Atria Plc

Financial Statement 20/ . Q4

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Company Announcement 15.2.201/

ATRIA PLC'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2010

Atria Group's net sales at the previous year's level, EBIT decreased due to Russia's weak performance and disputes relating to collective bargaining in Finland

- Net sales for the year were down by 1.1 per cent compared with the previous year
- In local currencies, year-on-year net sales fell by 4.9 per cent
- The Group's EBIT came to EUR 9.8 million, which includes a total of EUR 11.8 million of non-recurring costs (EUR 13.1 million)
-The profitability of Atria Finland and Atria Scandinavia was satisfactory
- Atria Russia reported a loss

Atria Group:

	Q4			
EUR million	2010	2009	2010	2009
Net sales	346.7	340.4	1,300.9	1,316.0
EBIT	4.4	3.9	9.8	27.5
EBIT%	1.3	1.1	0.8	2.1
Profit before taxes	1.5	3.2	0.3	16.5
Earnings per share, EUR	0.01	-0.04	-0.18	0.25

Overview 1 January – 31 December 2010

The Group's net sales for 2010 were down by 1.1 per cent from the previous year. In local currencies, the Group's net sales fell by 4.9 per cent. In Finland, where sales volumes were weighed down in the spring by disputes relating to collective bargaining in the food industry, net sales fell by 1.8 per cent. In Scandinavia, net sales in krona decreased, mainly as a result of the discontinuation of consumer-packed meat production and the sale of the salad and sandwich business. In Russia, however, net sales grew by 3.9 per cent in the local currency. Growth was boosted by increased sales volumes and the rise in sales prices.

Atria Group's EBIT for 2010 was EUR 9.8 million (EUR 27.5 million). EBIT includes a total of EUR 11.8 million (EUR 13.1 million) of non-recurring costs. The most significant non-recurring item was Atria Russia's goodwill impairment recorded in Q3, totalling EUR 10.8 million.

Atria Finland's EBIT for the accounting period was EUR 30.7 million (EUR 42.9 million). The result was affected by decreased sales volumes and somewhat lower margins. Atria Scandinavia's EBIT improved and amounted to EUR 13.9 million (EUR 10.0 million). The result was boosted by an improved sales structure, efficiency improvement measures and lower raw material prices, partly due to the strengthening of the Swedish krona.

Atria Russia's EBIT came to EUR -27.9 million (-9.8 million). EBIT includes a total of EUR 9.5 million (EUR 3.0 million) of non-recurring costs. The significantly weaker operating result is due to the decline in overall demand for meat products and its impact on the competitive situation, as well as a significant increase in meat raw material prices, particularly during the autumn.

Atria Russia's performance was additionally weighed down by the considerable increase in investments in marketing and the fixed costs of the new plant located in Gorelovo. Atria Baltic's EBIT improved due to efficiency improvement measures and was EUR -3.7 million (EUR -12.6 million). EBIT for 2009 in Atria Baltic included a total of EUR 7.2 million of non-recurring costs.

The Group's free cash flow (operating cash flow – cash flow from investments) in 2010 was slightly positive. Net debt increased to EUR 411 million (EUR 391 million). This was mainly due to the strengthening of the Swedish krona.

In January 2011, Atria announced its decision to invest approximately 26 million euros in building and renovating the Kauhajoki bovine slaughterhouse and cutting plant. The company estimates that the investment will be completed by the end of 2012 and that it will bring annual savings totalling approximately EUR 6 million. The decision did not affect the earnings for the period.

Work towards revamping the strategy was initiated during the accounting period. 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 good profitability. 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.

Atria Finland 1 January – 31 December 2010

EUR million	Q4 2010	Q4 2009	2010	2009
Net sales	213.9	207.5	767.8	781.9
EBIT	7.8	11.2	30.7	42.9
EBIT%	3.6	5.4	4.0	5.5

Atria Finland's net sales were EUR 767.8 million (EUR 781.9 million), down 1.8 per cent year-on-year. The food industry strike and related lock-out in April–May directly and indirectly weakened Atria Finland's volume and earnings development. The labour dispute that concerned the majority of Finland's food industry stopped Atria Finland's production operations for 10 days in Kauhajoki, Kuopio and Nurmo, with the exception of the poultry unit.

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 approached their targets only in the last quarter, when net sales grew by approximately three per cent year-on-year.

The company's EBIT decreased by EUR 12.2 million to EUR 30.7 million. Profitability weakened, especially during the early summer season when Atria's sales structure was unfavourable, for production reasons. The decreased average price of the product range also reduced profitability.

The production break caused by the industrial dispute overloaded pig and bovine slaughtering, which caused a significant increase in stock levels. The clearing of frozen stocks was slowed down by a significant increase in the amount of imported meat. Even though the amount of meat imported into Finland remained relatively low towards the end of the year, the increase compared to the previous year was significant. Pork imports increased by 21% to approximately 28.4 million kilos and beef imports by 14% to 17 million kilos.

The market share of imported meat in the consumption of beef increased by two percentage points to 18 per cent (Source: TNS Gallup, 2011). In addition to cheap imported meat, the increase in feed prices along with the sweeping rise in the price of cereals and raw material for protein increased cost pressure on Atria Finland and its meat producers. For example, the price of feed barley almost doubled year-on-year.

During the summer season, Atria was particularly successful within the poultry product group. Good preparation for the change in the fresh poultry marketing 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.

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 centralised at the Kauhajoki facility. According to the published plan, modern slaughterhouse and cutting capacity 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 made a decision to implement the plan in January 2011. The decision did not affect the earnings for the period.

Atria Scandinavia 1 January – 31 December 2010

	Q4			
EUR million	2010	2009	2010	2009
Net sales	98.0	98.8	391.6	405.2
EBIT	5.6	3.4	13.9	10.0
EBIT%	5.7	3.4	3.5	2.5

Atria Scandinavia's 2010 net sales declined by 3.4 per cent year-on-year to EUR 391.6 million. Net sales in krona fell by 12.3 per cent. Net sales decreased mainly as a result of the discontinuation of the production of consumer-packed meat in summer 2010 and the sale of the salad and sandwich business in summer 2009. The annual volumes of these two businesses were significant. Net sales of the consumer packed meat operation amounted to about EUR 45 million, and net sales of the sandwich business 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, EBIT during the beginning of the year remained at the previous year's level. Year-on-year performance improved clearly in the latter half of the year. In Q4/2010, the company reached 5.7 per cent EBIT with the same net sales as during the corresponding period of the previous year.

The improvement in profitability was supported by the strengthening of the Swedish krona by more than 10 per cent against the euro. Due to this development, the prices of imported raw materials declined, which in turn improved sales margins. However, the improved performance was decisively boosted by the reorganisation of production 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 the slight recuperation of the economy. The overall growth of the consumer goods market remained at 2.5 per cent. In terms of value, the growth of meat product sales was even lower than this: only 1.1 per cent (Source: Handelns Utredningsinstitut). The low demand for meat products resulted in tightened market share competition in the consumer goods retail trade, where hard discount stores increased their share.

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

Atria Foodservice's sales to the HoReCa business picked up during the latter part of the year. At the same time, it was able to strengthen its position with new delivery agreements, the effects of which will be evident in the 2011 sales.

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 Denmark, the position of the 3-Stjernet brand as the second largest player in the cold cut 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 240 new Sibylla sales outlets to service stations, which raised the number of Sibylla sales outlets in the country to a total of 560. In Russia, 200 new Sibylla sales outlets were opened during 2010. Russia had a total of 390 Sibylla sales outlets at the end of the year.

Right at the 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. Atria Scandinavia's result includes EUR 2.3 million of non-recurring costs relating to the shutdown of the Årsta plant in Sweden. The Tyresö plant located in the Stockholm region was also 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 distribution 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 Russia 1 January – 31 December 2010

	Q4			
EUR million	2010	2009	2010	2009
Net sales	32.2	29.8	129.2	113.0
EBIT	-7.6	-0.4	-27.9	-9.8
EBIT%	-23.6	-1.3	-21.6	-8.7

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. In the local currency, the growth was 3.9 per cent.

Atria Russia's profitability was weak and the result was very much in the red. The impacts of the economic recession on the food business weakened the earnings potential decisively. Overall demand for meat products declined by approximately 10 per cent (Source: Business Analytica,

2010) and demand shifted towards lower-cost product groups and products. The contraction of markets also materially increased price competition. The steep rise in the price of meat raw material that started during the second half of the year eroded Atria Russia's profitability and its competitiveness. The price rose from its 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 during the latter part of the year. The aim is to pass on the rise of raw material prices to the prices of end products, which may have a negative impact on net sales development in the first half of 2011.

The price level rose by the end of the year, but not sufficiently to compensate for the rise in raw material prices and the general 9 per cent inflation (Source: Bank of Finland, BOFIT, 2010).

Atria Russia’s performance was also significantly impacted by increased marketing costs. 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 also 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 an impairment totalling EUR 10.8 million allocated to goodwill. This non-recurring cost did not have an effect on cash flow.

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.

The market share of the CampoMos brand in Moscow’s consumer goods retail trade rose to approximately four per cent (Source: Atria’s own estimate). For example the sales of CampoMos cold cuts sold in re-closable packages increased significantly. Thanks to advertising campaigns, brand recognition increased in the Moscow region to as high as 95 per cent.

Atria’s market position in the St Petersburg region remained strong. In terms of value, its market share in St Petersburg's entire consumer goods retail trade rose to over 20 per cent, making it the clear market leader in its product groups (Source: Business Analytica). Sales and marketing of cooked minced meat products started in St Petersburg at the end of the year. Meatballs, minced meat patties and kebabs are new type of fresh food products in the Russian market.

Part of Atria Russia’s investments in primary production progressed to production phase. According to 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 piggeries. The investment progressed according to plan, and the estimated production volume of the piggeries is to grow in stages to 188,000 slaughter pigs by 2013. The Campofarm piggery, fully owned by Atria, was completed a little earlier, and the piggery operated at full capacity in 2010. The annual volume of the piggery is 55,000 slaughter pigs. With its investments in primary production, Atria Russia will reach 90 per cent self-sufficiency in pork.

Atria Russia’s investment of approximately EUR 70 million in a logistics centre and production plant was finalised when the new meat product plant was taken into use in early summer in Gorelovo, St Petersburg. 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 product segment of cured sausages.

To improve its cost-efficiency, Atria Russia decided at the end of the year to centralise the production of meat products of 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 factory. 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 materialise fully by spring 2012.

After these measures, logistics operations, meat cutting operations and pizza production will remain in Moscow. If the food market recovers and it leads to increased demand, the production of meat products at the Moscow plant can be re-commissioned to increase production capacity.

Atria Baltic 1 January – 31 December 2010

	Q4			
EUR million	2010	2009	2010	2009
Net sales	8.7	9.0	35.0	37.5
EBIT	-0.7	-9.1	-3.7	-12.6
EBIT%	-8.0	-101.1	-10.5	-33.6

Atria Baltic’s net sales fell by 6.7 per cent to EUR 35.0 million, which was mainly due to weakened overall demand and a decrease in the market share of meat products. The continued weakening of consumers' purchasing power in Estonia decreased overall demand for the product groups represented by Atria Baltic. For example, sales of meal sausages in the consumer goods retail trade fell by almost 10 per cent and cold cuts by approximately 5 per cent (Source: AC Nielsen 2010).

Atria Baltic improved its profitability significantly during 2010. The operating loss (excluding impairment losses for goodwill) decreased by 31.5 per cent to EUR 3.7 million. 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 centralisation of production to the Valga and Vastse-Kuuste plants. Additionally, the company launched a programme with the aim to considerably reduce costs and increase cost-efficiency in all areas of its business process.

However, Atria Baltic's profitability is not yet on a satisfactory level. The main reason for the weak profitability was the decreased price level. The price level was weighed down by the decreased overall demand and the resulting stiff price competition between companies in the meat sector and store chains. The decline in the price level was also fuelled by increased imports of inexpensive meat and meat products. For example, average prices of meal 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 of beef and pork, as well as costs in Atria's own farms.

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 part of the year, Atria lost some market share in meal sausages, although sales growth in the latter part of the year compensated for the loss. Atria is the market leader in grill sausages with a share of over 30 percent. Sales of consumer-packed meat continued to grow compared with the previous year.

Financing, cash flow and investments

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 market interest rate changed into an upward trend 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, the portion of the Group's debt with fixed interest rates of the entire loan portfolio was 39.7% (33.0%).

The Group's cash flow was strongly positive during the last quarter of the year and, owing to this, the free cash flow for the entire year (operating cash flow – cash flow from investments) amounted to EUR 4.4 million (EUR 27.6 million). The Group's net debt increased by EUR 20.9 million. This was mainly due to the strengthening of the Swedish krona. Approximately 40% of the Group's debt is denominated in Swedish krona.

The Group's investments in 2010 totalled EUR 46.2 million (EUR 33.0 million) and in Q4/2010 investments were EUR 12.0 million (EUR 11.4 million).

Taxes

Due to the weak results, the Group's income tax expense remained low, totalling EUR 4.5 million (EUR 9.1 million). The ratio of the amount of income tax to earnings before taxes is high. The reason for this is that no tax effect was recognised for Atria Russia's goodwill impairment nor for the loss in the Baltic countries.

Events occurring after the review 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 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 period.

Atria also announced the co-operation agreement with Saarioinen Oy on the slaughtering of cattle located in Eastern Finland at Saarioinen's Jyväskylä slaughterhouse.

Mika Ala-Fossi was appointed Managing Director of Atria Finland Ltd and he became a member of the management team on 1 February 2011. The members of the Group's Management Team and their areas of responsibility on 1 February 2011 are as follows:

- Matti Tikkakoski, President and CEO, Atria Plc
- Mika Ala-Fossi, Director of the Atria Finland business area
- Juha Gröhn, Director of the Atria Scandinavia business area, meat raw material procurement and Atria Concept
- Juha Ruohola, Director of the Atria Russia business area, primary production
- Tomas Back, Director of the Atria Baltic business area, finance and administration
- Merja Leino, quality, product safety and sustainability
- Jarmo Lindholm, product leadership
- Pasi Luostarinen, strategy process
- Jukka Mäntykivi, IT
- Kirsi Matero, Group Vice President of Human Resources

In February 2011, Atria Scandinavia announced a plan of an extensive efficiency improvement programme aimed at streamlining and automating the production process of black pudding. Atria would invest approximately EUR 2.2 million in new production equipment for the Tranås plant. At the same time, the production of black pudding would be transferred from the Saltsjö-

Boo plant in Stockholm to Tranås. Significant synergy benefits would be achieved from moving the production to Tranås. The efficiency improvement programme is expected to generate annual cost savings of approximately one million euros.

Personnel

The Group had an average of 5,812 employees (6,214) during the period under review.

Personnel by business area	**2010**	**2009**
Atria Finland	2,089	2,222
Atria Scandinavia	1,205	1,394
Atria Russia	2,048	2,003
Atria Baltic	470	595
Total	**5,812**	**6,214**

Administration

In its organisation meeting following the General Meeting, Atria Plc's Supervisory Board elected Maisa Romanainen, MSc (Econ.), in place of retiring member Runar Lillandt. The Supervisory Board re-elected retiring member Timo Komulainen. Ari Pirkola was reappointed Chairman of the Supervisory Board and Seppo Paavola as Vice Chairman of the Supervisory Board. Martti Selin, Chairman of the Board of Directors, was reappointed.

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

Short-term business risks

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 and tries to anticipate changes through the pricing of end products. The Group applies a uniform currency risk 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.

In Atria Russia's operations, changing restrictions and import duties related to the import of 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.

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.

Outlook for the future

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 has decreased in 2010 and, according to Atria's estimate, 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 is weighed down particularly by the difficult market situation in Russia and the discontinuation of consumer-packed meat production 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 Russia's difficult market situation. Rising cereal and feed prices cause pressure to increase meat prices.

Valid authorisations and authorisation to grant special rights and purchase of treasury shares

The 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 an issue of any A shares held by the company through a share issue and/or by granting option rights or other special rights entitling holders to shares as referred to in Chapter 10, section 1 of the Limited Liability Companies Act – Finland. 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 Limited Liability 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 Limited Liability 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.

The General Meeting 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 Limited Liability 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 of 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 was authorised to decide on the acquisition of the company's own shares in all other respects.

The authorisation 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.

Amendment of the Articles of Association

The AGM held on 29 April 2010 approved the Board of Directors' proposals for amendments to the Articles of Association. Articles 13 and 15 of the Articles of Association were amended to read as follows:

Article 13: Venue of General Meetings, notice of meeting and registration

The Company's General Meetings shall be held in Kuopio or Helsinki, Finland. The notice to convene the General Meeting shall be 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, the notice will be published 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 any 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.

Article 15: Book-entry system
The Company's shares belong to the book-entry system.

Major shareholders on 31 December 2010

Major shareholders in terms of share amount 31 December 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 December 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

Corporate governance principles

Atria's Corporate Governance Principles and deviations from the Finnish Corporate Governance Code are published on the Company's website at http://www.atriagroup.com.

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.25 be paid for each share for the 2010 financial year.

Annual General Meeting on 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 agenda includes matters that are to be handled by the Annual General Meeting in accordance with Article 16 of the Articles of Association.

Restrictions on trading by insiders

The Company's insiders may not trade company shares during a period which is 14 days before the publication of the Company's interim reports and financial statement release ("closed window").

Financial calendar 2011

Atria Plc will publish three interim reports in 2011:

- interim report January to March on 29 April 2011 at approximately 08:00
- interim report January to June on 28 July 2011 at approximately 08:00
- interim report January to September on 27 October 2011 at approximately 08:00.

Company releases are published in Finnish and English. The interim reports may also be viewed on the company's website at www.atriagroup.com immediately after their release.

Silent period

Atria Group's IR applies a silent period, which means that Atria does not give any statements about its financial situation, three weeks prior to the publication of interim reports and financial statements.

Accounting principles

This financial statement release was prepared in accordance with the IAS 34 *Interim Financial Reporting* standard. In preparing this financial statement, Atria has applied the same principles as in preparing the 2009 annual financial statements. However, as of 1 January 2010, the Group has adopted the new and revised standards published by the IASB that are included in the accounting principles for the 2009 annual financial statements and have not had any material impact on the figures presented for the period.

The principles and formula for the calculation of key indicators have not changed, and they are presented in the 2009 annual financial statements.

The figures of the financial statement release are unaudited.

FINANCIAL INDICATORS
mill. EUR

	31.12.10	31.12.09	31.12.08	31.12.07	31.12.06
Net sales	1 300.9	1 316.0	1 356.9	1 272.2	1 103.3
EBIT	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	-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	0.3	16.5	16.7	80.6	34.6
% of net sales	0.0	1.3	1.2	6.3	3.1
Return of equity (ROE), %	-1.0	1.7	2.5	17.2	8.8
Return of 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	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	46.2	33.0	152.6	284.1	89.0
% of net sales	3.5	2.5	11.2	22.3	8.1
Average FTE	5 812	6 214	6 135	5 947	5 740
R&D costs	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 PER-SHARE INDICATORS

	31.12.10	31.12.09	31.12.08	31.12.07	31.12.06
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	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
Number of shares, 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

* Proposal of the Board of Directors

SHARE PRISE DEVELOPMENT

Lowest of period, A	8.74	6.50	10.51	16.90	15.00
Highest of 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 for period A	10,93	10,76	14,04	22,18	18,31

ATRIA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/10	10-12/09	1-12/10	1-12/09
Net sales	**346.7**	**340.4**	**1 300.9**	**1 316.0**
Cost of goods sold	-308.3	-297.2	-1 149.1	-1 151.0
Gross profit	**38.4**	**43.2**	**151.8**	**165.0**
Sales and marketing costs	-22.7	-21.3	-84.5	-77.7
Administration costs	-11.6	-12.1	-47.3	-47.7
Other income	1.4	1.6	7.7	4.6
Other expenses	-1.1	-7.5	-17.9	-16.7
EBIT	**4.4**	**3.9**	**9.8**	**27.5**
Finance income and costs	-3.2	-1.2	-11.2	-12.4
Share of the result of associates	0.3	0.5	1.7	1.4
Profit before tax	**1.5**	**3.2**	**0.3**	**16.5**
Income tax expense	-1.4	-4.6	-4.5	-9.1
Profit for the period	**0.1**	**-1.4**	**-4.2**	**7.4**
Profit attributable to:				
Owners of the parent	0.3	-1.2	-5.0	7.0
Non-controlling interests	-0.2	-0.2	0.8	0.4
Total	**0.1**	**-1.4**	**-4.2**	**7.4**
Basic earnings/share, EUR	0.01	-0.04	-0.18	0.25
Diluted earnings/share, EUR	0.01	-0.04	-0.18	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/10	10-12/09	1-12/10	1-12/09
Profit for the period	**0.1**	**-1.4**	**-4.2**	**7.4**
Other comprehensive income after tax:				
Available-for-sale financial assets		0.1		
Cash flow hedging	2.7	-1.4	3.2	-1.4
Net investment hedging	0.3	-0.3	0.3	-0.3
Translation differences	4.3	3.2	16.9	2.5
Total comprehensive income for the period	**7.4**	**0.2**	**16.2**	**8.2**
Total comprehensive income attributable to:				
Owners of the parent	7.7	0.4	15.3	7.8
Non-controlling interests	-0.3	-0.2	0.9	0.4
Total	**7.4**	**0.2**	**16.2**	**8.2**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets **EUR million**	**31.12.10**	**31.12.09**
Non-current assets		
Property, plant and equipment	470.1	467.3
Biological assets	1.9	1.8
Goodwill	162.9	157.8
Other intangible assets	75.5	70.0
Investments in joint ventures and associates	11.9	7.4
Other financial assets	1.6	2.3
Loans and receivables	20.1	20.4
Deferred tax assets	11.5	7.0
Total	**755.5**	**734.0**
Current assets		
Inventories	105.3	110.1
Biological assets	5.8	5.4
Trade and other receivables	217.3	206.5
Cash and cash equivalents	18.5	35.3
Total	**346.9**	**357.3**
Non-current assets held for sale	**9.2**	**10.0**
Total assets	**1 111.6**	**1 101.3**

Equity and liabilities **mill. EUR**	**31.12.10**	**31.12.09**
Equity belonging to the shareholders of the parent company	443.2	435.1
Non-controlling interest	2.9	1.8
Total equity	**446.1**	**436.9**
Non-current liabilities		
Interest-bearing financial liabilities	302.8	318.9
Deferred tax liabilities	46.8	41.2
Other non-interest-bearing liabilities	0.8	1.4
Provisions	0.8	
Total	**351.2**	**361.5**
Current liabilities		
Interest-bearing financial liabilities	127.2	106.9
Trade and other payables	187.1	196.0
Total	**314.3**	**302.9**
Total liabilities	**665.5**	**664.4**
Total equity and liabilities	**1 111.6**	**1 101.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR milloin	Equity belonging to the shareholders of parent company								Non-controlling interests	Total equity
	Share capital	Share premium	Own shares	Other reserves	Inv. non-rest. equity fund	Translation diff.	Retained earnings	Total		
Equity 01.01.09	**48.1**	**138.5**	**-0.5**	**0.1**	**110.3**	**-33.4**	**170.5**	**433.5**	**1.4**	**434.9**
Periods comprehensive income										
Profit for the period							7.1	7.1	0.4	7.4
Other comprehensive income:										
Available-for-sale financial assets										
Cash flow hedging				-1.4				-1.4		-1.4
Net investment hedging				-0.3				-0.3		-0.3
Translation diff.						2.4		2.4	0.1	2.5
Transactions with owners										
Acquired treasure shares			-0.8					-0.8		-0.8
Share-based payment					0.3			0.3		0.3
Distribution of dividends							-5.7	-5.7		-5.7
Equity 31.12.09	**48.1**	**138.5**	**-1.3**	**-1.7**	**110.6**	**-31.0**	**171.9**	**435.1**	**1.8**	**436.9**
Periods comprehensive income										
Profit for the period							-5.0	-5.0	0.8	-4.2
Other comprehensive income:										
Available-for-sale financial assets										
Cash flow hedging				3.2				3.2		3.2
Net investment hedging				0.3				0.3		0.3
Translation diff.						16.8		16.8	0.1	16.9
Transactions with owners										
Share-based payment										
Distribution of dividends							-7.0	-7.0		-7.0
Equity 31.12.10	**48.1**	**138.5**	**-1.3**	**1.8**	**110.6**	**-14.3**	**159.8**	**443.2**	**2.9**	**446.1**

CONSOLIDATED CASH FLOW STATEMENT

mill. EUR	1-12/10	1-12/09
Cash flow from operating activities		
Operating activities	85.5	92.7
Financial items and taxes	-40.9	-31.0
Net cash flow from operating activities	**44.6**	**61.7**
Cash flow from investing activities		
Tangible and intangible assets	-39.6	-32.3
Investments	-0.6	-1.8
Net cash used in investing activities	**-40.2**	**-34.1**
Casa flow from financing activities		
Loans drawn down	40.8	41.8
Loans repaid	-56.2	-64.8
Dividends paid	-7.0	-5.7
Acquired treasury shares		-0.7
Net cash used in financing activities	**-22.4**	**-29.4**
Change in liquid funds	**-18.0**	**-1.8**

OPERATING SEGMENTS

mill. EUR	10-12/10	10-12/09	1-12/10	1-12/09
Net sales				
Finland	213.9	207.5	767.8	781.9
Scandinavia	98.0	98.8	391.6	405.2
Russia	32.2	29.8	129.2	113.0
Baltic	8.7	9.0	35.0	37.5
Eliminations	-6.1	-4.7	-22.7	-21.6
Total	**346.7**	**340.4**	**1 300.9**	**1 316.0**
EBIT				
Finland	7.8	11.2	30.7	42.9
Scandinavia	5.6	3.4	13.9	10.0
Russia	-7.6	-0.4	-27.9	-9.8
Baltic	-0.7	-9.1	-3.7	-12.6
Unallocated	-0.7	-1.2	-3.2	-3.0
Total	**4.4**	**3.9**	**9.8**	**27.5**
ROCE *				
Finland			7.9 %	10.2 %
Scandinavia			5.3 %	4.0 %
Russia			-16.9 %	-6.9 %
Baltic			-9.6 %	-26.5 %
Group			1.1 %	3.1 %

* ROCE =
EBIT, 12mr / Capital employed, 12 mr avg *100

Investments				
Finland	4.2	4.1	13.3	14.2
Scandinavia	3.3	2.4	9.5	5.3
Russia	4.1	4.5	22.6	11.9
Baltic	0.4	0.4	0.8	1.6
Total	**12.0**	**11.4**	**46.2**	**33.0**
Depreciations				
Finland	6.8	7.2	28.7	29.7
Scandinavia	3.1	2.7	11.9	12.0
Russia	2.7	1.9	18.9	6.4
Baltic	0.7	8.0	3.0	10.5
Total	**13.3**	**19.8**	**62.5**	**58.6**

CONTINGENT LIABILITIES

mill. EUR	31.12.10	31.12.09
Debts with mortgages or other collateral given as security		
Loans from financial institutions	5.4	6.0
Pension fund loans	4.9	4.2
Total	**10.3**	**10.2**
Mortgages and other securities given as comprehensive security		
Real estate mortgages	5.0	6.7
Corporate mortgages	4.0	3.1
Total	**9.0**	**9.8**
Guarantee engagements not included in the balance sheet		
Guarantees	0.8	0.8

IMPAIRMENT TESTING

Impairment testing performed as a result of steep rise of meat raw material prices, a decline in market demand and weakened margins lead to the company recording goodwill impairment losses of EUR 10.8 million in Atria Russia. The recording was performed for Q3/2010.

Key assumptions: Atria Russia	2010	2009
Long-term growth rate of net sales	5.0%	5.0%
Discount rate defined before taxes	9.9%	10.0%

The recoverable amount of a cash-generating unit is defined on the basis of value-in-use calculations. In these calculations, cash flow forecasts are used for a period of five years that are based on budgets and other plans approved by the management, defined before taxes. Cash flows that are realised after more than five years are extrapolated using growth rates which shall not exceed the average long-term growth rate in the industry of the cash-generating unit.

The key assumptions concerning cash flow forecasts used by Atria in impairment testing are the growth of net sales and long-term profit margin. The growth and profitability assumptions used are based on the company’s net sales growth percentages and profitability levels in the next few years.

The impairment testing for Atria Finland, Atria Scandinavia and Atria Baltic carried out at the end of the accounting period did not indicate a need for recording goodwill impairment.

USED EXCHANGE RATES

	Average rates:		Closing rates:	
	1-12/10	**1-12/09**	**31.12.10**	**31.12.09**
SEK	9.4926	10.5875	8.9655	10.2520
DKK	7.4477	7.4461	7.4535	7.4418
RUR	40.2217	44.3005	40.8200	43.1540
EEK	15.6466	15.6466	15.6466	15.6466
LTL	3.4528	3.4528	3.4528	3.4528
PLN	4.0049	4.3469	3.9750	4.1045
NOK	8.0034	8.6892	7.8000	8.3000

ATRIA PLC
Board of Directors

For further information, please contact Matti Tikkakoski, President and CEO, tel. +358 50 2582.

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Atria Plc

Good food - better mood.