Atria Plc Interim Report

1 January – 30 June 2016

ATRIA

Good food – better mood.

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Atria invests in growth

April-June 2016

- Consolidated net sales totalled EUR 341.3 million (EUR 337.5 million).
- Consolidated EBIT was EUR 6.1 million (EUR 8.4 million), or 1.8% (2.5%) of net sales.
- Lagerberg i Norjeby AB's business operations were transferred to Atria as of the beginning of May. Atria's annual net sales are expected to grow by about EUR 30 million. In June, Atria decided to invest EUR 14 million in Lagerbergs' chicken production in Sweden.
- Atria will acquire a majority stake in Well-Beef Kaunismaa Ltd subject to the approval of the Finnish Competition and Consumer Authority. Atria's annual net sales are expected to grow by about EUR 40 million.
- Atria Finland's new pig cutting plant has entered the start-up phase.
- Atria sold a pig farm in Estonia and estates that it no longer needed in Estonia and Sweden.

January-June 2016

- Consolidated net sales totalled EUR 655.8 million (EUR 652.1 million).
- Consolidated EBIT was EUR 7.8 million (EUR 9.1 million), which is 1.2 per cent (1.4%) of net sales.
- EBIT growth was slowed by decreased sales prices, the costs of starting up the pig cutting plant and the costs incurred in taking over new businesses.

	Q2	Q2	H1	H1	
EUR million	**2016**	**2015**	**2016**	**2015**	**2015**
Net sales					
Atria Finland	233.9	233.7	458.6	445.9	929.0
Atria Scandinavia	88.8	80.3	164.5	165.4	330.5
Atria Russia	17.6	21.5	31.2	37.3	75.1
Atria Baltic	9.2	8.9	16.9	16.5	32.9
Eliminations	-8.3	-6.8	-15.5	-13.1	-27.4
Total net sales	**341.3**	**337.5**	**655.8**	**652.1**	**1,340.2**
EBIT					
Atria Finland	3.0	4.7	4.7	6.6	29.8
Atria Scandinavia	3.5	2.5	4.2	4.4	12.8
Atria Russia	0.1	1.9	-0.6	-0.3	-0.2
Atria Baltic	-0.3	0.2	-0.5	0.1	-9.0
Unallocated	-0.2	-0.9	0.0	-1.6	-4.4
EBIT, total	**6.1**	**8.4**	**7.8**	**9.1**	**28.9**
EBIT, %	**1.8 %**	**2.5 %**	**1.2 %**	**1.4 %**	**2.2 %**
Profit before taxes	**4.8**	**6.0**	**4.5**	**4.4**	**20.1**
Earnings per share, EUR	**0.13**	**0.18**	**0.10**	**0.11**	**0.49**
EBIT includes items affecting comparability:					
Goodwill impairment	-	-	-	-	-9.1
Pig farms sale	-1.0	1.9	-1.0	1.9	1.9
Sale of the real estate company	1.4	-	1.4	-	-
Adjusted EBIT	**5.7**	**6.5**	**7.4**	**7.2**	**36.1**

Juha Gröhn, CEO

"Fierce price competition has continued in Atria's home markets of Finland, Sweden, Estonia, Russia and Denmark. The product groups currently facing the toughest price competition are meat products and pork in Finland and Estonia, as well as some meat-product segments in Scandinavia. During the spring, raw-material markets turned a corner as the price of pork began to rise in Europe. This change will increase the pressure for price rises among ready-made products.

During the first half of the year, Atria's Healthy Growth strategy was implemented systematically. Atria is looking for growth, both organic growth and expansion through acquisitions.

Atria acquired a foothold in the expanding Swedish poultry market by purchasing Lagerbergs. The transaction was complemented by the initiation of a EUR 14 million investment programme in the newly-acquired company. The aim is to make Lagerbergs a strong player on Nordic poultry markets by joining forces with Atria Finland's poultry operations.

In Finland, Atria will purchase a majority stake in Well-Beef Kaunismaa Ltd, a company that primarily sells raw meat products and beef on Food Service markets. Conclusion of the deal is subject to the approval of the competition authorities.

Atria's most significant investment is the modernisation of the Nurmo pig cutting plant. Cutting will become more efficient and annual costs will decrease by approximately EUR 8 million in comparison with previous figures. Commissioning of the plant began in May. Commissioning of the plant is currently increasing cutting costs and additional costs will decrease as the commissioning gathers pace.

Development of the Sibylla concept is continuing at pace, particularly in Russia. Sales are showing good development and there are currently more than 2,500 sales outlets in Russia.

During the first half of the year, Atria concluded three separate transactions to sell premises and businesses that it no longer needed. The Linnamäe pig farm and Vastse-Kuuste production plant in Estonia found new owners, as did the logistics unit in Gothenburg."

April–June 2016

Atria Group's net sales for April–June totalled EUR 341.3 million (EUR 337.5 million). EBIT amounted to EUR 6.1 million (EUR 8.4 million). Adjusted EBIT was EUR 5.7 million (EUR 6.5 million). Sales volumes increased during the period under review. The decline in sales prices due to price competition has slowed down the growth in net sales and EBIT. Sales in Finland were weighted towards exports, wholesale and industrial sales, which weakened EBIT.

The Swedish Competition Authority and Consumer Agency unconditionally approved Atria's acquisition of the entire share capital of Lagerberg i Norjeby AB (Lagerbergs), a Swedish poultry company. The agreement between Atria and Lagerbergs was confirmed at the end of April and the business operations were transferred to Atria as of the start of May. The purchase price was approximately EUR 18 million, and it was paid in cash. Atria's annual net sales are expected to grow by about EUR 30 million. The transaction expands Atria's business into the Swedish poultry processing market.

In June, Atria's Board of Directors approved a long-term investment programme worth EUR 14 million for the development of Lagerbergs' operations. The investments will be devoted to improving the entire production chain, from chicken rearing and industrial production to strengthening Lagerbergs' brand. The investments will take place in the period from 2016 to 2018.

Negotiations with the personnel concerning the investment project in Atria Finland's pig cutting plant located in Nurmo were concluded. The cutting plant's operations will be reorganised and working methods revised. As a result of these arrangements, staffing will be reduced by 80 person-years by the end of 2016. The reduction in personnel will be implemented by means of natural attrition, internal transfers and pension arrangements. In addition, the plant will no longer subcontract cutting work. The value of the investment is approximately EUR 36 million, and it is expected to generate annual cost savings of some EUR 8 million in the plant's operations. These savings will be realised in full as of the beginning of 2018. The first phase of the pig cutting plant will be commissioned this year.

Atria Finland will purchase 70 per cent of Well-Beef Kaunismaa Ltd's share capital. Well-Beef's business focuses on beef processing and wholesale business. Atria's annual net sales are expected to increase by approximately EUR 40 million. The transaction requires the approval of the Finnish Competition and Consumer Authority. Efforts will be made to conclude the transaction during the third quarter of this year.

Atria sold the Linnamäe pig farm located in Northern Estonia. The sale of the Linnamäe pig farm gave rise to a sales loss of approximately EUR 1 million. The pig farm was transferred into new ownership on 29 April 2016.

Atria centralised its industrial operations in Estonia at the Valga factory. Production of meat products was transferred from the Vastse-Kuuste factory to Valga and the real estate was sold. The sale had no impact on the company's results. Production rearrangements were concluded by the end of the second quarter. The measures are expected to generate annual savings of approximately EUR 0.5 million.

Atria centralised its logistics operations in Sweden by moving them from Gothenburg to the Malmö plant. The logistics centre in Gothenburg was sold for a profit of EUR 1.4 million.

January–June 2016

Atria Group's net sales for January–June totalled EUR 655.8 million (EUR 652.1 million). EBIT amounted to EUR 7.8 million (EUR 9.1 million). Adjusted EBIT was EUR 7.4 million (EUR 7.2 million). EBIT growth was slowed by decreased sales prices, the costs of starting up the pig cutting plant and the costs incurred in taking over new businesses.

Key indicators

EUR million	30.6.16	30.6.15	31.12.15
Equity/share, EUR	13.95	14.14	14.16
Interest-bearing liabilities	235.9	240.1	199.6
Equity ratio, %	44.8 %	45.1 %	47.4 %
Net gearing, %	58.1 %	58.8 %	48.3 %
Gross investments in fixed assets	42.8	28.8	56.9
Gross investments, % of net sales	6.5 %	4.4 %	4.2 %
Average personnel (FTE)	4,340	4,399	4,271

The principles for calculating key indicators were presented in the 2015 annual financial statements.

Business development by area January-June 2016

Atria Finland

EUR million	Q2 2016	Q2 2015	H1 2016	H1 2015	2015
Net sales	233.9	233.7	458.6	445.9	929.0
EBIT	3.0	4.7	4.7	6.6	29.8
EBIT, %	1.3 %	2.0 %	1.0 %	1.5 %	3.2 %
Items affecting comparability	-	-	-	-	-
Adjusted EBIT	3.0	4.7	4.7	6.6	29.8

Atria Finland's net sales for April–June totalled EUR 233.9 million (EUR 233.7 million). The proportion of exports, wholesale and industrial sales of total sales volume has increased. Sales to retail and Food Service customers decreased correspondingly, which resulted in decreased market share. Tough price competition in the retail sector and a weakened sales structure weighed down EBIT. EBIT amounted to EUR 3.0 million (EUR 4.7 million).

Net sales for January–June totalled EUR 458.6 million (EUR 445.9 million), up by EUR 12.8 million year-on-year. Increased sales volumes at the beginning of the year enabled net sales to grow. Average sales prices have decreased on home markets in comparison with the equivalent period last year. EBIT amounted to EUR 4.7 million (EUR 6.6 million).

The market for the product groups represented by Atria showed a slight year-on-year increase in Q2/2016. Atria lost some of its market share compared with the same period in the previous year. Atria refrained from decreasing grill sausage prices and lost some market share in grill sausages. (Source: Atria)

Negotiations with the personnel concerning the investment project at the Nurmo pig cutting plant were concluded. The cutting plant's operations will be reorganised and working methods revised. As a result of these arrangements, staffing will be reduced by 80 person-years by the end of 2016. The reduction in personnel will be implemented by means of natural attrition, internal transfers and pension arrangements. In addition, the plant will no longer subcontract cutting work. The value of the investment is approximately EUR 36 million, and it is expected to generate annual cost savings of some EUR 8 million in the plant's operations. These savings will be realised in full as of the beginning of 2018. The first phase of the pig cutting plant will be commissioned this year.

Atria Finland will purchase 70 per cent of Well-Beef Kaunismaa Ltd's share capital. Well-Beef's business focuses on beef processing and wholesale business. Atria's annual net sales are expected to increase by approximately EUR 40 million. The transaction requires the approval of the Finnish Competition and Consumer Authority. Efforts will be made to conclude the transaction during the third quarter of this year.

Altia Plc's feed business was consolidated into Atria as of 1 April 2016. Consolidation did not contain any significant assets or liabilities. Atria will be solely responsible for processing the raw-material fractions that are produced as a result of Altia's starch and ethanol processes and are to make protein and fibre feeds for pigs and cattle.

Atria is planning to build Finland's largest solar power plant in the grounds of its Nurmo plant. Atria's project will be the first industrial-scale solar power plant in Finland, generating completely renewable, emission-free, Finnish solar power for the food industry. Over 24,000 solar panels will be installed on roofs and at ground level on the factory site and they will generate 5,600 MWh of electricity annually. Locally-produced, emission-free electricity will provide approximately 5 per cent of the electricity required by the plant every year. Finnish food produced with lower emissions is a factor in the company's environmental responsibility policy, which covers the entire food chain.

Atria Scandinavia

EUR million	Q2 2016	Q2 2015	H1 2016	H1 2015	2015
Net sales	88.8	80.3	164.5	165.4	330.5
EBIT	3.5	2.5	4.2	4.4	12.8
EBIT, %	4.0 %	3.1 %	2.5 %	2.6 %	3.9 %
Items affecting comparability					
Sale of the real estate company	1.4	-	1.4	-	-
Adjusted EBIT	2.1	2.5	2.8	4.4	12.8

Atria Scandinavia's net sales for April-June totalled EUR 88.8 million (EUR 80.3 million). EBIT amounted to EUR 3.5 million (EUR 2.5 million). Adjusted EBIT was EUR 2.1 million (EUR 2.5 million). Net sales increased thanks to good sales trends in Sweden and the purchase of Lagerbergs.

Net sales for January-June totalled EUR 164.5 million (EUR 165.4 million). EBIT amounted to EUR 4.2 million (EUR 4.4 million). Adjusted EBIT was EUR 2.8 million (EUR 4.4 million). In the first half of the year, EBIT was weighed down by a weak sales structure.

The total market for sausages among Swedish retailers showed slight growth throughout the first half of the year. The total market for cold cuts contracted slightly. Atria's market share in sausages and cold cuts in terms of value in the Swedish retail trade decreased somewhat. In the Danish retail trade, Atria strengthened its position as the market leader in cold cuts. (Source: AC Nielsen)

Demand for poultry and vegetable products has increased steadily in Sweden and Denmark. Atria introduced Lithells chicken sausages and other products into its retail range and launched soy-based vegetable products on the Food Service market.

The Swedish Competition Authority and Consumer Agency unconditionally approved Atria's acquisition of the entire share capital of Lagerberg i Norjeby AB (Lagerbergs), a Swedish poultry company. The agreement between Atria and Lagerbergs was confirmed at the end of April and the business operations were transferred to Atria as of the start of May. The purchase price was approximately EUR 18 million, and it was paid in cash. Atria's annual net sales are expected to grow by about EUR 30 million. The transaction expands Atria's business into the Swedish poultry processing market.

In June, Atria's Board of Directors approved a long-term investment programme worth EUR 14 million for the development of Lagerbergs' operations. The investments will be devoted to improving the entire production chain, from chicken rearing and industrial production to strengthening Lagerbergs' brand. The investments will take place in the period from 2016 to 2018. As a result, production capacity will increase considerably at the Norjeby factory. New production facilities will be built, existing ones will be modernised and production machinery will be renewed. Furthermore, new chicken rearing facilities will be built near the plant.

Atria centralised its logistics operations in Sweden by moving them from Gothenburg to the Malmö plant. The logistics centre in Gothenburg was sold for a profit of EUR 1.4 million.

The Danish Competition and Consumer Authority (Konkurrence- og Forbrugerstyrelsen) has opened an investigation into Atria Scandinavia's subsidiary, Atria Danmark A/S, concerning sales of cold cuts to retail customers. The investigation is based on a complaint alleging that Atria Danmark A/S has attempted to influence its retail customers and persuade them to increase their own sales prices. Atria has provided the authorities with all of the requested documentation. Atria's view is that it has not been involved in activities that violate competition legislation.

There were approximately 30 different projects related to corporate responsibility underway within the Atria's Handprint programme. A key focus during the review period was on projects related to ensuring occupational safety and decreasing food waste.

Atria Russia

	Q2	Q2	H1	H1	
EUR million	**2016**	**2015**	**2016**	**2015**	**2015**
Net sales	17.6	21.5	31.2	37.3	75.1
EBIT	0.1	1.9	-0.6	-0.3	-0.2
EBIT, %	0.8 %	9.1 %	-1.8 %	-0.9 %	-0.3 %
Items affecting comparability:					
Pig farm sale	-	1.9	-	1.9	1.9
Adjusted EBIT	0.1	0.1	-0.6	-2.2	-2.1

Atria Russia's net sales for April–June totalled EUR 17.6 million (EUR 21.5 million). In the local currency, net sales grew by 3 per cent. EBIT amounted to EUR 0.1 million (EUR 1.9 million). Adjusted EBIT was EUR 0.1 million (EUR 0.1 million).

Net sales for January–June totalled EUR 31.2 million (EUR 37.3 million). In the local currency, net sales grew by 1.3 per cent. EBIT was EUR -0.6 million (EUR -0.3 million). Adjusted EBIT was EUR -0.6 million (EUR -2.2 million). EBIT improved thanks to efficiency improvement measures and a revamped product selection.

The Atria brand was launched on Russian markets in May. The aim is to develop entirely new product segments and products under the Atria brand. The Sibylla concept is continuing to show good growth: there are currently more than 2,500 sales outlets.

Atria Baltic

	Q2	Q2	H1	H1	
EUR million	**2016**	**2015**	**2016**	**2015**	**2015**
Net sales	9.2	8.9	16.9	16.5	32.9
EBIT	-0.3	0.2	-0.5	0.1	-9.0
EBIT, %	-3.1 %	2.3 %	-2.8 %	0.5 %	-27.3 %
Items affecting comparability:					
Pig farm sale	-1.0	-	-1.0	-	-
Goodwill impairment	-	-	-	-	-9.1
Adjusted EBIT	0.7	0.2	0.5	0.1	0.1

Atria Baltic's net sales for April–June totalled EUR 9.2 million (EUR 8.9 million). EBIT was EUR -0.3 million (EUR 0.2 million). Adjusted EBIT was EUR 0.7 million (EUR 0.2 million). Sales volumes were good, particularly in May and June. Sales of new minced meat products got off to a promising start. Cost-efficiency has improved from the previous year.

Net sales for January–June totalled EUR 16.9 million (EUR 16.5 million). EBIT was EUR -0.5 million (EUR 0.1 million). Adjusted EBIT was EUR 0.5 million (EUR 0.1 million). Atria's retail sales volumes showed positive development in the first half of the year. Sales of fresh and marinated meat showed particularly strong improvement.

Atria centralised its industrial operations in Estonia at the Valga factory. Production of meat products was transferred from the Vastse-Kuuste factory to Valga and the real estate was sold. The sale had no impact on the company’s results. Production rearrangements were concluded by the end of the second quarter. The measures are expected to generate annual savings of approximately EUR 0.5 million.

Atria sold the Linnamäe pig farm located in Northern Estonia. The sale of the Linnamäe pig farm gave rise to a sales loss of approximately EUR 1 million. The pig farm was transferred into new ownership on 29 April 2016.

Financial position

In April, Atria Plc repaid bank loans that totalled EUR 50 million and would have matured in April 2018, and replaced these with a seven-year bullet loan worth EUR 40 million. In June, the company refinanced a committed credit facility of EUR 25 million due to mature in June 2018 by taking out a new EUR 30 million committed overdraft facility with a maturity of five years.

During the review period, the Group's free cash flow (operating cash flow – cash flow from investments) was EUR -21.8 million (EUR 24.8 million). Cash flow from investments includes divested businesses worth EUR 5.2 million (EUR 34.1 million). The Group's investments during the period totalled EUR 42.8 million (EUR 28.8 million).

Interest-bearing net liabilities amounted to EUR 232.0 million (31 December 2015: EUR 195.5 million). The equity ratio was 44.8 per cent (31 December 2015: 47,4 %). In the first half of the year, translation differences recognised in equity had an effect of EUR +2.8 million (EUR +6.1 million), mainly due to the strengthening of the rouble.

On 30 June 2016, the Group had EUR 105.0 million in undrawn committed credit facilities (31 December 2015: EUR 125.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 4 months (31 December 2015: 3 years 1 month).

Average personnel (FTE)

Personnel by business area on average (FTE)	**H1 2016**	**H1 2015**	**2015**
Atria Finland	2,220	2,244	2,214
Atria Scandinavia	980	970	930
Atria Russia	822	854	812
Atria Baltic	318	331	315
Total	4,340	4,399	4,271

Business risks in the period under review and short-term risks

Unplanned and unforeseen incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, constitute a potential risk to Atria's operations. African swine fever continues to cause disruption in Estonia. It has a high risk of spreading. Atria has introduced several precautions in order to prevent the disease from spreading into its production facilities, and is thereby managing the existing risk.

Shifts in the balance between meat supply and demand in the global meat market pose a risk to Atria's business. Atria estimates that no significant changes have occurred in the uncertainties of the meat market compared to the situation described in the Annual Report 2015. Atria's exposure to the volatility of the Russian rouble and to the effects of Russia's import ban on EU meat continues. Additionally, weakening consumer purchasing power in Russia represents a risk in terms of net sales and EBIT trends.

Outlook for the future

Consolidated EBIT was EUR 28.9 million in 2015. In 2016, EBIT is expected to be better than in 2015. In 2016, net sales are expected to grow.

Financial calendar 2016

Atria Plc will publish interim reports in 2016 as follows:

- Interim report for January to September on 27 October 2016 at approximately 8:00 am

Financial releases can also be viewed on the company's website at www.atria.com immediately after their release.

Shares

Atria Plc's share capital consists of a total of 28,267,728 shares, divided into 19,063,747 series A shares and 9,203,981 series KII shares. Each series A share entitles its holder to one (1) vote and each series KII share to ten (10) votes at a General Meeting. Therefore, Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 111,312 series A treasury shares.

Decisions of Atria Plc's Annual General Meeting on 28 April 2016

The General Meeting approved the financial statements and the consolidated financial statements for the financial year 1 January–31 December 2015 and discharged the members of the Supervisory Board and the Board of Directors as well as the CEO from liability for the financial year that ended on 31 December 2015.

The General Meeting decided that a dividend of EUR 0.40 per share will be paid for the financial year that ended on 31 December 2015. Dividends are paid to shareholders listed on the company's shareholder register, kept by Euroclear Finland Oy, on the record date for the payment of dividends. The record date was 2 May 2016 and the date of payment was 10 May 2016.

Composition and remuneration of the Supervisory Board

The AGM decided that the composition of the Supervisory Board is as follows:

Member	Term ends
Juho Anttikoski	2019
Mika Asunmaa	2019
Reijo Flink	2017
Lassi-Antti Haarala	2018
Jussi Hantula	2018
Henrik Holm	2018
Hannu Hyry	2019
Veli Hyttinen	2017
Pasi Ingalsuo	2017
Jussi Joki-Erkkilä	2018
Marja-Liisa Juuse	2018
Jukka Kaikkonen	2019
Juha Kiviniemi	2017
Ari Lajunen	2018
Mika Niku	2018
Pekka Ojala	2017
Heikki Panula	2019
Ahti Ritola	2019
Risto Sairanen	2017
Timo Tuhkasaari	2017

A total of 20 members

The General Meeting decided that the remuneration of the members of the Supervisory Board would remain unchanged. The remuneration is: compensation for meetings EUR 250 per meeting; compensation for loss of working time for meeting and proceeding days EUR 250; fee payable to the Chairman of the Supervisory Board EUR 1,500 per month; and fee payable to the Deputy Chairman EUR 750 per month, with compensation for travel expenses in accordance with the company's travel policy.

Composition and remuneration of the Board of Directors

The General Meeting decided that the Board of Directors would consist of eight members. Jyrki Rantsi, who was due to resign, was re-elected as a Board member for the next three-year term. Pasi Korhonen and Nella Ginman-Tjeder joined the Board as new members for the next three-year term.

It was further stated that Seppo Paavola, Esa Kaarto, Jukka Moisio, Kjell-Göran Paxal and Harri Sivula shall continue as members of the Board of Directors. The terms of Seppo Paavola and Jukka Moisio will expire at the closing of the AGM in 2017 and those of Esa Kaarto, Kjell-Göran Paxal and Harri Sivula will expire at the closing of the AGM in 2018.

The AGM decided that the remuneration of the members of the Board of Directors would remain unchanged. The fees are as follows: compensation for meetings EUR 300 per meeting; compensation for loss of working time for meeting and proceeding days EUR 300; fee payable to the Chairman of the Board of Directors EUR 4,400 per month; fee payable to the Deputy Chairman EUR 2,200 per month; and fee payable to members of the Board of Directors EUR 1,700 per month, with all travel expense compensation in accordance with the company's travel policy.

Auditors

The General Meeting elected PricewaterhouseCoopers Oy as the company’s auditor for a term ending at the closing of the next Annual General Meeting. According to the firm, the auditor in charge is Authorised Public Accountant Samuli Perälä. The AGM decided that the auditor’s fee will be paid against an invoice approved by the company.

Valid authorisations to purchase or issue shares, grant special rights and make donations

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 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 Helsinki Ltd at the market price at the moment of acquisition. The shares shall be acquired and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Oy. The Board of Directors was authorized 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 28 April 2015 to the Board of Directors to decide on the acquisition of the company's own shares and it shall remain valid until the closing of the next Annual General Meeting or until 30 June 2017, whichever is first.

The General Meeting authorised the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 7,000,000 new series A shares or on an issue of any series 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. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive programme or for other purposes subject to the Board of Directors' decision.

The Board of Directors 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 Companies Act on the maximum number of treasury shares.

The authorisation shall supersede the share issue authorisation granted to the Board of Directors by the Annual General Meeting on 28 April 2015 and it shall remain valid until the closing of the next Annual General Meeting or until 30 June 2017, whichever is first.

The General Meeting decided, in accordance with the Board of Directors’ proposal, to authorize the Board of Directors to decide on the donation of a maximum of EUR 100,000 to universities or other educational institutions.

Share premium reductions

The General Meeting decided that the share premium belonging to restricted equity as stated on the parent company's balance sheet on 31 December 2015 will be reduced by transferring all of the assets – a total of EUR 138,502,108.85 – into the company's invested unrestricted equity fund. The share premium reductions will not be subject to costs and they will not affect the number of shares in the company, the rights conferred by the shares or the shareholders' relative ownership stakes. Deductions to the share premium require a public announcement and registration with the Finnish Patent and Registration Office.

The Board of Directors will decide upon all practical measures related to decreasing the share premium.

Corporate governance principles

Atria’s corporate governance principles and deviations from the Finnish Corporate Governance Code are published on the company’s website at www.atria.com.

ATRIA GROUP

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/16	4-6/15	1-6/16	1-6/15	1-12/15
Net sales	**341.3**	**337.5**	**655.8**	**652.1**	**1,340.2**
Costs of goods sold	-300.3	-297.8	-581.4	-580.3	-1,176.9
Gross profit	**40.9**	**39.8**	**74.3**	**71.8**	**163.3**
Sales and marketing expenses	-24.2	-23.1	-45.3	-45.1	-87.6
Administrative expenses	-11.2	-10.5	-22.2	-20.4	-41.5
Other operating income	2.0	2.6	2.6	3.2	5.5
Other operating expenses	-1.4	-0.4	-1.6	-0.4	-10.7
EBIT	**6.1**	**8.4**	**7.8**	**9.1**	**28.9**
Finance income and costs	-1.4	-2.5	-2.8	-4.8	-9.2
Income from joint ventures and associates	0.1	0.1	-0.5	0.1	0.4
Profit/loss for before tax	**4.8**	**6.0**	**4.5**	**4.4**	**20.1**
Income taxes	-0.8	-0.8	-1.3	-1.3	-5.5
Profit/loss for the period	**4.0**	**5.1**	**3.2**	**3.1**	**14.6**
Profit attributable to:					
Owners of the parent	3.8	5.1	2.8	3.0	13.8
Non-controlling interests	0.3	0.1	0.4	0.1	0.8
Total	**4.0**	**5.1**	**3.2**	**3.1**	**14.6**
Basic earnings per share, EUR	0.13	0.18	0.10	0.11	0.49
Diluted earnings per share, EUR	0.13	0.18	0.10	0.11	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/16	4-6/15	1-6/16	1-6/15	1-12/15
Profit/loss for the period	**4.0**	**5.1**	**3.2**	**3.1**	**14.6**
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses from benefit-based pension obligations	-	-	-	-	0.4
Items reclassified to profit or loss when specific conditions are met					
Available-for-sale financial assets	-	-	-	-0.2	-0.2
Cash flow hedges	0.7	0.4	-0.4	0.1	0.2
Currency translation differences	1.0	-1.5	2.8	6.1	-4.6
Total comprehensive income for the period	**5.7**	**4.0**	**5.7**	**9.2**	**10.5**
Total comprehensive income attributable to:					
Owners of the parent	5.5	3.9	5.4	9.1	9.6
Non-controlling interests	0.2	0.1	0.3	0.1	0.9
Total	**5.7**	**4.0**	**5.7**	**9.2**	**10.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets **EUR million**	**30.6.16**	**30.6.15**	**31.12.15**
Non-current assets			
Property, plant and equipment	399.3	398.8	394.7
Biological assets	0.6	0.7	0.7
Goodwill	158.7	165.5	157.9
Other intangible assets	87.2	81.0	79.2
Investments in joint ventures and associates	12.5	12.7	13.1
Other financial assets	1.1	1.1	1.1
Loans and other receivables	11.2	10.4	11.2
Deferred tax assets	7.4	7.4	7.0
Total	**678.0**	**677.7**	**665.0**
Current assets			
Inventories	84.7	92.3	80.8
Biological assets	3.2	3.4	3.1
Trade and other receivables	121.3	118.3	102.3
Cash and cash equivalents	3.9	2.9	4.1
Total	**213.0**	**217.0**	**190.4**
Total assets	**891.1**	**894.7**	**855.4**

Equity and liabilities **EUR million**	**30.6.16**	**30.6.15**	**31.12.15**
Equity attributable to the shareholders of the parent company	394.3	399.7	400.2
Non-controlling interests	4.9	3.8	4.6
Total equity	**399.3**	**403.5**	**404.8**
Non-current liabilities			
Interest-bearing financial liabilities	144.7	199.4	155.6
Deferred tax liabilities	47.4	45.4	45.3
Pension obligations	7.2	7.8	7.4
Other non-interest-bearing liabilities	5.9	5.4	5.9
Provisions	-	0.1	-
Total	**205.2**	**258.1**	**214.2**
Current liabilities			
Interest-bearing financial liabilities	91.2	40.7	44.0
Trade and other payables	195.5	192.3	192.3
Total	**286.6**	**233.0**	**236.3**
Total liabilities	**491.8**	**491.2**	**450.6**
Total equity and liabilities	**891.1**	**894.7**	**855.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to the shareholders of the parent company								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other funds	Inv. non-rest. equity fund	Translation diff.	Retained earnings	Total		
Equity 1.1.15	**48.1**	**138.5**	**-1.3**	**-4.4**	**110.6**	**-46.8**	**157.2**	**401.9**	**3.7**	**405.6**
Comprehensive income for the period										
Profit for the period							3.0	3.0	0.1	3.1
Other comprehensive income										
Available-for-sale financial assets				-0.2				-0.2		-0.2
Cash flow hedges				0.1				0.1		0.1
Currency translation differences						6.1		6.1	0.0	6.1
Transactions with owners										
Dividends							-11.3	-11.3		-11.3
Equity 30.6.15	**48.1**	**138.5**	**-1.3**	**-4.4**	**110.6**	**-40.7**	**149.0**	**399.7**	**3.8**	**403.5**
Equity 1.1.16	**48.1**	**138.5**	**-1.3**	**-4.4**	**110.6**	**-51.4**	**160.2**	**400.2**	**4.6**	**404.8**
Comprehensive income for the period										
Profit for the period							2.8	2.8	0.4	3.2
Other comprehensive income										
Cash flow hedges				-0.4				-0.4		-0.4
Currency translation differences						2.9		2.9	-0.1	2.8
Transactions with owners										
Dividends							-11.3	-11.3		-11.3
Equity 30.6.16	**48.1**	**138.5**	**-1.3**	**-4.7**	**110.6**	**-48.5**	**151.7**	**394.3**	**4.9**	**399.3**

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-6/16	1-6/15	1-12/15
Cash flow from operating activities			
Operating activities before financial items and taxes	17.1	24.0	96.4
Financial items and taxes	-7.4	-5.5	-8.2
Net cash flow from operating activities	**9.7**	**18.5**	**88.2**
Cash flow from investing activities			
Tangible and intangible assets	-21.9	-22.0	-50.2
Acquired operations, net of cash acquired	-15.5	-5.5	-5.5
Sold operations	5.2	34.1	33.7
Non-current receivables	1.1	0.1	0.2
Dividends received	0.1	0.6	0.6
Current receivables	-0.6	-1.1	-1.1
Net cash used in investing activities	**-31.5**	**6.3**	**-22.3**
Cash flow from financing activities			
Proceeds from long-term borrowings	-81.5	-	30.2
Repayment of long-term borrowings	73.2	-5.2	-40.8
Changes in short-term borrowings	41.6	-8.7	-44.3
Dividends paid	-11.3	-11.3	-11.3
Net cash used in financing activities	**22.1**	**-25.2**	**-66.2**
Change in liquid funds	**0.3**	**-0.4**	**-0.3**
Cash and cash equivalents at beginning of year	4.1	3.4	3.4
Effect of exchange rate changes	-0.6	-0.1	1.0
Cash and cash equivalents at the end of period	**3.9**	**2.9**	**4.1**

The content of the cash flow statement items have been changed in 2016.
Comparative information has been changed to correspond to current year presentation.

NOTES TO THE INTERIM REPORT

INTERIM REPORT ACCOUNTING POLICIES

This interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Atria has applied the same principles in preparing this report as in preparing the 2015 annual financial statements. However, as of 1 January 2016, the Group uses new or revised IFRS standards and IFRIC interpretations published by the IASB, referred to in the accounting principles of the 2015 annual financial statements. These new or revised standards and interpretations did not have any impact on the figures presented for the review period.

Alternative indicators used in financial reporting
Atria has begun complying with the instructions issued by the European Securities and Market Authority (ESMA) concerning alternative indicators. In addition to reporting EBIT, the company publishes an adjusted EBIT indicator to describe the actual financial development of the business and to improve comparability between different periods. The adjusted EBIT is determined by adjusting the EBIT recognised in the income statement for items that affect comparability. These may include events that are not part of the company's ordinary business activities, such as capital gains and losses from the sale of operations, impairment, the costs of discontinuing significant operations and costs arising from the reorganisation of operations. The items that have affected the adjusted EBIT during the reporting period and in the comparison period are itemised in tables in the interim report.

The company also publishes certain other widely-used indicators, which can mostly be derived from the income statement and balance sheet. The principles for calculating these indicators were set out in the 2015 financial statements. In the company's view, the indicators that have been presented serve to clarify the view provided by the income statement and balance sheet of the business' operational result and financial position.

The figures given in this release are rounded to millions of euros, so the combined total of individual figures may differ from the total sum presented. The figures presented in this financial statement release are unaudited.

OPERATING SEGMENTS

EUR million	4-6/16	4-6/15	1-6/16	1-6/15	1-12/15
Net sales					
Atria Finland	233.9	233.7	458.6	445.9	929.0
Atria Scandinavia	88.8	80.3	164.5	165.4	330.5
Atria Russia	17.6	21.5	31.2	37.3	75.1
Atria Baltic	9.2	8.9	16.9	16.5	32.9
Eliminations	-8.3	-6.8	-15.5	-13.1	-27.4
Total	**341.3**	**337.5**	**655.8**	**652.1**	**1,340.2**
EBIT					
Atria Finland	3.0	4.7	4.7	6.6	29.8
Atria Scandinavia	3.5	2.5	4.2	4.4	12.8
Atria Russia	0.1	1.9	-0.6	-0.3	-0.2
Atria Baltic	-0.3	0.2	-0.5	0.1	-9.0
Unallocated	-0.2	-0.9	0.0	-1.6	-4.4
Total	**6.1**	**8.4**	**7.8**	**9.1**	**28.9**
Investments					
Atria Finland	9.3	9.1	16.3	15.3	33.0
Atria Scandinavia	22.1	9.2	24.3	11.5	19.3
Atria Russia	0.5	0.5	0.9	1.4	2.9
Atria Baltic	0.7	0.4	1.3	0.6	1.8
Total	**32.5**	**19.2**	**42.8**	**28.8**	**56.9**
Depreciation and write-offs					
Atria Finland	7.2	7.3	14.5	14.6	29.2
Atria Scandinavia	3.0	2.7	5.8	5.4	10.9
Atria Russia	1.0	1.2	1.9	2.2	4.2
Atria Baltic	0.5	0.6	1.1	1.2	11.4
Total	**11.8**	**11.9**	**23.4**	**23.4**	**55.7**

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES:

EUR milloin

Balance sheet items	30.6.16	Level 1	Level 2	Level 3
Assets				
Available-for-sale financial assets	1.1			1.1
Derivative financial instruments	1.8		1.8	
Total	**2.9**	**0.0**	**1.8**	**1.1**
Liabilities				
Bonds	50.0		50.0	
Derivative financial instruments	7.2		7.2	
Total	**57.2**	**0.0**	**57.2**	**0.0**

Balance sheet items	31.12.15	Level 1	Level 2	Level 3
Assets				
Available-for-sale financial assets	1.1			1.1
Derivative financial instruments	1.0		1.0	
Total	**2.1**	**0.0**	**1.0**	**1.1**
Liabilities				
Bonds	50.0		50.0	
Derivative financial instruments	8.9		8.9	
Total	**58.9**	**0.0**	**58.9**	**0.0**

There were no transfers between Levels 1 and 2 during the period.
Level 1: Prices listed on active markets for identical assets and liabilities.
Level 2: Fair values can be determined either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Fair values are not based on verifiable market prices.
Fair values of financial instruments do not deviate significantly from balance sheet values.

RELATED PARTY TRANSACTIONS

EUR million

The following transactions were completed with related parties:	4-6/16	4-6/15	1-6/16	1-6/15	1-12/16
Sales of goods and services	2.8	2.3	5.3	4.6	9.9
Purchases of goods and services	20.1	19.5	39.2	38.6	82.0

	30.6.16	30.6.15	31.12.15
Receivables	2.6	1.8	2.4
Liabilities	4.0	4.5	5.3

CONTINGENT LIABILITIES

EUR million	30.6.16	30.6.15	31.12.15
Debts with mortgages given as security			
Loans from financial institutions	2.6	2.6	2.7
Pension fund loans	5.3	5.5	5.5
Total	**8.0**	**8.1**	**8.2**
Mortgages given as comprehensive security			
Real estate mortgages	3.7	3.8	3.8
Corporate mortgages	1.2	1.3	1.2
Total	**4.9**	**5.1**	**5.0**
Guarantee engagements not included in the balance sheet			
Guarantees	0.4	0.4	0.4

DIVESTED OPERATIONS

On 29 April 2016 Atria sold a pig farm located in Northern Estonia. The sale of the pig farm gave rise to a sales loss of approximately EUR 1 million, which is recorded under other operating expenses.

In Sweden, Atria sold Kb Joddlaren, a real estate company, on 1 June 2016. The company owns a logistics property in Gothenburg. The transaction price was EUR 3.8 million and Atria Scandinavia recognised a EUR 1.4 million profit on the transaction under other operating income.

ACQUIRED SUBSIDIARIES

Atria purchased the entire share capital of Lagerberg i Norjeby AB, a poultry company. The deal was approved by the Swedish Competition Authority and Consumer Agency on 1 April 2016. The agreement between Atria and Lagerbergs was confirmed at the end of April and the business operations were transferred to Atria as of the start of May. The purchase price was EUR 18 million and it was paid in cash.

The transaction expands Atria's business into the Swedish poultry market. The company is the third largest supplier on the Swedish chicken market. Lagerbergs brand was included in the acquisition. In Sweden, demand for chicken has increased steadily in recent years. In 2015, the retail market for poultry increased by 7 per cent.

Lagerbergs has a production plant and its own chicken rearing facilities in Blekinge, Southern Sweden. In addition to the chickens produced at its own rearing facilities, Lagerbergs acquires chickens from the contract producers located near the production plant. The company employs 120 people. Atria's annual net sales are expected to grow by about EUR 30 million.

Lagerberg i Norjeby AB	**Fair value used in the acquisition**
Property, plant and equipment	6.4
Intangible assets	
Contracts of the operations	4.8
Brands	5.7
Goodwill	3.4
Non-current financial assets	0.9
Inventories	1.8
Current receivables	4.0
Cash in hand and at bank	2.8
Total assets	29.8
Non-current liabilities	3.0
Deferred tax liabilities	2.7
Current liabilities	5.8
Total liabilities	11.5
Net assets	18.3
Purchace price	18.3
Effect of the acquisition on cash flow	15.5

The calculation is preliminary, since the transaction price and the fair values of the assets and liabilities will be specified during the third quarter.

ATRIA PLC
Board of Directors

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