</b>
<b>Current</b>		
Loans from financial institutions	21,796	26,211
Commercial papers	92,500	73,500
Pension fund loans	6,157	4,407
Other liabilities	5,108	1,854
Finance lease obligations	1,598	942
<b>Total</b>	<b>127,159</b>	<b>106,914</b>
<b>Total interest-bearing liabilities</b>	<b>429,937</b>	<b>425,797</b>

The fair values of interest-bearing loans do not deviate significantly from balance sheet values.

With fixed interest rates	39,7%	33,0%
With variable interest rates	60,3%	67,0%
Average interest rate	2,71%	2,44%

<b>Non-current liabilities mature as follows:</b>	<b>2010</b>	<b>2009</b>
2011		33,014
2012	25,304	139,907
2013	79,478	79,740
2014	90,451	46,048
2015	33,407	4,619
2016	6,012	
Later	68,126	15,555
<b>Total</b>	<b>302,778</b>	<b>318,883</b>

<b>Interest-bearing liabilities are divided into currencies as follows:</b>	<b>2010</b>	<b>2009</b>
EUR	228,986	217,330
SEK	157,111	155,102
DKK	15,904	19,662
RUR	25,208	25,672
EEK	211	3,109
LTL	2,517	4,922
<b>Total</b>	<b>429,937</b>	<b>425,797</b>

<b>Finance lease obligations - total amount of minimum lease payments</b>	<b>2010</b>	<b>2009</b>
In less than a year	1,713	975
Between one and five years	2,513	2,127
After five years	54	72
<b>Total</b>	<b>4,280</b>	<b>3,174</b>

Finance lease obligations - present value of minimum lease payments	2010	2009
In less than a year	1,611	942
Between one and five years	2,251	1,823
After five years	37	44
<b>Total</b>	<b>3,899</b>	<b>2,809</b>
Future interest accumulation	381	365
<b>Total</b>	<b>4,280</b>	<b>3,174</b>

## 27. Provisions, EUR 1,000

Legal claims	2010
At the beginning of the period	0
New provisions	812
<b>Total</b>	<b>812</b>

Legal claims concern a cancelled sale of real estate in Moscow and a contract dispute in Sweden.

## 28. Current trade and other payables, EUR 1,000

	2010	2009
Trade payables	111,331	96,688
Advances received	1,096	1,135
Other liabilities	28,447	35,974
Derivative financial instruments - not in hedge accounting	1,741	1,913
Derivative financial instruments - in hedge accounting	217	1,748
Accrued liabilities	43,693	49,384
<b>Total</b>	<b>186,525</b>	<b>186,842</b>

Material items in accrued liabilities consist of personnel expenses and the amortisation of debt interests.

Current liabilities consist of the following currencies:	2010	2009
EUR	99,794	103,929
SEK	57,001	46,343
RUR	13,394	20,674
DKK	6,132	6,064
USD	3,830	4,245
EEK	4,930	4,043
NOK	533	1,081
Others	911	463
<b>Total</b>	<b>186,525</b>	<b>186,842</b>

## 29. Financial risk management

The financing policy approved by the Board of Directors defines the general principles of financial risk management. The Board has delegated the management of financial risks to Treasury Committee, while the practical management of financial risks is centrally handled by the Group's Treasury unit. The goal of financial risk management is to reduce the effect that price fluctuations on the financial markets and other uncertainty factors have on earnings, the balance sheet and cash flow, as well as to ensure sufficient liquidity. Treasury, together with the business areas, aims to identify, assess and hedge against all risks in accordance with the financing policy. The main risks related to financing are interest rate risk, currency risk, liquidity and refinancing risk and credit risk. Commodity risks and capital structure management are also dealt with at the end of this section.

### Interest rate risk

Interest rate risk is managed by dividing financing into instruments with variable and fixed interest rates and by hedging with interest rate derivatives. During the accounting period, the Group used interest rate swaps in interest rate risk management. The Group links interest rate risk management to the interest cover ratio that is forecasted by dividing the 12-month rolling operating margin by the forecasted net interest expense. The lower the operating margin is in relation to net financing costs, the larger is the share of debt that must have a fixed interest rate. The Group's interest-bearing debt at the time of the financial statements was EUR 429.9 million (EUR 425.8 million), of which EUR 170.5 million (EUR 140.6 million) or 39.7% (33.0%) had fixed interest rates. The ratio of debt with fixed and variable interest rates is at the level defined by the Group's financing policy.

The interest rate risk is mainly directed at the Group's interest-bearing liabilities because the amount of money market investments and related interest rate risk is low. The Group's operational cash flow is to a large extent independent of fluctuations in interest rates. At the time of the financial statements, Atria Plc had two open interest rate swaps subject to hedge accounting:

- An interest rate swap amounting to EUR 40 million where Atria pays a fixed interest rate of 2.58% and receives the 6-month Euribor rate, which was 1.137%. The company uses the interest rate swap to hedge a bond with variable interest rate that matures on 28 March 2014.
- An interest rate swap amounting to SEK 370 million (maturity on 9 December 2015) where Atria pays a fixed interest rate of 2.542% and receives the 3-month Stibor rate, which was 1.788%. The company uses the interest rate swap to hedge a SEK 370 million loan.

The sensitivity analysis of net interest rate expenses is based on a 1% change in interest rates, which is considered to be reasonably realistic. It is calculated for year-end interest-bearing, variable-rate net liabilities that are expected to remain the same over the accounting period. The interest rate swaps are taken into account in the calculation. In simulations, the same change in interest rate is used for all currencies. On 31 December 2010, variable-rate net liabilities amounted to EUR 240.9 million (EUR 249.9 million). At the end of 2010, a +/-1% change in interest rates corresponded to a change of EUR +/-2.4 million in the Group's annual interest rate expenses (EUR +/-2.5 million).

### Currency risk

Atria Group operates in many currency zones and is exposed to currency-related risks. Currency risks arise from forecasted transactions, assets and liabilities booked into the balance sheet and net investments in the operations of foreign subsidiaries. The subsidiaries hedge the currency risk related to commercial, operational items according to their currency risk policy for each business area. Each currency risk policy has been approved by the Treasury Committee. In Finland and Sweden, hedge accounting is applied to the aforementioned currency hedges. Currency risk is monitored according to the 12-month rolling cash flow forecast, and hedges are carried out for periods of 1 to 6 months using forward exchange agreements. During this time the cash flows hedged are expected to occur and affect profit or loss. Among other things, transaction risks come from the euro-denominated meat raw material imports of Atria's Swedish operations and from the USD-denominated imports of its Russian companies. In Atria's Finnish operations, currency flows and risks are relatively low and are mainly related to USD- and SEK-denominated exports.

The Group has net investments in the operations of foreign subsidiaries that are exposed to currency risks. The Treasury Committee decides on net investment hedges on a case-by-case basis. At the time of the financial statements, there were no derivative agreements in force for net investment hedging. The parent company grants financing to the subsidiaries in their home currencies and has hedged the currency-denominated loan receivables from the subsidiaries through currency loans and forward exchange agreements.

If, at the end of the accounting period, the euro had been 10% weaker/stronger than the Swedish krona (all other factors being equal), profit before taxes would have been EUR 0.4 million higher/lower due to the Swedish subsidiaries' euro-denominated accounts payable (EUR 0.3 million). The effect on equity would have been EUR 0.7 million (EUR 0.9 million). Sensitivity analyses also take into account the effects of currency derivatives, which offset the effects of change in exchange rates.

If, at the end of the accounting period, the USD had been 10% weaker/stronger than the Russian rouble (all other factors being equal), profit before taxes would have been EUR 0.4 million higher/lower due to the Russian subsidiaries' USD-denominated accounts payable (EUR 0.3 million). The effect on equity would have been EUR 0.0 million (EUR 0.0 million).

### Liquidity and refinancing risk

Atria Plc's Treasury raises the majority of the Group's interest-bearing capital. Liquidity and refinancing risks are managed through a balanced loan maturity distribution and by having sufficient committed credit limits with sufficiently long periods of validity at hand, by using many financial institutions and instruments to raise finance and by keeping a sufficient amount of cash funds. Atria also uses commercial papers actively to manage liquidity. There was EUR 125.5 million (EUR 150.8 million) in unutilised committed credit limits at the end of the year, and EUR 107.5 million of the EUR 200 million commercial paper programme had not been used at the end of the accounting period (EUR 126.5 million). The average maturity of the Group's loans and committed credit limits was 3 years 5 months (2 years 11 months).

The main covenant used in loan agreements is a minimum equity ratio covenant of 30%. The Group's equity ratio has been approx. 40% for many years, and the Group will continue to ensure an equity ratio higher than the level required by the covenant. According to the terms of loan agreements, the implementation of covenants is reported to financiers either quarterly or semi-annually.

According to the Group management's view, there was no significant liquidity accumulation in financial assets or financial sources.

The table below shows the maturity analysis for financial liabilities and derivative instruments (undiscounted figures). The capital levies and revenue of derivative liabilities and assets are related to forward exchange agreements, and interest payments to interest rate swaps.

Maturity analysis for financial obligations					
EUR 1,000		Maturity, 31 Dec 2010			
		< 1 year	1-5 years	> 5 years	Total
Loans	Instalments	127,159	234,652	68,126	429,937
	Interest payments	8,102	22,186	6,182	36,470
Derivative liabilities and assets	Capital payments	117,866			117,866
	Capital income	-119,776			-119,776
	Interest payments	1,523	7,675		9,198
	Interest income	-2,110	-6,872		-8,982
Other liabilities	Instalments	14,106	37	2,000	16,143
	Interest payments	51	100	100	251
Trade payables	Payments	111,331			111,331
Accrued liabilities	Payments	43,693	33		43,726
Total	Total payments	423,831	264,683	76,408	764,922
	Total income	-121,886	-6,872	0	-128,758
	Net payments	301,945	257,811	76,408	636,164

EUR 1,000		Maturity, 31 Dec 2009			
		< 1 year	1-5 years	> 5 years	Total
Loans	Instalments	106,914	298,709	20,174	425,797
	Interest payments	8,209	23,183	2,153	33,545
Derivative liabilities and assets	Capital payments	112,224			112,224
	Capital income	-109,696			-109,696
	Interest payments	1,046	3,661		4,707
	Interest income	-414	-1,449		-1,863
Other liabilities	Instalments	17,990		3,000	20,990
	Interest payments	49	150	150	349
Trade payables	Payments	96,688			96,688
Accrued liabilities	Payments	49,384	20		49,404
Total	Total payments	392,504	325,723	25,477	743,704
	Total income	-110,110	-1,449	0	-111,559
	Net payments	282,394	324,274	25,477	632,145

#### Credit risk

Credit risk is managed at Group level in accordance with the Group's risk management policy approved by the Board of Directors.

The credit risk related to financing, i.e., the counterparty risk, is managed by selecting only well-established highly rated counterparties with good credit ratings as counterparties. The Group's liquid assets are only invested with counterparties that meet the above-mentioned criteria. This is also the procedure when entering into financing and derivative agreements. The credit risk related to derivatives is also decreased by the fact that all payments made in relation to derivatives are net payments.

The credit risk of the Group's operative business is related to our customers, of which the main ones are large retail chains. Part of the Group's trade receivables are related to feed and animal trading in primary production. The credit risk related to this is higher, but also more dispersed. The Group's trade receivables are dispersed over several market areas and many customers. However, the share of retail chains in trade receivables is central in all business areas.

Credit loss risk is managed with securities, such as credit insurances and bank guarantees as well as with advance invoicing. Each business area has been assigned a separate credit policy that takes the special features of the market area into account. Credit risk is examined and monitored on a case-by-case basis for major customers and customer groups. The breakdown at trade receivables is illustrated in Note 20, page 80.

## Notes to the Financial Statements

### Commodity risk

The Group is exposed to commodity price risks, the most significant of which are related to meat raw material and electricity. Fluctuations in the price of meat raw material affect profitability in the short term, but efforts are made to pass on the price increases to sales prices as soon as possible. Fluctuations in the price of electricity are hedged with forward electricity agreements according to the Group's electricity procurement policy. The hedging levels in the policy are shown in the table below.

Period	hedging level minimum	hedging level maximum
1–10 months	67%	100%
11–18 months	33%	67%
19–24 months	0%	33%

Hedge accounting in accordance with IFRS is applied to electricity hedges. The effective portion of changes in the value of derivatives has been recognised under equity, and the ineffective portion, which amounts to EUR 0.2 million (EUR -0.2 million) has been recognised in the income statement. If the market price of electricity derivatives changed by +/-10%, the effect on equity would be EUR +/-1.0 million (EUR +/-1.0 million).

### Capital structure management

In capital structure management, the Group aims to ensure normal operating conditions under all circumstances and to maintain an optimal capital structure in terms of capital costs. The Group monitors the development of its capital structure primarily through the equity ratio, for which the Group has set a target level of 40%. Based on this equity ratio, the company estimates that the availability and total cost of new capital are optimal. Equity ratio is affected by balance sheet total and equity. The company is able to affect the balance sheet total and, through that, capital structure by managing working capital, adjusting the amount of investments as well as by selling business operations or assets. Correspondingly, the company can affect the amount of its own equity through dividend distribution and share issues. In the assessment of investments and divestments, the Group uses the Group's weighted average cost of capital (WACC) as reference. This way, the Group tries to ensure that its assets generate at least an amount corresponding to the average cost of its capital.

Equity ratio (target 40%)		
Realised	31 Dec 2010	31 Dec 2009
	40.2%	39.7%

### Values for financial assets and liabilities by category

EUR 1,000	Financial assets and liabilities recognised at fair value through profit or loss	Derivative instruments under hedge accounting	Loans and other receivables	Financial assets available for sale	Financial liabilities	Balance sheet value in total
<b>2010 balance sheet item</b>						
<b>Non-current assets</b>						
Trade receivables			11,309			11,309
Other financial assets				1,586		1,586
Loan receivables			6,597			6,597
Other receivables			918			918
Accrued credits and deferred charges *)			21			21
Derivative instruments		1,321				1,321
<b>Current assets</b>						
Trade receivables			166,088			166,088
Loan receivables			3,143			3,143
Other receivables *)			6,595			6,595
Accrued credits and deferred charges *)			8,624			8,624
Derivative instruments	299	1,871				2,170
Cash and cash equivalents			18,530			18,530
<b>Total financial assets</b>	<b>299</b>	<b>3,192</b>	<b>221,825</b>	<b>1,586</b>	<b>0</b>	<b>226,902</b>
<b>Non-current liabilities</b>						
Interest-bearing financial liabilities					300,476	300,476
Accrued liabilities **)					34	34
Derivative instruments		766				766
<b>Current liabilities</b>						
Interest-bearing financial liabilities					125,561	125,561
Trade payables					111,331	111,331
Other liabilities **)					8,996	8,996
Accrued liabilities **)					43,693	43,693
Derivative instruments	1,939	19				1,958
<b>Total financial liabilities</b>	<b>1,939</b>	<b>785</b>	<b>0</b>	<b>0</b>	<b>590,091</b>	<b>592,815</b>



EUR 1,000	Financial assets and liabilities recognised at fair value through profit or loss	Derivative instruments under hedge accounting	Loans and other receivables	Financial assets available for sale	Financial liabilities	Balance sheet value in total
<b>2009 balance sheet item</b>						
<b>Non-current assets</b>						
Trade receivables			9,428			9,428
Other financial assets				2,307		2,307
Loan receivables			6,406			6,406
Other receivables			4,538			4,538
<b>Current assets</b>						
Trade receivables			163,754			163,754
Loan receivables			4,109			4,109
Other receivables *)			8,765			8,765
Accrued credits and deferred charges *)			8,950			8,950
Cash and cash equivalents			35,300			35,300
<b>Total financial assets</b>			<b>241,250</b>	<b>2,307</b>		<b>243,557</b>
<b>Non-current liabilities</b>						
Interest-bearing financial liabilities					317,016	317,016
Derivative instruments		925				925
<b>Current liabilities</b>						
Interest-bearing financial liabilities					105,972	105,972
Trade payables					96,688	96,688
Other liabilities **)					26,150	26,150
Accrued liabilities **)					49,404	49,404
Derivative instruments	1,913	1,748				3,661
<b>Total financial liabilities</b>	<b>1,913</b>	<b>2,673</b>			<b>595,230</b>	<b>599,816</b>

The fair values of financial assets and liabilities do not deviate significantly from their balance sheet values.

\*) Do not include VAT or income tax assets.

\*\*) Do not include VAT or income tax liabilities.

#### Fair value hierarchy:

EUR 1,000

Balance sheet item	31 Dec 2010	Level 1	Level 2	Level 3
<b>Non-current assets</b>				
Financial assets available for sale				
- Listed shares	181	181		
- Unlisted shares	1,405			1,405
Derivative instruments	1,321		1,321	
<b>Current assets</b>				
Derivative instruments	2,170		2,170	
<b>Total</b>	<b>5,077</b>	<b>181</b>	<b>3,491</b>	<b>1,405</b>
<b>Non-current liabilities</b>				
Derivative instruments	766		766	
<b>Current liabilities</b>				
Derivative instruments	1,958		1,958	
<b>Total</b>	<b>2,724</b>	<b>0</b>	<b>2,724</b>	<b>0</b>

## Notes to the Financial Statements

Balance sheet item	31 Dec 2009	Level 1	Level 2	Level 3
<b>Non-current assets</b>				
Financial assets available for sale				
- Listed shares	164	164		
- Unlisted shares	2,143			2,143
<b>Total</b>	<b>2,307</b>	<b>164</b>	<b>0</b>	<b>2,143</b>
<b>Non-current liabilities</b>				
Derivative instruments	925		925	
<b>Current liabilities</b>				
Derivative instruments	3,661		3,661	
<b>Total</b>	<b>4,586</b>	<b>0</b>	<b>4,586</b>	<b>0</b>

### Level 1: Prices listed on active markets for identical assets and liabilities

The fair value of financial instruments traded in active markets is based on market prices listed on the closing date. Markets are regarded as active if listed prices are readily and regularly available from the stock exchange, broker, industry group, price information service or surveillance authority, and these prices represent actual and regularly occurring market events between independent parties. The current purchase price is used as the listed market price for financial assets.

### Level 2: Fair values can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices)

A fair value is established through valuation techniques for financial instruments that are not traded in active markets (such as OTC derivatives). These valuation techniques make maximum use of observable market information, when available, and rely as little as possible on company-specific assessments. If all significant input required for determining the fair value of the instrument is observable, the instrument is on level 2.

### Level 3: Fair values are not based on verifiable market prices

If one or more significant piece of input information is not based on observable market information, the instrument is classified on level 3. Assessments by external parties are used for measurement of financial instruments and, if such assessments are not available, the company's own calculations/assessments are used.

### Changes in financial instruments belonging to level 3:

Unlisted shares	2010	2009
Opening balance 1 Jan	2,143	1,987
Purchases	24	156
Decreases	-762	
Closing balance 31 Dec	1,405	2,143

### Derivative instruments

#### Fair values of derivative financial instruments:

	Derivative assets 31 Dec 2010	Derivative liabilities 31 Dec 2010	Net fair value 31 Dec 2010	Net fair value 31 Dec 2009
EUR 1,000				
<b>Forward exchange agreements</b>				
Cash flow hedges under IAS 39 hedge accounting	27	223	-196	-171
Net investment hedges under IAS 39 hedge accounting				-434
Other hedges	226	1,735	-1,509	-1,913
<b>Interest rate swaps, due in more than 1 year</b>				
Cash flow hedges under IAS 39 hedge accounting	1,030	766	264	-15
<b>Electricity derivatives</b>				
Cash flow hedges under IAS 39 hedge accounting	2,135		2,135	-2,053
Other hedges	73		73	
<b>Total</b>	<b>3,491</b>	<b>2,724</b>	<b>767</b>	<b>-4,586</b>

## Nominal values of derivative financial instruments:

EUR 1,000	31 Dec 2010	31 Dec 2009
<b>Forward exchange agreements</b>		
Cash flow hedges under IAS 39 hedge accounting	13,370	17,982
Net investment hedges under IAS 39 hedge accounting		15,358
Other hedges	107,692	78,163
<b>Interest rate swaps</b>		
Cash flow hedges under IAS 39 hedge accounting	81,269	40,000
<b>Electricity derivatives</b>		
Cash flow hedges under IAS 39 hedge accounting	7,982	12,375
Other hedges	200	
<b>Total</b>	<b>210,513</b>	<b>163,878</b>

**30. Other leases, EUR 1,000**

Group as lessee	2010	2009
<b>Minimum lease payments based on non-cancellable leases</b>		
Within one year	7 623	5 899
Within more than one year and a maximum of five years	13 670	13 521
After five years	8 901	9 807
<b>Total</b>	<b>30 194</b>	<b>29 227</b>
<b>Rents recognised as cost</b>	<b>5 121</b>	<b>6 153</b>

The terms and conditions of the leases vary. The Group companies rent properties, machinery, equipment and cars.

**31. Contingent liabilities, EUR 1,000**

Debts with mortgages or other collateral given as security	2010	2009
Loans from financial institutions	5 363	5 965
Pension fund loans	4 920	4 169
<b>Total</b>	<b>10 283</b>	<b>10 134</b>
<b>Mortgages and other securities given as comprehensive security</b>		
Real estate mortgages	4 990	6 663
Corporate mortgages	4 022	3 086
<b>Total</b>	<b>9 012</b>	<b>9 749</b>
<b>Guarantee engagements not included in the balance sheet</b>		
Guarantees	756	808

## Notes to the Financial Statements

### 32. Related party transactions, EUR 1,000

Group companies by business area	Domestic	Ownership interest (%)	Share of votes (%)
<b>Atria Finland:</b>			
Ab Botnia-Food Oy	Finland	100.0	100.0
A-Lihatukkurin Oy	Finland	100.0	100.0
A-Logistics Ltd	Finland	100.0	100.0
A-Pekoni Nurmo Oy	Finland	100.0	100.0
A-Pihvi Kauhajoki Oy	Finland	100.0	100.0
A-Pihvi Kuopio Oy	Finland	100.0	100.0
A-Rehu Oy	Finland	51.0	51.0
A-Sikateurastamo Oy	Finland	100.0	100.0
Atria Concept Oy	Finland	100.0	100.0
Atria Plc	Finland		
Atria Finland Ltd	Finland	100.0	100.0
Atria-Chick Oy	Finland	100.0	100.0
Atria-Lihavalmiste Oy	Finland	100.0	100.0
Atria-Meetvursti Oy	Finland	100.0	100.0
Atria-Tekniikka Oy	Finland	100.0	100.0
Atria-Tuoreliha Oy	Finland	100.0	100.0
Atria-Valmisruoka Oy	Finland	100.0	100.0
A-Farmers Ltd	Finland	97.9	99.0
F-Logistiikka Oy	Finland	100.0	100.0
Itikka-Lihapolar Oy	Finland	100.0	100.0
Kiinteistö Oy Tievapolku 3	Finland	100.0	100.0
Liha ja Säilyke Oy	Finland	100.0	100.0
Rokes Oy	Finland	100.0	100.0
Suomen Kalkkuna Oy	Finland	100.0	100.0
<b>Atria Scandinavia:</b>			
3-Stjernet A/S	Denmark	100.0	100.0
Atria Concept AB	Sweden	100.0	100.0
Atria Concept SP Z.o.o	Poland	100.0	100.0
Atria Denmark A/S	Denmark	100.0	100.0
Atria Foodservice AB	Sweden	100.0	100.0
Atria Lätta Måltider AB	Sweden	100.0	100.0
Atria Lätta Måltider Halmstad AB	Sweden	100.0	100.0
Atria Lätta Måltider Holding AB	Sweden	100.0	100.0
Atria Lätta Måltider Östersund AB	Sweden	100.0	100.0
Atria Retail AB	Sweden	100.0	100.0
Atria Scandinavia AB	Sweden	100.0	100.0
Falbygdens Ostnederlag AB	Sweden	100.0	100.0
Gourmet Service i Årsta AB	Sweden	100.0	100.0
KB Joddlaren	Sweden	100.0	100.0
Nordic Fastfood AB	Sweden	51.0	51.0
Nordic Fastfood Etablerings AB	Sweden	51.0	51.0
Ridderheims AS	Norway	100.0	100.0
Ridderheims Delikatesser AB	Sweden	100.0	100.0
<b>Atria Russia:</b>			
Atria-Invest Oy	Finland	100.0	100.0
OOO Atria Group	Russia	100.0	100.0
OOO CampoFerma	Russia	100.0	100.0
OOO CampoFoods Moscow	Russia	100.0	100.0
OOO MPZ CampoMos	Russia	100.0	100.0
OOO Pit-Product	Russia	100.0	100.0
<b>Atria Baltic:</b>			
Atria Eesti AS	Estonia	100.0	100.0
Atria Farmid OÜ	Estonia	100.0	100.0
OÜ Atria	Estonia	100.0	100.0
OÜ Puidukaubandus	Estonia	100.0	100.0
UAB Vilnius Mesa	Lithuania	100.0	100.0

Group joint ventures and associates and other related parties	Domestic	Ownership interest (%)	Share of votes (%)
<b>Group joint ventures:</b>			
Best-In Oy	Finland	50.0	50.0
Honkajoki Oy	Finland	50.0	50.0
Länsi-Kalkkuna Oy	Finland	50.0	50.0
<b>Group and associates:</b>			
OOO Dan-Invest	Russia	26.0	26.0
Findest Protein Oy	Finland	41.7	41.7
Finnpig Oy	Finland	50.0	50.0
Foodwest Oy	Finland	33.5	33.5
KOY Itikanmäen Teollisuustalo	Finland	13.2	13.2
OÜ LKT Invest	Estonia	26.0	26.0
Finnish Meat Research Institute, LTK co-operative	Finland	40.7	40.7
Tuoretie Oy	Finland	33.3	33.3
<b>Other related parties:</b>			
Members of the Board of Directors and Supervisory Board			
Itikka Co-operative Group			
Lihakunta			
Pohjanmaan Liha Co-operative Group			
<b>The following transactions were completed with related parties:</b>			
		<b>2010</b>	<b>2009</b>
<b>Sale of goods</b>			
Joint ventures/Associates		659	727
Other related parties		3,913	4,074
Total		4,572	4,801
<b>Sale of services</b>			
Associates		421	405
Other related parties		37	14
Total		458	419
<b>Rental income</b>			
Joint ventures/Associates		312	311
Other related parties		35	
Total		347	311
<b>Purchase of goods</b>			
Joint ventures/Associates		15,467	19,565
Other related parties		7,040	4,642
Total		22,507	24,207
<b>Purchase of services</b>			
Joint ventures/Associates		42,829	43,382
<b>Rental costs</b>			
Other related parties		3,460	2,373
<b>Trade receivables</b>			
Joint ventures/Associates		100	53
Other related parties		487	958
Total		587	1,011
<b>Trade payables</b>			
Joint ventures/Associates		4,022	4,017

## Notes to the Financial Statements

	2010	2009
Receivables from related parties		
Other related parties (receivables from owners)	1,081	1,813

Debts to related parties		
Other related parties (debts to owners)	5,921	4,232

The sale of goods and services to related parties is based on the Group's valid price lists. The majority of services purchased were the logistics services of Tuoretie Oy. Debts to related parties are loans that can be called in immediately or as agreed; their interest rate is tied to the 3-month or 6-month Euribor rate.

Management employee benefits	2010	2009
Salaries and other short-term employee benefits	2,590	2,292
Share-based payments	41	
Pensions	404	359
<b>Total</b>	<b>3,035</b>	<b>2,651</b>

The retirement age for the President and CEO is 62 years. However, the President and CEO has the right to retire at the age of 60. The amount of pension is based on the President and CEO's annual income during employment at Atria Group.

The pension group benefits for the management have been arranged for the members of Atria Group Management Team who are within the scope of Finnish social security. For the members of the Management Team, the retirement age of the group pension insurance is 63. The pension plan is contribution-defined, and the annual payment is based on the monthly salary (monetary salary and fringe benefits) of the insured. Equivalent pension benefits have been separately arranged for the members of the Management Team who are not within the scope of Finnish social security.

Management salaries, benefits and other employee benefits	2010	2009
CEO, Member of the Board		
Tikkakoski Matti	688	583
Deputy CEO		
Juha Gröhn	378	310
Members of the Board of Directors		
Selin Martti, Chairman	67	61
Komulainen Timo, Deputy Chairman	77	74
Heikkilä Tuomo	33	28
Kaarto Esa, member since July 2009	52	43
Lillandt Runar, member until June 2010	22	34
Maisa Romanainen, member since July 2010	12	
Sivula Harri, member since July 2009	27	17
Tikkakoski Matti, CEO		
Yliluoma Ilkka, member until June 2009		26
Members of the Supervisory Board		
Pirkola Ari, Chairman	51	46
Paavola Seppo, Deputy Chairman since July 2009	31	14
Other members of the Supervisory Board, total	38	33



### 33. Events occurring after the closing date

In January 2011, Atria announced its decision to invest approximately EUR 26 million in building and renovating the Kauhajoki bovine slaughterhouse and cutting plant. New production facilities will be built in Kauhajoki, and the existing production facilities will be renovated and automated using the latest production technology. Atria will also buy the shares of Kauhajoen Teurastamokiinteistöt Oy from Itikka Co-operative. The purchase price is approximately EUR 7 million.

At the same time, the company launched an efficiency improvement programme to increase the efficiency of bovine slaughtering and cutting operations and bring down the excess capacity in slaughtering. Bovine slaughtering and cutting at the Kuopio facility will be transferred to the Kauhajoki slaughterhouse by the end of 2012. Carrying out the efficiency improvement programme means the reduction of approximately 120 man-years of work in Kuopio by the end of 2012. The annual cost savings from the efficiency improvement programme are estimated at EUR 6 million. The decision did not affect the earnings for the accounting period.

In this context Atria also announced the conclusion of a co-operation agreement with Saarioinen Oy on the slaughtering of cattle reared in Eastern Finland at Saarioinen's Jyväskylä slaughterhouse.

Mika Ala-Fossi was appointed Managing Director of Atria Finland and member of the management team on 1 February 2011.

In February 2011, Atria Scandinavia announced a plan for an investment and efficiency improvement programme aimed at streamlining and automating the black pudding production process. According to plan Atria would invest approximately EUR 2.2 million in new production equipment for the Tranås plant. The production of black pudding will be transferred from the Saltsjö-Boo plant in Stockholm to Tranås. Significant synergy benefits will be achieved from moving the production to Tranås. The efficiency improvement programme is expected to generate annual cost savings of approximately one million euros.

Matti Tikkakoski resigned as President and CEO of Atria Plc on 4 March 2011. He also resigned from the Board of Directors. The Board of Directors started the recruitment process to appoint a new CEO. In the meantime the CEO's duties are performed by Juha Gröhn, Managing Director of Atria Scandinavia and Deputy CEO of Atria Plc.

## Parent Company Financial Statements (FAS)

### INCOME STATEMENT, EUR 1,000

	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
NET SALES	2.1	52,641	39,609
Other operating income	2.2	2,961	3,002
Personnel expenses	2.3	-2,518	-2,624
Depreciation and impairment	2.4		
Planned depreciation		-26,485	-27,097
Other operating expenses	2.5	-6,528	-5,149
EBIT		20,071	7,741
Financial income and expenses	2.6	4,132	3,907
PROFIT BEFORE EXTRAORDINARY ITEMS		24,203	11,648
Extraordinary items	2.7	-1,422	-2,550
PROFIT BEFORE APPROPRIATIONS AND TAXES		22,781	9,098
Appropriations	2.8	-11,712	3,000
Income taxes	2.9	-84	-82
NET PROFIT FOR THE ACCOUNTING PERIOD		10,985	12,016

### BALANCE SHEET, EUR 1,000

A s s e t s	Note	31 Dec 2010	31 Dec 2009
FIXED ASSETS			
Intangible assets	3.1		
Intangible rights		61	96
Other long-term expenditure		4,392	4,164
Intangible assets, total		4,453	4,260
Tangible assets	3.1	243,768	256,087
Investments	3.2		
Holdings in Group companies		245,529	216,900
Holdings in joint ventures and associates		3,624	2,805
Other shares and interests		1,330	2,066
Investments, total		250,483	221,771
TOTAL FIXED ASSETS		498,704	482,118
CURRENT ASSETS			
Long-term receivables	3.3	5,695	94,122
Short-term receivables	3.3	385,289	253,167
Cash in hand and at bank		13,747	23,307
TOTAL CURRENT ASSETS		404,731	370,596
T o t a l a s s e t s		903,436	852,714
L i a b i l i t i e s			
SHAREHOLDERS' EQUITY			
Share capital		48,055	48,055
Share premium		138,502	138,502
Treasury shares		-1,271	-1,308
Invested unrestricted equity fund		110,228	110,228
Retained earnings		74,398	69,420
Profit for the period		10,985	12,016
TOTAL SHAREHOLDERS' EQUITY		380,896	376,913
ACCRUED APPROPRIATIONS	3.5		
Depreciation difference		61,152	49,440
LIABILITIES			
Non-current liabilities	3.6	281,847	264,953
Current liabilities	3.7	179,541	161,408
TOTAL LIABILITIES		461,388	426,361
T o t a l l i a b i l i t i e s		903,436	852,714

**CASH FLOW STATEMENT, EUR 1,000**

	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Sales income	53,892	38,017
Other business revenue	2,961	2,956
Payments on operating expenses	-8,017	-9,591
Cash flow from operating activities before financial items and taxes	48,835	31,382
Financial income and expenses, net	4,518	11,856
Tax paid	823	-5,794
Cash flow from operating activities	54,176	37,444
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in tangible and intangible assets and in investments	-43,071	-49,274
Change in Group receivables	-47,221	1,222
Cash flow from investments	-90,292	-48,052
<b>CASH FLOW FROM FINANCING</b>		
Loan payments	12,418	-16,066
Change in Group liabilities	22,561	57,961
Dividends paid	-7,039	-5,654
Treasury shares	37	-806
Other income	0	47
Group contribution	-1,422	-2,550
Cash flow from financing	26,555	32,932
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	54,176	37,444
<b>CASH FLOW FROM INVESTMENTS</b>		
	-90,292	-48,052
<b>CASH FLOW FROM FINANCING</b>		
	26,555	32,932
<b>TOTAL</b>	<b>-9,560</b>	<b>22,324</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents 1 Jan	-23,307	-983
Cash and cash equivalents 31 Dec	13,747	23,307
Change	-9,560	22,324

# Notes to the Parent Company Financial Statements (FAS)

## 1. PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

### General principles applied in preparing the financial statements

Atria Plc's financial statements have been drawn up in accordance with Finland's Accounting Act and the other rules and regulations pertaining to the compilation of financial statements (FAS).

### Information related to the Group

Atria Plc is the parent company of Atria Group, and its domicile is in Kuopio, Finland. Copies of Atria Plc's financial statements are available from the company's head office at Atriantie 1, Nurmio; postal address; P.O. Box 900, FI-60060 ATRIA, Finland.

### Valuation principles

In the balance sheet, tangible and intangible assets are entered at their direct acquisition cost less planned depreciation and value adjustments. Depreciation is implemented on a straight-line basis over the service life of the assets. Contributions received for the acquisition of tangible assets are entered as a decrease in acquisition costs. These contributions are not significant.

		Depreciation periods
Buildings	Nurmio	40 years
	other locations	25 years
Machinery and equipment	Nurmio	10 years
	other locations	7 years
Computer software		5 years
Other long-term items		10 years

The publicly listed companies' shares in the company's fixed assets investments have been measured at acquisition cost. The book value of the shares on 31 December 2010 was EUR 29,326.86 and their fair value was EUR 110,086.09.

In the balance sheet, financial instruments are measured at acquisition cost less value adjustments.

### Items expressed in foreign currencies

Items expressed in foreign currencies have been converted into euro at the exchange rate quoted by the European Central Bank. The exchange differences of the realised currency-denominated loans are presented under financial items.

### Derivative financial instruments

The company enters into derivative agreements in order to control exchange differences, interest rate levels and electricity prices. The derivatives used are forward exchange agreements, interest rate swaps and electricity derivatives. The derivatives hedge accounting is not applied to are measured at fair value. All profits and losses resulting from fair value recognition are presented under the financial items of the income statement. The positive fair value of the derivatives used for hedging is presented under receivables and the negative fair value under liabilities. The derivatives hedge accounting is applied to are recognised in the proper item of the income statement on their expiration date.

The fair values of all derivatives are presented in Note 4.3.

## 2. NOTES TO THE INCOME STATEMENT

1 Jan -31 Dec 2010 1 Jan - 31 Dec 2009

### 2.1. NET SALES, EUR 1,000

	52,641	39,609
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The company's rental income is presented as net sales because it corresponds with the present nature of the company's operations.

### 2.2. OTHER OPERATING INCOME, EUR 1,000

Service charges to group companies	2,961	2,904
Others	0	98
Total	2,961	3,002

### 2.3. PERSONNEL EXPENSES, EUR 1,000

Average number of employees		
Clerical staff in Finland	10	7

#### Personnel expenses

##### Salaries:

CEO, Executive Vice President and Deputy CEO and members of the Board of Directors	808	700
Members of the Supervisory Board	109	85
Other salaries	1,055	1,184
Total	1,972	1,968

Pension costs	504	509
Other staff-related expenses	42	147
Total	546	656

Personnel expenses total	2,518	2,624
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Pension commitments of members of the Board of Directors and CEO: The company's statutory pensions are defined contribution plans and have been arranged through an insurance company. The company does not have pension commitments for the CEO and the members of the Board of Directors and the Supervisory Board.

### 2.4. DEPRECIATION AND IMPAIRMENTS, EUR 1,000

Depreciations of tangible and intangible assets	26,485	27,097
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Depreciation specification per balance sheet item included in Section 3.1.

### 2.5. OTHER OPERATING EXPENSES, EUR 1,000

Other operating expenses	6,528	5,149
Including administration, marketing, energy, cleaning, operational and other costs as well as fees paid to auditors.		

#### Fees paid to auditors / PricewaterhouseCoopers Oy

Auditing fees	199	167
Tax consulting	8	0
Other remunerations	24	14
Total	231	181

The presented figures are based on invoicing.

**2.6. FINANCIAL INCOME AND EXPENSES, EUR 1,000**

Return on long-term investments		
Dividend yield:		
From group companies	10,707	11,806
From other companies	83	135
Total	10,790	11,941
Other interest and financial income:		
From group companies	6,615	9,639
From other companies	26,164	12,651
Total	32,779	22,290
Interest expenses and other financial expenses:		
To group companies	555	7
To other companies	38,882	30,317
Total	39,437	30,324
Financial income and expenses total	4,132	3,907
Interest expenses and other financial expenses include exchange rate losses (net)		
	2,018	4,867

**2.7. EXTRAORDINARY ITEMS, EUR 1,000**

Group contributions paid	1,422	2,550
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**2.8. APPROPRIATIONS, EUR 1,000**

Difference between planned depreciation and depreciation implemented in taxation	-11,712	3,000
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**2.9. INCOME TAXES, EUR 1,000**

Income taxes on operations	84	82
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**3 . NOTES TO THE BALANCE SHEET 31 Dec 2010 31 Dec 2009****3.1. INTANGIBLE AND TANGIBLE ASSETS, EUR 1,000**

Intangible rights		
Acquisition cost 1 Jan	1,448	1,444
Increases	7	4
Decreases	0	0
Acquisition cost 31 Dec	1,455	1,448
Accumulated depreciation 1 Jan	-1,352	-1,304
Depreciation on decreases	0	0
Depreciation for the accounting period	-43	-48
Accumulated depreciation 31 Dec	-1,394	-1,352
Book value 31 Dec	61	96

Other long-term expenditure		
Acquisition cost 1 Jan	14,472	13,269
Increases	1,914	1,203
Decreases	0	0
Acquisition cost 31 Dec	16,386	14,472
Accumulated depreciation 1 Jan	-10,309	-8,453
Depreciation on decreases	0	0
Depreciation for the accounting period	-1,685	-1,856
Accumulated depreciation 31 Dec	-11,993	-10,309
Book value 31 Dec	4,392	4,164
Intangible assets, total	4,453	4,260

Tangible assets:		
Land and water		
Acquisition cost 1 Jan	1,469	2,182
Increases	0	-713
Acquisition cost 31 Dec	1,469	1,469

Buildings and structures		
Acquisition cost 1 Jan	277,638	271,383
Increases	1,614	6,255
Decreases	0	0
Acquisition cost 31 Dec	279,252	277,638
Accumulated depreciation 1 Jan	-116,232	-109,510
Depreciation on decreases	0	0
Depreciation for the accounting period	-6,834	-6,722
Accumulated depreciation 31 Dec	-123,066	-116,232
Book value 31 Dec	156,186	161,406

Machinery and equipment		
Acquisition cost 1 Jan	271,068	264,511
Increases	3,748	6,557
Decreases	0	0
Acquisition cost 31 Dec	274,815	271,068
Accumulated depreciation 1 Jan	-181,284	-162,927
Depreciation on decreases	0	0
Depreciation for the accounting period	-17,777	-18,357
Accumulated depreciation 31 Dec	-199,061	-181,284
Book value 31 Dec	75,755	89,784

Other tangible assets		
Acquisition cost 1 Jan	2,099	1,295
Increases	126	804
Decreases	-10	0
Acquisition cost 31 Dec	2,215	2,099
Accumulated depreciation 1 Jan	-744	-629
Depreciation on decreases	0	0

## Notes to the Parent Company Financial Statements (FAS)

	31 Dec 2010	31 Dec 2009
Depreciation for the accounting period	-146	-115
Accumulated depreciation 31 Dec	-890	-744
Book value 31 Dec	1,325	1,355
Advance payments and acquisitions in progress		
Acquisition cost 1 Jan	2,073	2,878
Changes +/-	6,960	-804
Acquisition cost 31 Dec	9,034	2,073
Tangible assets total	243,768	256,087
Non-depreciated acquisition cost of machinery and equipment	75,755	89,784

The share of items other than production machinery and equipment is not significant in amount. The acquisition costs of completely depreciated and scrapped items are presented as decreases.

### 3.2. INVESTMENTS, EUR 1,000

	Parent holding, % 2010	Parent holding, % 2009
<b>Group companies</b>		
Ab Botnia-Food Oy, Seinäjoki	100	100
A-Farmers Ltd, Seinäjoki	97.9	97.9
Atria Concept Oy, Seinäjoki	100	100
Atria Finland Ltd, Kuopio	100	100
Atria-Invest Oy, Seinäjoki	100	100
Itikka-Lihapolar Oy, Seinäjoki	100	100
Kiinteistö Oy Tievapolku 3, Helsinki	100	100
Liha ja Säilyke Oy, Forssa	63.2	63.2
Atria Scandinavia AB, Sköllersta, Sweden	100	100
Rokes Oy, Forssa	100	100
Suomen Kalkkuna Oy, Seinäjoki	100	100
Atria Eesti AS, Valga, Estonia	100	100
OU Atria, Tallinn, Estonia	100	100
UAB Vilniaus Mesa, Vilna, Lithuania	100	100

### Joint ventures and associates

Best-In Oy, Kuopio	50.0	50.0
Foodwest Oy, Seinäjoki	33.5	33.5
Honkajoki Oy, Honkajoki	50.0	47.8
Finnish Meat Research Institute, LTK co-operative, Hämeenlinna	40.7	40.7
Länsi-Kalkkuna Oy, Säkylä	50.0	50.0
Tuoretie Oy, Seinäjoki	33.3	33.3

3.3. RECEIVABLES, EUR 1,000	1 Jan -31 Dec 2010	1 Jan -31 Dec 2009
Long-term receivables		
Receivables from group companies:		
Loan receivables	5,695	94,122
Short-term receivables		
Loan receivables	221	441
Trade receivables	38	79
Other receivables	505	1,895
Accrued credits and deferred charges	5,771	6,685
Receivables from group companies:		
Trade receivables	820	2,030
Other receivables	377,646	241,776
Accrued credits and deferred charges	289	262
Total short-term receivables	385,289	253,167
Material items included in the accrued credits and deferred charges:		
- amortised interests	289	262
- amortised taxes	5,677	6,585
- other	93	100
Total	6,059	6,946

### 3.4. SHAREHOLDERS' EQUITY, EUR 1,000

Share capital 1 Jan	48,055	48,055
Share capital 31 Dec	48,055	48,055
Share premium 1 Jan	138,502	138,502
Share premium 31 Dec	138,502	138,502
Restricted equity total	186,557	186,557
Treasury shares 1 Jan	-1,308	-542
Acquisition of own shares	37	-766
Treasury shares 31 Dec	-1,271	-1,308
Invested unrestricted equity fund 1 Jan	110,228	110,228
Invested unrestricted equity fund 31 Dec	110,228	110,228
Retained earnings 1 Jan	81,437	75,074
Dividend distribution	-7,039	-5,654
Retained earnings 31 Dec	74,398	69,420
Profit for the period	10,985	12,016
Retained earnings 31 Dec	85,383	81,437
Unrestricted equity total	194,339	190,356
Equity total	380,896	376,913

Treasury shares transferred during the accounting period	Date	Amount	Consideration
	21 May 2010	3,280	EUR 11.20 / share

At the beginning of the period, the number of treasury shares was 113,712, of which 3,280 shares were transferred. At the end of the year, the company held a total of 110,432 treasury shares. The ownership share of the shares held is 0.391% of equity and 0.099% of the voting rights.

	31 Dec 2010	31 Dec 2009
Calculation of funds appropriate for distribution as dividends		
Retained earnings	74,398	69,420
Profit for the period	10,985	12,016
Treasury shares	-1,271	-1,308
Total	84,111	80,129

The breakdown of the share capital is as follows:

	2010		2009	
	Amount	EUR	Amount	EUR
A series shares (1 vote/share)	19,063,747	32,408	19,063,747	32,408
KII series shares (10 votes/share)	9,203,981	15,647	9,203,981	15,647
Total	28,267,728	48,055	28,267,728	48,055

3.5. ACCRUED APPROPRIATIONS, EUR 1,000	31 Dec 2010	31 Dec 2009
Depreciation difference	61,152	49,440

### 3.6. NON-CURRENT LIABILITIES, EUR 1,000

Bonds	80,000	80,000
Loans from financial institutions	151,468	156,367
Pension fund loans	29,316	28,586
Total	260,784	264,952

Liabilities to group companies		
Other long-term liabilities	21,063	0
Total non-current liabilities	281,847	264,952

Loans maturing later than in five years		
Loans from financial institutions	2,500	0
Pension fund loans	1,538	2,857
Other long-term liabilities	9,913	0
Total	13,950	2,857

Atria Plc's bond loan issued in 2006 amounting to EUR 40 million matures in 2013 (interest rate 1.999%). Atria Plc's bond loan issued in 2007 amounting to EUR 40 million matures in 2014 (interest rate 3.28%).

### 3.7. CURRENT LIABILITIES, EUR 1,000

	31 Dec 2010	31 Dec 2009
Loans from financial institutions	107,646	97,038
Pension fund loans	3,370	0
Trade payables	465	1,600
Other payables	4,133	394
Accruals and deferred income	3,749	3,500

Liabilities to group companies		
Other long-term liabilities	2,788	0
Trade payables	254	618
Other payables	55,543	58,254
Accruals and deferred income	1,594	3

Total current liabilities	179,541	161,408
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#### Material items included in accruals and deferred income:

- accruals of salaries and social security payments	495	484
- personnel fund	4	8
- interest accruals	1,701	1,496
- valuation of forward contracts	1,707	1,498
- other	1,436	17
Total	5,342	3,503



## Notes to the Parent Company Financial Statements (FAS)

### 4. OTHER NOTES 31 Dec 2010      31 Dec 2009

#### 4.1. SECURITIES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES, EUR 1,000

Contingent liabilities and other liabilities not included in the balance sheet

Guarantees		
For group companies	77,599	67,848

Other leases		
Minimum rents paid based on other leases		
Within one year	869	1,629
Within more than one year and a maximum of five years	853	1,150
After more than five years	3,570	3,634
Total	5,292	6,413

#### 4.2. VAT LIABILITIES, EUR 1,000

The company has made the property investments referred to in the Value Added Tax Act. The remaining verification liability of these investments was assessed for each verification period on 31 December 2010. The company is obliged to verify reductions in VAT on property investments if the taxable use of the properties decreases during the verification period.

Year of completion of the investment	Remaining amount of verification liability	
2006	0	370
2007	926	1,852
2008	1,011	1,155
2009	1,101	1,239
2010	322	0
Total	3,360	4,616

### 4.3 DERIVATIVE FINANCIAL INSTRUMENTS, EUR 1,000

Fair values of derivative financial instruments	Derivative assets 31 Dec 2010	Derivative assets 31 Dec 2009
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Forward exchange agreements:

Other hedges	26	
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Interest rate swaps, due in more than 1 year:

Cash flow hedges under hedge accounting	1,030	
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Total	1,056	
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Fair values of derivative financial instruments	Derivative liabilities 31 Dec 2010	Derivative liabilities 31 Dec 2009
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Forward exchange agreements:

Net investment hedges under hedge accounting		434
Other hedges	1,733	1,498

Interest rate swaps, due in more than 1 year:

Cash flow hedges under hedge accounting	766	15
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Electricity derivatives:

Cash flow hedges under hedge accounting		2,053
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Total	2,499	4,000
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### Signatures to the financial statements and annual report

Seinäjoki, 17 March 2011

Martti Selin  
Chairman

Timo Komulainen

Tuomo Heikkilä

Maisa Romanainen

Esa Kaarto

Harri Sivula

Juha Gröhn  
President and CEO

### Auditor's note

A report on the audit performed has been issued today.

Seinäjoki 17 March 2011

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Juha Wahlroos  
Authorised Public Accountant

## TO THE ANNUAL GENERAL MEETING OF ATRIA CORPORATION

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Atria Corporation for the year ended 31 December, 2010. 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 and Board of Directors of the parent company as well the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they 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 and the consolidated 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 and Board of Directors as well the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Seinäjoki 17 March 2011

PricewaterhouseCoopers Oy  
Authorised Public Accountants  
Juha Wahlroos  
Authorised Public Accountant

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## CORPORATE GOVERNANCE PRINCIPLES

Atria Plc (“Atria” or the “company”) is a Finnish public company, and the responsibilities and obligations of its governing bodies are determined by Finnish law. The parent company, Atria Plc, and its subsidiaries constitute the international Atria Group. The company is domiciled in Kuopio.

Responsibility for the administration and operations of Atria Group lies with the governing bodies of the parent, Atria Plc. These are the General Meeting, Supervisory Board, Board of Directors and the President and CEO.

Atria’s decision-making and corporate governance are in compliance with the Finnish Companies Act, regulations applied to publicly listed companies, Atria Plc’s Articles of Association, and NASDAQ OMX Helsinki Ltd’s rules and guidelines. Atria follows the Finnish Corporate Governance Code (“Corporate Governance Code”). The full Corporate Governance Code may be viewed at [www.cgfinland.fi](http://www.cgfinland.fi). In accordance with the Comply or Explain principle, the company departs from the recommendations of the Code as follows:

- The company has a Supervisory Board.
- As an exception to recommendation 8, Atria’s Supervisory Board elects the Board of Directors in accordance with the Articles of Association.
- As an exception to recommendation 10, the term of a Board member is three (3) years in accordance with Atria’s Articles of Association.

Atria Plc has prepared a review of the corporate governance system in accordance with the recommendation of the Finnish Corporate Governance Code. The review is available on the company’s website at [www.atriagroup.com](http://www.atriagroup.com).

## GENERAL MEETING

The General Meeting is Atria Plc’s supreme decision-making body. At the General Meeting, shareholders decide on the approval of the financial statements and the use of the profit shown on the balance sheet; discharging of the members of the Board of Directors and of the Supervisory Board, as well as the President and CEO, from liability; the number of members of the Supervisory Board, and their election and remuneration; and the election of one or more auditors and the fees for auditing.

The Annual General Meeting is held annually by the end of June on a date designated by the Board of Directors, and the agenda includes matters that are to be handled by the Annual General Meeting in accordance with the Articles of Association and any other proposals. The Atria Annual General Meeting has usually been held in April. In addition, the company may

hold an Extraordinary General Meeting, if necessary.

The General Meeting is convened by the Board of Directors. It is held in the company’s domicile, Kuopio, or in Helsinki. The notice to convene the General Meeting is communicated by publishing the notice on the Company’s website and by a stock exchange release at the earliest three (3) months and at the latest three (3) weeks before the General Meeting, however, no later than nine (9) days prior to the record date for the General Meeting. In addition, the Board of Directors may decide to publish the notice, or delivery notification of the notice, in one or more national newspapers determined by the Board, or in some other manner it may decide.

To have the right to participate in a General Meeting, a shareholder must register with the company no later than on the day mentioned in the notice of meeting, which can be no earlier than ten (10) days before the meeting.

The President and CEO, the Chairman of the Board of Directors and the majority of the Board members shall be present in the General Meeting, and also auditors shall be present in the Annual General Meeting. A first-time candidate nominated to the Supervisory Board shall be present in the General Meeting where a decision on his or her appointment is made, unless there is a weighty reason for his or her absence.

## SUPERVISORY BOARD

In accordance with Atria Plc’s Articles of Association, the company has a Supervisory Board elected by the General Meeting. The Supervisory Board consists of a minimum of 18 and a maximum of 21 members, who are elected for terms of three years. A person aged sixty-five (65) or older cannot be elected to the Supervisory Board. The Supervisory Board elects a Chairman and Vice Chairman from amongst its members for terms of one year. The Supervisory Board meets three times a year on average.

The duties of the Supervisory Board are specified in the Finnish Companies Act and Atria Plc’s Articles of Association. The key duties of the Supervisory Board are to:

- Supervise the administration of the company by the Board of Directors and the President and CEO.
- Elect the members of the Board of Directors and decide which of the members shall act as the Chairman and Vice Chairman of the Board of Directors, and decide on their remuneration.
- Issue instructions to the Board of Directors on matters that are of far-reaching consequence or important in principle.
- Submit its statement on the financial statements and auditors’ report to the Annual General Meeting.

Shareholders of the company representing more than 50% of the votes have expressed their contentment with the current model based on the Supervisory Board because it brings a far-reaching perspective on the company's operations and decision-making.

In 2010, the members of Atria Plc's Supervisory Board were the following:

**Chairman of the Supervisory Board:**

Ari Pirkola      born 1959, Farmer,  
member since 2008

**Vice Chairman of the Supervisory Board:**

Seppo Paavola      born 1962, Farmer,  
member since 2006

**Members:**

Juha-Matti Alaranta	born 1965, Farmer, member since 2000
Juho Anttikoski	born 1970, Farmer, member since 2009
Mika Asunmaa	born 1970, Farmer, member since 2005
Lassi-Antti Haarala	born 1966, Agrologist, Farmer, member since 2002
Juhani Herrala	born 1959, Farmer, member since 2002
Henrik Holm	born 1966, Farmer, member since 2002
Veli Hyttinen	born 1973, Agrologist, Farmer, member since 2010
Pasi Ingalsuo	born 1966, Agrologist, Farmer, member since 2004
Juha Kiviniemi	born 1972, MSc (Agric.), Farmer, member since 2010
Veli Koivisto	born 1952, Farmer, member since 2006
Teuvo Mutanen	born 1965, Agricultural Officer, Agricultural Entrepreneur, member since 2007
Mika Niku	born 1970, Farmer, member since 2009
Heikki Panula	born 1955, MSc (Agric.), Farmer, member since 2005
Pekka Parikka	born 1951, Farmer, member since 2008
Juho Tervonen	born 1950, Farmer, member since 2001
Tomi Toivanen	born 1954, Farmer, member since 2009
Timo Tuhkasaari	born 1965, Farmer, member since 2002.

All members of Atria Plc's Supervisory Board are members of the administrative bodies of the company's principal owners Lihakunta, Itikka Co-operative and Pohjanmaan Liha Co-operative. All members of the Supervisory Board are independent of the company and dependent on the company's principal owners.

In 2010, Atria Plc's Supervisory Board met three (3) times, and the average attendance percentage of the members was 96.5.

### BOARD OF DIRECTORS

In accordance with the Articles of Association, Atria's Board of Directors shall have a minimum of five (5) and a maximum of seven (7) members. As an exception to recommendation 8 and in line with the Articles of Association, the Supervisory Board elects the members of the Board of Directors and decides which of the members shall act as the Chairman and Vice Chairman of the Board of Directors and decides on their remuneration. Shareholders of the company representing more than 50% of the votes have expressed their satisfaction with the current practice which is in compliance with the Articles of Association, whereby the members of the Board of Directors are appointed by the Supervisory Board. The Supervisory Board appoints the members of the Board of Directors in its organisation meeting, which is held annually in June.

The term of office of a member of Atria's Board of Directors differs from the term of one year specified in recommendation 10. As per the Articles of Association, the term of a member of the Board of Directors is three (3) years. Shareholders representing more than 50% of the votes have stated that the term of three years is appropriate for the long-term development of the company and have not seen the need to shorten the term from that specified in the Articles of Association.

### DUTIES OF THE BOARD OF DIRECTORS

Atria's Board of Directors shall ensure the appropriate organisation of the company's administration, operations, accounting and supervision of asset management. To this end, the Board of Directors has adopted written rules of procedure concerning the duties of the Board, the matters to be dealt with, meeting practices and the decision-making procedure. According to these rules, the Board of Directors discusses and decides on significant matters related to the company's strategy, investments, organisation and financing. The rules of procedure lay down the following key duties for the Board of Directors:

- Approve the strategic goals and guidelines for the Group



- and its business units
- Approve the budgets and business plans for the Group and business units
- Decide on the investment plan for each calendar year and approve major investments (i.e., investments exceeding one million euros)
- Approve major M&A and restructuring operations
- Approve the Group's operating principles for important elements of management and supervision
- Discuss and adopt interim reports and financial statements
- Prepare the items to be dealt with at General Meetings and ensure that decisions are implemented
- Approve the audit plan for internal auditing
- Appoint the CEO and decide on his or her remuneration and other benefits
- At the CEO's proposal, approve the hiring of his or her direct subordinates and the principal terms of their employment contracts
- Approve the organisational structure and the key principles of incentive schemes
- Monitor and evaluate the CEO's performance
- Decide on other matters that are important in view of the size of the Group and that are not part of day-to-day operations, such as considerable expansion or contraction of business or other material changes in operations, and the sale and pledging of fixed assets
- Decide on other matters which, under the Finnish Companies Act, fall within the remit of the Board of Directors
- Perform the Audit Committee's duties referred to in recommendation 27 of the Corporate Governance Code.

The Board of Directors evaluates its operation and working methods regularly through self-evaluation once a year.

#### MEETING PRACTICES AND INFORMATION FLOW

The Board of Directors meets at regular intervals about 10 times during the term in accordance with a separate meeting schedule confirmed in advance by the Board, and when necessary. In 2010, the Board of Directors met fifteen (15) times. The average meeting attendance percentage of the members of the Board of Directors was 98.7.

During the meetings of the Board of Directors, the President and CEO gives a review of the financial situation of the Group. The review also covers forecasts, investments and organisational changes, and all other important issues from the point of view of the Group.

The following reports are reviewed in each regular meeting:

- report on the development of the company's business operations for each business area
- report on measures taken between Board meetings.

The agenda of the meeting shall be delivered to the members of the Board of Directors no later than one week before the meeting. The meeting material shall be prepared by the President and CEO and the Secretary of the Board of Directors according to the instructions provided by the Chairman. The meeting material shall be delivered to the members no later than three days before the meeting.

The majority of the members of the company's Board of Directors are independent of the company. Harri Sivula and Maisa Romanainen are independent of the company and the principal owners, and Martti Selin, Timo Komulainen, Runar Lillandt, Tuomo Heikkilä and Esa Kaarto are members of the administrative bodies of the company's principal owners – Lihakunta and Itikka Co-operative.

The members of the Board of Directors are obliged to provide the Board with sufficient information to assess their skills and independency and to notify the Board of any changes to the information.

#### BOARD COMMITTEES

The Board of Directors may set up committees to handle duties designated by the Board. The Board shall approve the rules of procedure for the committees. The committees of the Board of Directors are the Nomination Committee and the Remuneration Committee, whose members are elected by the Board from amongst its members according to the rules of procedure of the committee. The committees have no autonomous decision-making power. Decisions are made by the Board of Directors based on the committees' preparations. The committees shall report on their work to the Board of Directors, which also supervises their operations.

#### NOMINATION COMMITTEE

The Nomination Committee consists of the Chairmen of the Supervisory Board and the Board of Directors and one member of the Board of Directors elected by the Board itself. In accordance with recommendation 29 of the Corporate Governance Code, the company's President and CEO or the members of the Board of Directors who belong to the company's other management shall not be elected as members of the Nomination Committee.

According to the rules of procedure, the duties of the Nomination Committee are as follows:

- prepares a proposal to be made to the Supervisory Board



### Board of Directors

Name	Selin Martti, Chairman	Komulainen Timo Juhani, Vice Chairman	Heikkilä Tuomo Juhani	Kaarto Esa	
Year of birth	1946	1953	1948	1959	
Education	Farm school	Agrologist	Farm school	MSc (Agr.)	
Main occupation	Farmer, meat producer	Farmer	Farmer	Farmer	
Relevant work experience	<ul style="list-style-type: none"> <li>• Metal industry, Sweden</li> <li>• Farmer</li> </ul>	Positions of trust	Positions of trust	Farmer	
Member of the Board since	2005	1993	1996	25 June 2009	
The most important simultaneous positions of trust	<ul style="list-style-type: none"> <li>• Chairman of the Supervisory Board of Itikka Co-operative</li> <li>• Chairman of the Board of Directors of Kauhajoen Teurastamokiinteistöt Oy</li> <li>• Chairman of the Board of Directors of Itikan maa- ja metsätilat Oy</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Lihakunta</li> <li>• Chairman of the Board of Directors of A-Farmers Ltd</li> <li>• Chairman of the Board of Directors of A-Rehu Oy</li> <li>• Vice Chairman of the Board of Directors of Jukola Co-operative</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Lihakunta</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of Itikka Co-operative</li> <li>• Member of the Board of Directors of A-Farmers Ltd</li> <li>• Member of the Board of Directors of Feedmix Oy</li> <li>• Member of the Board of Directors of Rehukanava Oy</li> <li>• Member of the Board of Directors of Suurusrehu Oy</li> </ul>	
Independency	Independent of the company and dependent on the principal owners	Independent of the company and dependent on the principal owners	Independent of the company and dependent on the principal owners	Independent of the company and dependent on the principal owners	



Atria Plc's Board of Directors and the Directors of the Supervisory Board, from left:

- Maisa Romanainen, Member of the Board
- Seppo Paavola, Vice Chairman of the Supervisory Board
- Timo Komulainen, Vice Chairman of the Board of Directors
- Tuomo Heikkilä, Member of the Board
- Martti Selin, Chairman of the Board of Directors
- Harri Sivula, Member of the Board
- Ari Pirkola, Chairman of the Supervisory Board
- Esa Kaarto, Member of the Board
- Matti Tikkakoski, Member of the Board until 3 March 2011

	Lillandt, Karl Runar	Romanainen, Maisa Annukka	Tikkakoski Matti Olavi, President and CEO until 3 March 2011	Sivula, Harri Juhani
	1944	1967	1953	1962
	Middle school, farm school	MSc (Econ.)	BSc (Econ.), Helsinki School of Economics	MSc (Admin.)
	Farmer, meat producer	Department Store Group Manager of Stockmann plc, Group Vice President	President and CEO	President and CEO, Restel Ltd
	Farmer	<ul style="list-style-type: none"> <li>• Brio Oy, Product Manager and Purchasing Manager, among others</li> <li>• Stockmann Plc: <ul style="list-style-type: none"> <li>- Purchasing Manager, 1996–1997</li> <li>- Department Store Manager, Moscow, Russia, 1998–2000</li> <li>- Department Store Manager, Tallinn, Estonia, 2000–2005</li> <li>- Manager, Foreign Department Stores, 2005–2007</li> <li>- Manager, Finnish and Baltic Department Stores, 1 Jan–5 Nov 2008</li> <li>- Department Store Group Manager, Group Vice President, from 6 Nov 2008</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Vice President, Huhtamäki Oy</li> <li>• Vice President, Å&amp;R Carton AB</li> </ul>	<ul style="list-style-type: none"> <li>• Vice President, Ruokakesko Oy</li> <li>• Vice President, Kesko Oy</li> <li>• CEO, Onninen Oy</li> </ul>
	2003, member until 18 June 2010	18 June 2010	2006	20 March 2009
	<ul style="list-style-type: none"> <li>• Chairman of the Supervisory Board of Metsäliitto Co-operative</li> <li>• Member of the Board of Directors of M-Real Corporation</li> <li>• Chairman of the Board of Directors of Ab Mellanå Plant Oy</li> <li>• Member of the Board of Directors of A-Farmers Ltd</li> <li>• Member of the Board of Directors of A-Rehu Oy</li> <li>• Chairman of the Board of Directors of Osuuskunta Pohjanmaan Liha</li> <li>• Chairman of the Board of Directors of Rannikon Metsäkeskus</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of TUKO and FGTA</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Componenta Plc</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Olvi Plc</li> <li>• Member of the Board of Directors of Norpe Oy</li> <li>• Member of the Board of Directors of Top-Sport Oy</li> <li>• Member of the Board of Directors of Leipurin Oy</li> </ul>
	Independent of the company and dependent on the principal owners	Independent of the company and the principal owners	Dependent on the company and independent of the principal owners	Independent of the company and the principal owners

- regarding new members of the Board of Directors
- prepares all matters related to the fees and bonuses to be paid to the members of the Board of Directors
- looks for candidates to fill vacant seats in the Board of Directors
- makes a proposal to the Supervisory Board regarding new members of the Board of Directors
- makes the preparations for the nomination of the President and CEO and Vice President
- makes the preparations for the mapping of the successors to the President and CEO and Vice President
- performs other duties separately assigned to the Nomination Committee by the Board of Directors.

The Chairman shall convene the Nomination Committee as needed. The meetings discuss the matters that belong to the duties of the Nomination Committee. The agenda shall be prepared by the company's President and CEO after consultation with the Chairman of the Committee. During a meeting of the Committee, the matters to be discussed are presented by the company's President and CEO or a person appointed by him/her, provided that the matters in question do not pertain to them.

The meetings of the Nomination Committee are attended by the President and CEO and the Vice President. An exception to this is when the Committee discusses matters pertaining to them. The Nomination Committee may invite other people to join its meetings if deemed necessary and may use external experts to assist the Committee in fulfilling its duties.

In 2010, the Chairman of the Nomination Committee was Ari Pirkola and the other members were Martti Selin and Maisa Romanainen. All members of the Nomination Committee are independent of the company. Maisa Romanainen is also independent of the principal owners. The Committee met two (2) times in 2010. All members of the Committee attended all meetings.

### REMUNERATION COMMITTEE

The Remuneration Committee consists of the Chairman, Vice Chairman and one member of the Board of Directors elected by the Board itself. In accordance with recommendation 32 of the Corporate Governance Code, the President and CEO or people belonging to the company's other management shall not be elected as members of the Remuneration Committee.

The aim of the Remuneration Committee is to ensure the objectivity of decision-making, enhance the achievement of the company's goals through bonus schemes, increase

the company's value and ensure that bonus schemes are transparent and systematic. The aim of the Remuneration Committee is also to ensure that the merit pay systems are connected with the company's strategy and the results obtained.

According to the rules of procedure, the duties of the Remuneration Committee are as follows:

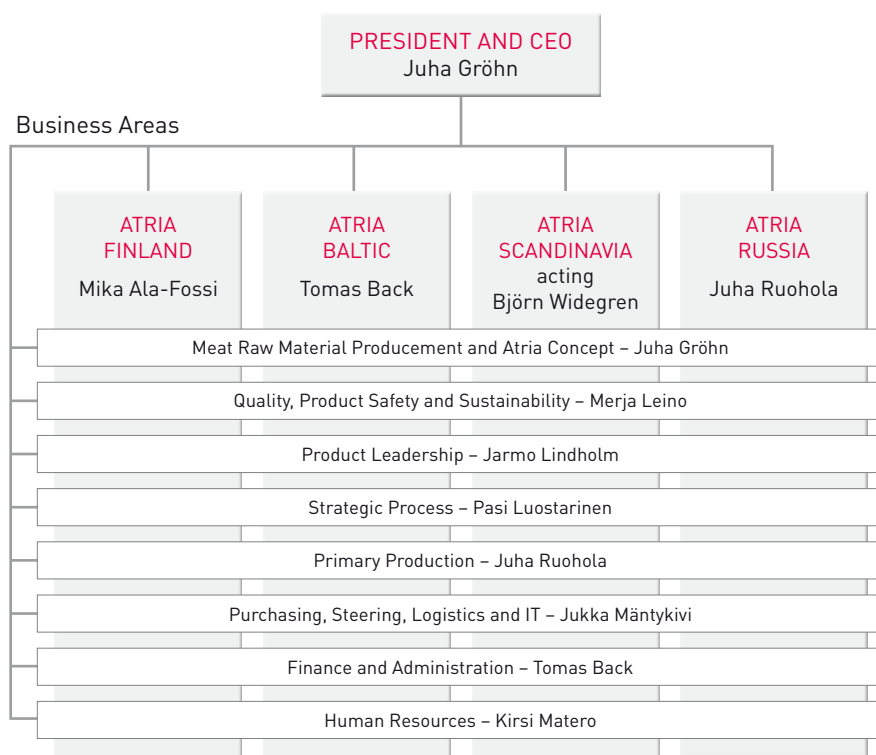
- prepares the terms of employment of the President and CEO and Vice President and brings them before the Board of Directors
- prepares the remuneration, fees and other employment benefits of the directors that report to the President and CEO and brings them before the Board of Directors
- prepares the forms and criteria of the bonus and incentive schemes of top management and brings them before the Board of Directors
- prepares the content and group assignments of the pension programmes of the company's management and brings them before the Board of Directors
- submits its statement on the bonus arrangements for the whole personnel before their approval and assesses their functionality and the achievement of the goals of the systems
- if required, discusses possible interpretation problems related to the application of the approved bonus schemes and recommends a solution
- if required, reviews information to be published in the financial statements and, where applicable, in other bonus-related documents
- performs other duties separately assigned to it by the Board of Directors.

The Chairman of the Remuneration Committee shall convene the Committee as needed, but no less than two times per year. The meetings discuss the matters that belong to the duties of the Remuneration Committee. The agenda shall be prepared by the company's President and CEO after consultation with the Chairman of the Committee. During a meeting of the Committee, the matters to be discussed are presented by the company's President and CEO, provided that the matters in question do not pertain to him/her.

The Remuneration Committee may invite other people to join its meetings if deemed necessary and may use external experts to assist the Committee in fulfilling its duties.

In 2010, the Chairman of the Remuneration Committee was Martti Selin and the other members were Timo Komulainen and Harri Sivula. All members of the Remuneration Committee are independent of the company. Harri Sivula is also independent of the principal owners. The

## ATRIA GROUP MANAGEMENT TEAM 18 MARCH 2011



Product Leadership comprises Group-wide brand management, R&D and product group management functions. The Group Vice President in charge of the Strategy Process is responsible for implementing and monitoring the process throughout the Group.

## REMUNERATION (IN EUROS) OF THE MEMBERS OF THE SUPERVISORY BOARD IN 2010

	Procedures of the Supervisory Board	Benefits from Group companies	Total
Pirkola Ari, Chairman	51,000		51,000
Paavola Seppo, Vice Chairman	30,900		30,900
Alaranta Juha-Matti	1,500		1,500
Anttikoski Juho	1,500		1,500
Asunmaa Mika	1,500		1,500
Haarala Lassi Antti	1,750		1,750
Herrala Juhani	1,500		1,500
Holm Henrik	1,000	2,700	3,700
Hytinen Veli, from May 2010	1,000		1,000
Ingalsuo Pasi	1,500	4,200	5,700
Kiviniemi Juha, from May 2010	500		500
Koivisto Veli	2,000	3,900	5,900
Kuja-Lipasti Olavi, until April 2010	750		750
Mutanen Teuvo	1,750		1,750
Niku Mika	1,500		1,500
Panula Heikki	1,250		1,250
Parikka Pekka	1,750		1,750
Riekkinen Marita, until April 2010	1,000		1,000
Tervonen Juho	2,000	600	2,600
Toivanen Tomi	1,500		1,500
Tuhkasaari Timo	1,500		1,500
	108,650	11,400	120,050

Remuneration Committee met four (4) times in 2010. All members of the Committee attended all meetings.

### **PRESIDENT AND CEO**

The company has a President and CEO in charge of managing the company's operations in accordance with the instructions and orders issued by the Board of Directors, as well as informing the Board of Directors of the development of the company's operations and financial performance. The President and CEO also sees to the organisation of the company's day-to-day administration and ensures reliable asset management. The President and CEO is appointed by the Board of Directors, which decides on the terms of his or her employment.

The President and CEO of Atria Plc was Matti Tikkakoski, MSc (Econ.) until 3 March 2011. After that, Juha Gröhn, MSc (Food Sc.) was appointed to the position. His task is to attend to the day-to-day administration of the company in accordance with the instructions and orders issued by the Board of Directors. The personal details of the President and CEO can be found in connection with the presentation of the members of the Management Team.

### **MANAGEMENT TEAM**

Atria Group has a Management Team chaired by the President and CEO. The Management Team assists the President and CEO in planning the operations and in operational management. The duties of the Management Team include, among others, preparing strategic plans and putting them into practice, handling significant projects and organisational changes as well as reviewing and implementing the Group's risk management measures in their respective areas of responsibility.

In 2010, the Management Team met eleven (11) times.

### **REWARDING**

#### **Rewarding of the members of the Supervisory Board**

The Annual General Meeting decides yearly on the remuneration of the members of the Supervisory Board. In 2010, the Supervisory Board met three (3) times and the remunerations were as follows:

- Meeting compensation 250 euros/meeting
- Compensation for loss of working time 250 euros for meeting and proceeding dates
- The fee of the Chairman of the Supervisory Board 3,000 euros/month
- The fee of the Vice Chairman of the Supervisory Board 1,500 euros/month
- Travel allowance according to the State's Travelling Regulations (national railway in first class)

The members of the Supervisory Board have no share incentive plans or share-based bonus schemes.

In 2010, monthly fees and meeting fees paid to the members of the Supervisory Board for participating in the procedures of the Supervisory Board (including being a member of the Supervisory Board of another company that is part of the same Group) are presented on the page 113.

#### **Rewarding of the members of the Board of Directors**

The Supervisory Board decides on the remuneration of the members of the Atria Board of Directors yearly. The remuneration to the members of the Board of Directors is paid as monetary compensation. With the exception of the President and CEO, the members of the Board have no share incentive plans or share-based bonus schemes. The principles governing the rewarding of the President and CEO are set out in a different section.

#### **Remuneration of Board members:**

- Meeting compensation €300/meeting and compensation for loss of working time €300/meeting and proceeding date
- Fee of the Chairman of the Board of Directors €4,400/month
- Fee of the Vice Chairman of the Board of Directors €2,200/month
- Fee of a member of the Board of Directors €1,700/month

In 2010, monthly fees and meeting fees paid to the members of the Board for participating in the procedures of the Board of Directors (including being a member of the Board of another company that is part of the same Group) were the following:



Name	Position	Board of Directors and committee work	Benefits from Group companies	Total
Martti Selin	Chairman	66,600		66,600
Timo Komulainen	Vice Chairman	39,600	36,900	76,500
Tuomo Heikkilä	Member	33,000		33,000
Esa Kaarto	Member	31,800	20,180	51,980
Runar Lillandt	Member	18,900	2,700	21,600
Maisa Romanainen	Member	12,048		12,048
Harri Sivula	Member	27,000		27,000
Matti Tikkakoski	Member			
TOTAL		228,948	59,780	288,728

The members of the Board have no share incentive plans or share-based bonus schemes.

#### Bonus schemes for the President and CEO and other management

The bonus scheme for the management of Atria Plc consists of a fixed monthly salary, merit pay, pension benefits and a share incentive plan. The company has no option scheme in place.

The Atria Plc Board of Directors decides on the remuneration, other financial benefits and the criteria applied in the merit pay system for the Group CEO and the Management Team, as well as the merit pay principles used for other management members.

The Group's vice-president and the CEO decide on the rewarding of the members of the management teams of the various business units according to the one-over-one principle. The merit pay systems for the management teams of business areas are approved by the President and CEO.

The retirement age for the President and CEO is 63 years. However, the President and CEO has the right to retire at age 60. The amount of pension is based on the President and CEO's annual earnings at Atria Group as specified by the Board of Directors. In 2010, the group pension contributions of the President and CEO were 24% of annual earnings, which included monetary salary and fringe benefits without cash payments of incentive schemes.

According to the President and CEO's contract, the

period of notice is 6 months and the salary for the period of notice is 12 months' salary. There are no terms and conditions for any other compensation based on termination of employment.

#### Merit pay system

The maximum amount of merit pay for Atria Plc's President and CEO and the Management Team is 30% to 50% of the annual salary, depending on the effect on the result and the level of competence required to perform the duties. The criteria in Atria Plc's merit pay system are the profit requirements at Group level and in the person's responsibility area, the working capital and, for some employees, the personal performance. In addition to the President and CEO, Deputy CEO and Management Team, Atria Plc's merit pay system covers approximately 60 people at the executive and supervisory levels.

#### Share incentive plan

In addition to the merit pay system, Atria Plc's Board of Directors has decided to adopt a share-based incentive programme for Atria Group's key personnel. The aim of the share incentive plan is to combine the objectives of the owners and key personnel in order to increase the company's value. The aim is also to commit the key personnel to the company and to offer them a competitive incentive plan based on holding the company shares.

#### IN 2010, THE FINANCIAL BENEFITS INCLUDED FOR THE PRESIDENT AND CEO AND THE MANAGEMENT TEAM WERE THE FOLLOWING:

	Fixed monthly salary	Merit pay	Fringe benefits	Share-based incentive	Pension contributions	2010 Total
President and CEO	457,057	68,796	19,292	9,129	133,373	687,647
Management Team	1,694,805	241,368	108,331	32,104	270,820	2,347,427
TOTAL	2,151,861	310,164	127,623	41,233	404,193	3,035,074



### Management Team



Name	<b>Matti Tikkakoski</b> President and CEO until 3 March 2011, Atria Plc, Atria Finland Executive Vice President	<b>Juha Gröhn</b> Vice President & Deputy CEO, President & CEO, Atria Plc, since 18 March 2011, Executive Vice President, Atria Scandinavia	<b>Juha Ruohola</b> Executive Vice President, Atria Russia	<b>Tomas Back</b> CFO, Executive Vice President, Atria Baltic
Responsibility	Atria Group	Meat Raw Material Procurement and Atria Concept	Primary Production	Finance and Administration
Joined Atria in	2005	1990	1999	2007
Year of Birth	1953	1963	1965	1964
Education	BSc (Econ.)	MSc (Food Sc.)	MSc (Agriculture and Forestry), eMBA	MSc (Econ.)
Relevant work experience	<ul style="list-style-type: none"> <li>• 1978–1980 Product Manager, Orion Corporation</li> <li>• 1980–2002 various managerial positions at Huhtamäki Plc, Vice President 1999–2002</li> <li>• 2003–2005 Vice President, Å&amp;R Carton AB</li> <li>• 2005 - 3 March 2011 President and CEO, Atria Plc</li> <li>• 1 September 2010–1 February 2011 Managing Director, Atria Finland Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• 1990–1991 Foreman, Lihapolar</li> <li>• 1991–1993 Business Development Manager, Itikka-Lihapolar</li> <li>• 1993–1998 Director, Slaughterhouse Industry, Atria Ltd</li> <li>• 1999–2003 Director, Meat Product and Convenience Food Industries, Atria Ltd</li> <li>• 2003–2004 Director, Steering, Vice President, Atria Ltd</li> <li>• 2004–2006 Director, Meat Industry, Vice President, Atria Ltd</li> <li>• 2006–2010 Managing Director, Atria Finland Ltd, Vice President, Atria Plc, Atria Baltic</li> <li>• 2010– Deputy CEO, Executive Vice President, Atria Scandinavia</li> <li>• 18 March 2011– President and CEO, Atria Plc</li> </ul>	<ul style="list-style-type: none"> <li>• 1990–1992 Agronomist, Central Union of Agricultural Producers and Forest Owners (MTK), Tampere Region</li> <li>• 1992–1994 Acting Executive Director, Central Union of Agricultural Producers and Forest Owners (MTK), Tampere Region</li> <li>• 1994–1997 Purchasing Director, LSO Foods Oy</li> <li>• 1997–1999 President and CEO, Lihakunta Co-operative</li> <li>• 1999–2001 President and CEO, Lithells AB</li> <li>• 2001–2003 Director, Convenience Food Industry, Atria Ltd</li> <li>• 2003–2005 Director, Meat Product and Convenience Food Industries, Atria Ltd</li> <li>• 2005–2006 Director, Meat Product Industry, Atria Ltd</li> <li>• 2006– Director, Atria Russia business area</li> </ul>	<ul style="list-style-type: none"> <li>• 1990–2007 Business Controller, Chief Financial Officer, Huhtamäki Oyj (Helsinki, Lausanne, DeSoto, Kansas, Espoo)</li> <li>• 2007 - CFO, Atria Plc</li> <li>• 2010– CFO, Executive Vice President, Atria Baltic</li> </ul>



**Merja Leino**  
Group Vice President



**Jarmo Lindholm**  
Group Vice President



**Pasi Luostarinen**  
Group Vice President



**Jukka Mäntykivi**  
Group Vice President



**Kirsi Matero**  
Group Vice President

Quality, Product Safety and Sustainability	Product Leadership	Strategic Process	Purchasing, Steering, Logistics and IT	Human Resources
1996	2002	2000	2001	2010
1960	1973	1966	1961	1968
PhD (Phil.)	MSc (Econ.)	MSc (Econ.)	MSc (Soc.Sc.)	MSc (Econ.)
<ul style="list-style-type: none"> <li>• 1987–1991 Product Developer, Huhtamäki Oy Jalostaja</li> <li>• 1991–1995 Packaging Development Manager, Unilever Oy</li> <li>• 1995–1996 National Coordinator, Networked Centre of Expertise for the Food Processing Industry (ELO)</li> <li>• 1996–2010 Group Vice President, Convenience Food, Quality Development and Product Safety, Atria Finland Ltd/ Atria Plc</li> <li>• 2010– Group Vice President, Quality, Product Safety and Sustainability, Atria Plc / Atria Finland Ltd, Director, Convenience Food, Atria Finland Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• 1998–2000 Customer Service Manager &amp; e-Business, Unilever Finland</li> <li>• 2000–2002 Account Manager, Marketing Manager, AC Nielsen</li> <li>• 2002–2005 Marketing Manager, Atria Ltd</li> <li>• 2005–2010 Group Vice President, Product Group Management and Product Development, Commercial Director, Atria Finland Ltd</li> <li>• 2010– Group Vice President, Product Leadership, Brand Management and Product Development, Atria Plc</li> </ul>	<ul style="list-style-type: none"> <li>• 1991–1993 Product Manager, Oy Mallasjuoma</li> <li>• 1993–1996 Product Group Manager, Fazer Confectionery Ltd</li> <li>• 1996–1997 Trade Development Manager, British American Tobacco Nordic</li> <li>• 1997–2000 Marketing Director, Valio</li> <li>• 2000–2006 Marketing Director, Atria Plc</li> <li>• 2007–2010 Group Vice President, Brand Management and Cold Cuts, Atria Plc</li> <li>• 2010– Group Vice President, Strategy Process, Atria Plc</li> </ul>	<ul style="list-style-type: none"> <li>• 1990–1992 Controller, Valio Ltd, Northern Finland profit centre, Oulu</li> <li>• 1992–1994 IT Systems Manager, Valio Ltd, Northern Finland profit centre, Oulu</li> <li>• 1995–1998 IT Manager, Valio Ltd, Butter and Powdered Ingredients, Seinäjoki</li> <li>• 1998–1999 Chief Financial Officer, Valiojäätelö Ice Cream business, Helsinki</li> <li>• 1999–2001 Chief Information Officer, Valio Ltd, Group Administration, Helsinki</li> <li>• 2001–2003 Chief Information Officer, Atria Plc</li> <li>• 2003–2010 Group Vice President, Information Management, Steering and Logistics, Atria Plc</li> <li>• 2010– Group Vice President, Procurement, Information Management, Steering and Logistics, Atria Plc</li> </ul>	<ul style="list-style-type: none"> <li>• 1998–2003 Business HR Manager, Competence Development Manager / Consultant, Nokia Networks and Nokia Mobile Phones</li> <li>• 2004–2007 Senior Business HR Manager, Nokia Mobile Phones</li> <li>• 2007–2010 HR Director, Pfizer Oy</li> <li>• 2010– Group Vice President, Human Resources, Atria Plc</li> </ul>

The programme will comprise three one-year accrual periods, i.e., calendar years 2010, 2011 and 2012. Where applicable, payments will be made in 2011, 2012 and 2013, partly in the form of the company's series A shares and partly as cash payments. The cash payments will cover any taxes or similar costs caused by the incentives. The Board of Directors will decide on the earnings criteria and the targets to be established for them every year for each period. The shares earned on the basis of the system may not be transferred for a period of two years from the end of the accrual period. The maximum number of shares to be paid out within the whole system during a period of three years is 300,300. However, no shares are transferred based on the 2010 result.

Additional information on share incentive plans can be found in Note 24, Share-Based Payments to the financial statements.

### Pension benefits

Managerial group pension benefits confirmed by Atria's Board of Directors have been arranged for the members of the Atria Group Management Team who are covered by Finnish social security. The retirement age of the group pension insurance is 63 years for the members of the Management Team. The pension plan is payment-based, and the annual premium is based on the insured monthly salary (monetary salary and fringe benefits) as specified by the Board of Directors. Equivalent pension benefits have been separately arranged for the members of the Management Team who are not covered by Finnish social security.

### Internal control, risk management and internal audit

The operating principles of internal control are confirmed by the company's Board of Directors. Atria's internal control includes comprehensive risk management and independent internal audit. The aim of internal control is to ensure that Atria's operations are efficient and in line with the company's strategy, all financial and operational reports are reliable, the Group's operations are legal and the company's internal principles and codes of conduct are followed.

A description of the main features of internal control and risk management in relation to the financial reporting process can be found in a statement published by the company on corporate governance.

### RISK MANAGEMENT

The purpose of risk management is to support the execution of Atria's strategy and the achievement of targets, and to secure business continuity. Atria Group's risk management goals, principles, responsibilities and powers are specified

in its Risk Management Policy approved by the Board of Directors, the aim of which is to contribute to the identification and understanding of risks and to ensure that management receive relevant and sufficient information in support of business decisions.

In compliance with the policy, the Group has in place a uniform operating model for risk identification and reporting in all business areas. The model forms an integral part of annual strategic planning. Risks are managed in accordance with the specified approved principles in all business areas and Group operations. In risk assessment, an action plan is defined according to which the identified risks are managed.

### Risk definition and classification

Risks are defined as external or internal (within Atria Group) events that may have a positive or negative impact on the execution of the company's strategy, the achievement of its targets and the continuity of business.

Atria is subject to many different risks. For reporting purposes, Atria's risks are divided into four categories: **business risks, financial risks, operational risks and accident risks.**

**Business risks** are related, for example, to business decisions, resources allocation, the way in which changes in the business environment are responded to, or management systems in general.

**Financial risks** refer, for example, to the risk of insufficient financial resources in the short or medium term, the risk of the counterparties failing to meet their financial obligations or the risk of changes in market prices affecting the company.

**Operational risks** are defined as deficiencies or malfunctions in processes or systems, risks related to people's actions and risks related to legislation or other regulations.

**Accident risks** refer to external or internal (within Atria) events or malfunctions that cause damage or loss.

### Organisation and responsibilities of risk management

The Board of Directors approves the Risk Management Policy and supervises its implementation. The President and CEO is responsible for organising risk management.

The Group Management Team and the management teams of the business units are responsible for identifying and assessing risks and for implementing risk management in their respective areas of responsibility. The management of

financial risks is centralised in the Group's Treasury unit. The CFO gathers and reports the most significant risks identified to the Board of Directors at least once a year. The CFO is responsible for development, guidelines and support in risk management and reporting. External advisers are also used in the development work.

### INTERNAL AUDIT

Atria has an internal audit function that is independent of the rest of the organisation and supports Group administration and business area management in achieving their goals. The main task of internal audit is to analyse and assess the efficiency and functionality of the company's risk management and internal control. Within its task, the function assesses the following areas:

- correctness and adequacy of financial information
- compliance with operating principles, codes of practice, regulations and reporting systems
- protection of property against losses
- cost-efficiency and effectiveness of the use of resources

The purpose of internal audit is to ensure that all of the company's business areas comply with the Group's rules and guidelines and that the operations are managed effectively. The results of internal auditing are documented, and they are discussed with the management of the audited entity before the report and suggestions for improvement are presented to the President and CEO of the Group.

The entities to be audited are defined in cooperation with Group management. The audit plan is also based on annual Group-wide risk assessment. The company's Board of Directors approves the annual plan for internal audit. Internal audit also serves as an expert in development projects related to its task domain and carries out separate studies on the assignment of the Board of Directors or the Group's top management. The Internal Auditor reports to the President and CEO. A summary of the audit results is presented to the Board of Directors at least once a year.

### AUDITING

In accordance with the Articles of Association, the company shall have at least one (1) and no more than four (4) regular auditors; the number of deputy auditors shall not exceed this. The auditors and deputy auditors shall be public accountants or firms of independent public accountants authorised by the Central Chamber of Commerce of Finland. The term of service of the auditors shall end at the conclusion of the Annual General Meeting following their election.

The auditor provides Atria's shareholders with an

Auditor's Report document in accordance with the law, in conjunction with the company's financial statements, and reports regularly to the Board of Directors and the management. The auditor participates in a Board meeting at least once a year, on which occasion a discussion of the audit plan and the results of auditing is arranged.

In 2010, Atria Plc's Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorised public accountants, as the company's auditor until the closing of the next AGM. The audit firm has notified that the auditor with the principal responsibility shall be Authorised Public Accountant Juha Wahlroos.

### Auditor's remuneration for the 2010 accounting period

In 2010, the Group paid a total of 546,000 euros in auditor's remuneration (excluding due diligence work related to mergers). The whole Group paid a total of 172,000 euros for services not related to auditing.

### Financial reporting

The aim of Atria's investor reporting is to ensure that the market has at all times correct and sufficient information available to determine the value of Atria's share. In addition the aim is to provide the financial markets with versatile information, based on which those active in the capital markets can form a justified image of Atria as an investment object.

Atria has determined a silent period in its investor relation communication that is three weeks prior to the publication of interim and annual reports. During this period Atria gives no statements on its financial status.

#### Investor information

Atria publishes financial information in real time on its web pages at [www.atriagroup.com](http://www.atriagroup.com). Here you can find annual reports, interim reports and press and stock exchange releases. The company's largest shareholders and insiders as well as their holdings are updated regularly to the web pages.

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#### Stock Exchange releases

Atria Plc published a total of 23 stock exchange releases in 2010.

The releases can be found on the Atria Group website [www.atriagroup.com](http://www.atriagroup.com).

### Stock exchange release subjects 2010

- |        |   |        |  |
|--------|---|--------|--|
| 22 Jan | Atria Baltic records impairment losses for fixed assets and goodwill                  | 23 Jun | Changes in Atria Scandinavia management  |
| 16 Feb | Atria Plc's new website   | 29 Jul | Interim Report of Atria Plc 1 January - 30 June 2010   |
| 16 Feb | Annual summary of Atria Plc in 2009   | 29 Jul | Changes in Atria Plc management  |
| 18 Feb | Atria Group's net sales fell slightly, operative EBIT improved at the end of the year | 01 Oct | Atria Plc renews its strategy and implements changes in executive job descriptions as of 1 October 2010            |
| 19 Mar | Notice to the general meeting   | 15 Oct | Atria records impairment losses for Russian goodwill and lowers the Group's forecast for the remainder of the year |
| 22 Mar | Atria focuses on its core business and streamlines its operations in Sweden           | 18 Oct | Kirsi Matero new Group Vice President of Human Resources in Atria Plc  |
| 08 Apr | Atria Plc's Annual Report 2009 has been published                                     | 27 Oct | Interim report of Atria Plc 1 January – 30 September 2010  |
| 16 Apr | for persons to be elected as members of the Supervisory Board                         | 27 Oct | Atria is planning to increase bovine slaughtering efficiency and to invest in the Kauhajoki slaughterhouse         |
| 28 Apr | Atria Group's EBIT improved   | 26 Nov | Atria Russia to centralise production of meat products in St Petersburg  |
| 29 Apr | Decisions of Atria Plc's Annual General Meeting                                       | 9 Dec  | Atria Plc's Interim reports in 2011 and preliminary report 2010  |
| 20 May | Atria invests in production automation in Sweden                                      |        |  |
| 02 Jun | Changes in Atria Plc management   |        |  |
| 18 Jun | Maisa Romanainen joins Atria's Board of Directors                                     |        |  |

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Atria's performance has been monitored by at least the following analysts:

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