HKScan Group's financial statements release 1 January—31 December 2013:
Strong cash flow

* Net sales were EUR 2 478.6 (2 503.1) million in January–December, and EUR 640.6 (662.4) million in the fourth quarter.

* In January–December, reported EBIT was EUR 30.5 (43.1) million, and the EBIT margin was 1.2 (1.7) per cent. Comparable EBIT excluding non-recurring items for the year was EUR 30.0 (36.7) million, and the corresponding EBIT margin was 1.2 (1.5) per cent.

For the fourth quarter, reported EBIT was EUR 15.2 (21.9) million, and the EBIT margin was 2.4 (3.3) per cent. Comparable EBIT excluding non-recurring items for the quarter was EUR 11.1 (15.5) million, and the corresponding EBIT margin was 1.7 (2.3) per cent.

* Cash flow before debt service was EUR 103.4 (65.8) million in 2013 and EUR 89.6 (39.7) million in the fourth quarter.

* Profit before taxes was EUR 9.7 (14.3) million in 2013 and EUR 8.7 (15.5) million in the fourth quarter.

* EPS was EUR 0.16 (0.30) in 2013 and EUR 0.10 (0.27) in the fourth quarter.

* Net financial expenses were EUR -24.2 (-31.7) million in 2013.

* Net debt was EUR 355.7 (440.9) million, and net gearing was 87.0 (109.2) per cent in 2013.

* Outlook for 2014: HKScan expects the comparable operating profit (EBIT) margin to be 1 – 2 per cent, and anticipates that the last quarter will be the strongest. In 2013, the corresponding comparable operating profit (EBIT) margin was 0.5 per cent.

The outlook takes into account that the market area Poland (HKScan's 50 per cent share of Sokolów) will be excluded in the consolidated operating profit based on the change of IFRS 11 in the International Financial Reporting Standards as of 1 January 2014. The restated 2013 key figures are included in this bulletin.

* Board's proposal for dividend is EUR 0.10 (0.10) per share.

Hannu Kottonen, HKScan's President and CEO, comments on the fourth quarter and year 2013:

- The strong cash flow was clearly the most positive achievement in the fourth quarter. We are also satisfied with the good Christmas sales, and the good business performance in the Baltics and Poland.

- During the quarter, the settlement of the fire insurance case in Denmark and the completion of the refinancing arrangement were amongst the highlights.

- The tough business environment didn't leave much room for sales margin improvement. However, some signals of an improving market situation can be seen. Together with our own actions, as well as with the full effect of the completed development programme, in Sweden and Finland in particular, and the favourable development in the feed and grain costs the business outlook has turned slightly more positive.

- As for 2013, I'm very satisfied with the good work done in strengthening the cash flow and balance sheet, as well as the profitability achieved in the Baltics and Poland. Sweden got back onto a profit making track, but more has to be done in order to bring the profitability up to an acceptable level. Profitability in Finland and Denmark were the biggest disappointments.

- We have focused on implementing the strategy and operating model. The progress has been good and many goals have been achieved. Unfortunately when looking at the financial performance, the headwind in all market areas has partly eliminated the good work. However, we as HKScan Group now have a more stable foundation for better performance in 2014 and beyond.

KEY FIGURES, Q4 and the entire year

(EUR million)	Q4/2013	Q4/2012*)	2013	2012*)
Net sales	640.6	662.4	2 478.6	2 503.1
EBIT	15.2	21.9	30.5	43.1
- % of net sales	2.4	3.3	1.2	1.7
Profit before taxes	8.7	15.5	9.7	14.3
- % of net sales	1.4	2.3	0.4	0.6
Profit for the period	6.6	15.4	9.8	17.7
- % of net sales	1.0	2.3	0.4	0.7
*) EBIT, excluding non-recurring income and expenses	11.1	15.5	30.0	36.7
- % of net sales	1.7	2.3	1.2	1.5
EPS, EUR	0.10	0.27	0.16	0.30
Cash flow before debt service	89.6	39.7	103.4	65.8
Cash Flow Before Financing Activities	83.8	39.6	84.6	33.8
Return on capital employed (ROCE) before taxes, %			4.4	5.8
Net debt			355.7	440.9
Gearing %			105.4	124.0
Net Gearing %			87.0	109.2

*) The 2012 figures have been restated in accordance with the revised IAS 19 standard for employment benefit plans and the changed reporting principle for marketing support expenses.

OCTOBER – DECEMBER 2013

Net sales for the fourth quarter declined compared to the same period in the previous year. Even though the EBIT also decreased during the quarter compared to 2012, the market areas Poland and the Baltics kept performing well and achieved good levels of profitability. In other market areas performance lagged behind the expectations. In Finland, especially, the business environment continued to be challenging.

A strong positive development was the cash flow for the fourth quarter. As a result of the focused efforts on implementing development programmes, improving the working capital, especially by reducing inventories, tight capital expenditure management, as well as the final settlement of the fire insurance claim in Denmark, the cash flow ended up record high in the quarter. The cash flow management was successful in all market areas clearly strengthening the Group’s capital structure.

Demand in both Consumer and Away from Home businesses remained at a lower level in the quarter compared to the previous year. The traditional Christmas sales in Sweden and Finland, as well as sales of the branded products in both Poland and the Baltics were at a good level, but in other product segments the demand stayed in favour of lower priced-products. The global market prices for grain and feed declined, and the actual animal purchasing prices have started to reflect that development.

The refinancing arrangement amounting to EUR 135 million was signed during the quarter, and the profitability development programme launched in 2012 was completed successfully. The implementation of the projects belonging to the new development programme for 2014 was started, and many of them are already up and running. The programme targets at a profit improvement of over EUR 20 million and a decrease of over EUR 50 million in net debt.

YEAR 2013

The Group's financial performance was mixed in 2013 as the profitability was below target whereas the cash flow was strong. The profitability of businesses in Poland and the Baltics were at a good level. Sweden showed some recovery and improvement from the previous year, but on the contrary, profit in Finland fell well behind the previous year. The realised EBIT of approximately 1 per cent in both market areas was clearly below the Group's long-term financial target. Last year was a recovery year after the fire in Denmark and the market position was regained but the profitability remained poor.

The Group's cash flow strengthened significantly in 2013 thanks to the good work done in managing the working capital and capital expenditure. In addition, the settlement of the fire insurance case fixed the weaker cash flow since the fire in Denmark.

The demand in both Consumer and Away from Home businesses, especially in export, was at a lower level compared to the previous year. As the supply in the markets didn't adapt quickly enough, the sales price competition was tough in all markets. The continued recession resulted in lower consumer purchasing power, and led to demand shifting to lower-priced products. Additionally, private labels increased their share of the market as a whole.

The year started with high animal purchasing prices and primary production costs. In the latter part of the year the increase in animal purchasing prices stopped and started to decrease as global market prices in grain and feed declined.

Pork meat inventories were high throughout Europe the whole year. Due to the global meat surplus, export sales prices were poor, hitting the margins especially in the third and fourth quarter, when the excess stock was more actively sold to export. Poor weather conditions during spring and early summer in Europe resulted in the barbeque season starting later. The sales of Christmas products were good. The structural shortage of beef continued.

In the autumn, the Group functions were further strengthened by founding a Group Marketing function to enhance long-term Group level brand management and to develop consumer and customer driven offering. Product innovation exchange between the Group's home markets will be increased further. A Group-wide centralised import organisation to strengthen and co-ordinate externally sourced meat was started from the beginning of the year 2014.

The Group-wide operational efficiency improvements, such as consolidation of purchases, continued successfully during 2013. In the first quarter a producer cooperation model was taken into use in Finland. The goal is to get cost advantage for primary production and to implement best production practices. Closer integration with primary production started also in Sweden later in the spring.

One of the Away from Home business' targets is to efficiently utilise the potential of Group-wide manufacturing and know-how. In the autumn, the first cross-border product portfolio was launched in AfH Sweden. The export organisation was centralised under one management to deliver better customer service and find new value adding market potential.

In July, HKScan introduced the first steps of the Group's sharpened brand strategy: company names will be harmonised, and country-of-origin promises were reaffirmed for its key brands in Finland and Sweden.

The development programme launched in 2012 met the targets for reducing the annualised costs by more than EUR 20 million and a significant reduction in capital employed. The improvements will reach their full effect in 2014. The gains achieved in 2013 were mainly deteriorated by the cost inflation and decrease in the sales margins. At the end of September, a new development programme was launched. The programme will run until the end of 2014 and it targets an annual cost reduction exceeding EUR 20 million and a reduction of over EUR 50 million in net debt.

In November, the fire insurance case in Denmark was settled, and the refinancing arrangement amounting to EUR 135 million was completed to replace the syndicated bank loan due in 2014.

The Group's revised long-term financial targets were announced in August as follows: operating profit (EBIT)) of more than 4%, return on capital employed greater than 12%, and net gearing less than 100%. The dividend policy of at least 30% of net profit remained unchanged.

HKScan Group celebrated its 100th anniversary in 2013. The anniversary was visible in personnel events, communications and marketing actions mainly in Finland.

MARKET AREA: FINLAND

(EUR million)	Q4/2013	Q4/2012*)	2013	2012*)
Net sales	210.1	219.2	804.1	813.8
EBIT	1.6	7.4	2.8	18.4
- EBIT margin, %	0.8	3.4	0.4	2.3
EBIT excluding non-recurring expenses	1.6	7.4	6.4	18.4
- EBIT margin, %	0.8	3.4	0.8	2.3

*) The 2012 figures have been restated in accordance with the changed reporting principle for marketing support expenses.

In Finland, net sales were EUR 804.1 (813.8) million and EBIT was EUR 2.8 (18.4) million in 2013.

As for the fourth quarter, net sales amounted to EUR 210.1 (219.2) million. EBIT for the period was EUR 1.6 (7.4) million.

In the fourth quarter, net sales decreased from the previous year due to lower volumes and sales prices. The meat category performed better than in the previous year, but other categories stayed behind due to the continued tough price competition in both domestic and export markets. Demand for lower priced products remained. In addition, during the fourth quarter systematic actions to reduce the frozen stock were continued. These excess sales of the frozen stock lowered the overall margins, but freed up working capital. As a result the cash flow for the fourth quarter was on a par with the previous year.

The reorganisation actions including the commercial organisation streamlining were completed and improvement in managing the delivery capability, as well as balancing demand and supply were already seen in the fourth quarter. As for the whole of 2013, the low demand and the fierce competition decreased sales volumes and average sales prices, and therefore the sales margin development was poor in both domestic and export markets.

New product launches in Finland during the year comprise, among other things, novelties in HK Rypsiporsas® (rapeseed pork) as well as fresh Kariniemen poultry product ranges for the BBQ season in summer. In September, a new range of organic processed meat products were launched on the market. In August, a renewed HK-brand web site was launched. The site focuses on describing the meat value chain to different stakeholders, and it also introduced a "Meat School" for consumers.

The producer cooperation model was fully implemented in Finland during 2013. Pork procurement prices came down slightly since July, whereas beef and poultry prices remained high. The production rationalisation programme between Vantaa, Mikkeli and Säkylä plants, was completed by the end of the year. During the transition, the production capacity and efficiency were temporarily limited. The programme aimed to improve the productivity and efficiency of the business, as well as bringing benefits from centralising operations and technologies. The restructuring programme to reduce annual costs by EUR 5 million was successfully finalised.

MARKET AREA: BALTICS

(EUR million)	Q4/2013	Q4/2012	2013	2012
Net sales	44.7	45.1	175.1	176.7
EBIT	2.1	1.5	8.4	8.9
- EBIT margin, %	4.6	3.3	4.8	5.1

In the Baltics, net sales were EUR 175.1 (176.7) million and EBIT was EUR 8.4 (8.9) million in 2013.

In the fourth quarter, net sales were EUR 44.7 (45.1) million. EBIT for the period was EUR 2.1 (1.5) million.

Good performance continued as the branded products delivered good results and the cost management in primary production and other areas were well in place. Export market remained soft. New product launches, sales of branded products and strong consumer communications brought good results. Overall demand and the sales price levels also normalised after a weaker first half of the year. This together with the decreased primary production costs contributed to the good profit development. Cash flow for the quarter improved clearly compared to the previous year.

Several efficiency improvement actions took place in the market area. The Baltic poultry production was centralised to the new Tabasalu facility in Estonia. From the beginning of 2014, the facility will slaughter, debone and process poultry for the entire Baltic region in HKScan Group. Lithuanian logistics were integrated into the Latvian logistics operations in Riga.

As for new products and concepts, the Kiev cutlet was launched in May and the Doctor’s Frankfurter in Rakvere’s Lihakas product series was launched in October.

MARKET AREA: SWEDEN

(EUR million)	Q4/2013	Q4/2012*)	2013	2012*)
Net sales	255.8	274.5	965.3	1 025.7
EBIT	3.5	-0.8	8.1	-5.9
- EBIT margin, %	1.4	-0.3	0.8	-0.6
EBIT excluding non-recurring expenses	5.8	6.6	10.4	1.5
- EBIT margin, %	2.3	2.4	1.1	0.1

*) The 2012 figures have been restated in accordance with the revised IAS 19 standard for employment benefit plans and the changed reporting principle for marketing support expenses.

In Sweden, net sales were EUR 965.3 (1 025.7) million and EBIT was EUR 8.1 (-5.9) million in 2013.

In the fourth quarter, net sales amounted to EUR 255.8 (274.5) million. EBIT for the period was EUR 3.5 (-0.8) million.

The decrease in net sales continued due to discontinuing non-profitable sales and lower volumes. The sales volume was also affected by the stagnated growth of the consumption of pork and beef whereas the consumption of chicken continued to grow. The implemented cost savings and production efficiency improvement actions supported the profitability development. In June, redundancies due to operational efficiency actions were announced, affecting around 20 persons at the Skara plant. The strategic review is continuing in Sweden. The operative cash flow remained at the same good level as in the previous year in the fourth quarter.

In 2013, branded products, such as Svensk Rapsgris® (Swedish rapeseed pork), and Pärsons® fresh chicken products performed and developed well throughout the year. However, the share of new products was still relatively low out of the total business volume. Pärsons® cold cuts continued to perform well.

The higher meat imports kept putting pressure on sales prices. The private label products continued to capture market share. The new producer cooperation model was started, and a new long-term contract model for pig was launched in the autumn. In the spring, HKScan acquired exclusive rights to Nordic Genetics' NG Hampshire genetics, which form the basis for the well-known Swedish "Scan Piggham®" pork.

The Kristianstad production plant was connected to the municipality's district heating in the third quarter resulting in a sizable annual decrease of carbon dioxide emissions.

In December, HKScan announced to increase its former 30 per cent ownership in Höglandsprodukter AB in Halmstad, Sweden, to 100 per cent. The company markets and sells high-quality Swedish beef, veal and pork that are locally sourced from Småland under the Höglandskött (Highland Meat) brand.

MARKET AREA: DENMARK

(EUR million)	Q4/2013	Q4/2012	2013	2012
Net sales	52.6	50.9	226.1	211.7
EBIT	6.4	12.7	4.9	15.4
- EBIT margin, %	12.2	24.9	2.2	7.3
EBIT excluding non-recurring income and expenses	0.0	-1.1	-1.5	1.5
- EBIT margin, %	0.1	-2.2	-0.7	0.7

In Denmark, net sales were EUR 226.1 (211.7) million and EBIT was EUR 4.9 (15.4) million in 2013.

For Denmark, net sales in the fourth quarter amounted to EUR 52.6 (50.9) million. EBIT for the period was EUR 6.4 (12.7) million.

During the fourth quarter the profitability improved to break-even. The tough price competition in both domestic and export markets continued and the sales margins remained low, which was seen in the frozen products, in particular. The extraordinary sales of excess frozen stock, which had started in the third quarter, continued in the fourth quarter and caused a negative impact on sales margins. The sales of fresh chicken in Sweden started in spring and developed well during the rest of the year.

The operative cash flow in the fourth quarter was exceptionally strong as the remaining fire insurance compensation payment was received in full, whereas a year before and earlier during 2013 there was a significant insurance compensation receivable in the books.

In November, the fire insurance case was settled and completed with the insurance company. The unpaid part of the insurance compensation payments were received during the fourth quarter. The insurance covered damage to property, loss of profit and additional costs caused by business interruption. The property insurance compensation part of the total compensation amounted to EUR 26.5 million (EUR 7.1 million in 2013 and EUR 19.3 million in 2012). They are reported as non-recurring income. The insurance compensation for the business interruption as loss of profit and additional costs covered the time period of 24 months from June 2012 to May 2014.

As for the whole of 2013, the market position was returned to the same level as it was before the fire in June 2012, but tough price competition kept the sales margin low resulting poor profitability. From the operations point of view the rebuild and start-up of the new production lines were completed during the year. All the temporary production arrangements were discontinued and as a part of these production rearrangements the operations at the Padborg plant were closed down in mid-June and the facility was later sold. At the end of June, around 100 personnel were given notice at the Skovsgaard plant.

MARKET AREA: POLAND *)

(EUR million)	Q4/2013	Q4/2012	2013	2012
Net sales	94.3	87.7	375.1	343.7
EBIT	4.3	4.3	18.8	15.8
- EBIT margin, %	4.6	4.9	5.0	4.6

*) Represents HKScan’s 50% share of Sokolów.

In Poland, net sales were EUR 375.1 (343.7) million and EBIT was EUR 18.8 (15.8) million in 2013.

In the fourth quarter, net sales amounted to EUR 94.3 (87.7) million. EBIT for the period was EUR 4.3 (4.3) million.

Sales growth was strong throughout the year. Sales of branded processed and barbecue products increased thanks to the expanded product range. Furthermore, the high recognition of the Sokolów brand continued to contribute to the positive development. As a result the profitability was good.

An improved level in beef supply in Poland was accompanied by a decrease in purchase prices. The slaughtering volumes of Sokolów grew and enabled larger export volumes. Polish consumer demand for beef increased. Additionally, exports of processed products increased starting from the third quarter.

Responding to the market situation, Sokolów launched a new line of products using “Mylar Cook” technology for convenience food during the third quarter.

In September, at the International Polagra Fair in Poznań, four Sokolów products were awarded with gold medals for up-to-date, innovative and highest technology products.

In a rating of the most valuable brands in Poland, the Sokolów brand reached the 10th place and it had the highest brand value in the meat industry.

INVESTMENTS

The Group’s net investments in 2013 came to EUR 52.9 (76.6) million and were divided by market area as follows:

(EUR million)	Q4/2013	Q4/2012	2013	2012
Finland	4.4	4.7	15.2	11.8
Baltics	1.2	2.2	8.7	10.5
Sweden	2.6	2.2	6.1	7.4
Denmark [1)]	6.8	24.6	12.1	33.0
Poland [2)]	2.9	2.1	10.8	14.0
Total	**17.9**	**35.9**	**52.9**	**76.6**

[1)] The investments include rebuilding of the Vinderup plant.
[2)] HKScan's share (50%) of Sokolów investments.

A substantial share of the investments planned and executed in 2013 focused on improvements in operational efficiency, which has been identified as a strategic focus area.

The main investments during 2013 included the following: in Finland, transfers of production lines between the Vantaa, Mikkeli and Säkylä plants, production line and infrastructure investment for processed meat products in Mikkeli, as well as investments in poultry production in the Eura plant were completed. In the Baltics market area, the consolidation of poultry production to the renewed Tabasalu plant was carried out, as well as capacity enhancement in primary production at Pärnjõe farm in Estonia. In Sweden, the main investments were made at the Skara plant to improve energy efficiency. In Poland, several investments were made in the production plants, such as the investments in processing and packing at the Sokolów Podlaski plant, as well as in power supply and cooling systems at the Kolo facility.

FINANCING AND TAXES

The Group's interest-bearing debt at year-end stood at EUR 431.1 (499.7) million. Net debt decreased to EUR 355.7 (440.9) million.

The Group's liquidity has been good throughout the financial year. Undrawn committed credit facilities on 31 December 2013 stood at EUR 161.5 (177.4) million. In addition, the Group had other unused overdraft and other facilities of EUR 35.7 (28.8) million. The EUR 200 million commercial paper programme had been drawn to the amount of EUR 129.0 (120.0) million.

In November, HKScan signed an approx. EUR 135 million secured multi-currency credit facility arrangement with a Nordic banking group. The arrangement refinanced the remaining part of the syndicated credit facility established in 2007 which matures in June 2014.

Net financial expenses were EUR -24.2 (-31.7) million. The decline is mainly attributable to a lower loan amount and lower interest rate level.

Group taxes were EUR 0.1 (3.4) million positive.

RESEARCH AND DEVELOPMENT

Research and development in HKScan Group mainly involves the development of new products over a span of one to two years and the updating of products already on the market. A total of EUR 11.2 (10.5) million was spent on R&D, equal to 0.5 (0.4) per cent of net sales.

The Group R&D function and the Group-wide category management organisation were founded in 2013. The organisations work in a matrix across businesses and countries. The innovation strategy was finalised and the implementation started at the end of the year. Group-level processes and developing common platforms have been accelerated and it is estimated that the first Group-level R&D-projects will bring results in 2014.

Product development highlights of 2013 include, among other things, premium barbeque sausages in Sweden and organic and corn-fed chicken products in Denmark. In the Baltics, launches include the new Kiev cutlet and snack-products, which well answered the growing demand. In Finland new organic pork-meat based processed products were launched.

HKScan R&D is based on sharing information in a collaborative and networking model, and the cooperation with research institutes continues in order to expand expertise of developing new meat-based concepts. Research and development of the rapeseed pork (HK Rypsiporsas® in Finland and Svensk Rapsgris® in Sweden) concept continued.

SUSTAINABILITY

HKScan is committed to systematic development of sustainable business. Sustainable operations apply to the entire supply chain from feed and genetics to the consumer's plate. In 2013 a sustainability programme was launched to systematically manage and develop sustainability.

Economic sustainability refers to long-term profitability of HKScan and its stakeholders. The Group is an important employer, and its investments contribute to the local economies. HKScan production is firmly based on its home markets and tightly connected to local primary production through contracts.

Social sustainability includes product responsibility, employee well-being and relations with society and communities. Products are produced responsibly at HKScan; they are safe for consumers and the taste and quality meets their expectations. In addition, HKScan works continuously to improve the nutritional balance. Organisational restructurings and other actions related to the personnel are handled in a responsible way. New possibilities for Group-wide cooperation and development have arisen for the personnel.

Animal welfare—ethical treatment of animals—is considered in genetics, farms, transportation and slaughterhouses. The animal disease status is good (i.e. low) in HKScan's contract production and in its own primary production. Control of animal diseases is a constant part of day to day work in preventing all incidents. Antibiotics are used only for diagnosed needs, and this is being carefully monitored.

Environmental management includes climate change mitigation and use of renewable energy sources, waste management and sustainable handling of resources and chemicals. The Group works to decrease greenhouse gas emissions through energy efficiency activities and transition to renewable energy sources. For example, in Sweden HKScan's target is to reduce climate emissions by 50% up till 2020, and a greenhouse gas emissions disclosure was published together with the other companies in "the Haga Initiative" climate network. HKScan also engages in local commitments and projects. Several production sites have been able to improve their material efficiency. The Group works to decrease the number of chemicals in use and to substitute them with more environmentally sound alternatives.

HKScan increases its collaboration with its stakeholders to share the meat expertise of the value chain. In order to increase the transparency of the supply chain the Group has developed its supplier evaluation process and traceability.

SHARES AND SHAREHOLDERS

Shares

The HKScan Group's registered and fully paid-up share capital at the beginning and the end of 2013 was EUR 66 820 528.10. The total number of shares issued was 55 026 522, and it was divided into two share series as follows: A Shares, 49 626 522 (90.19% of the total number of shares) and K Shares 5 400 000 (9.81%). The A Shares are quoted on the NASDAQ OMX Helsinki. The K Shares are held by LSO Osuuskunta (4 735 000 shares) and Sveriges Djurbönder ek.för. (665 000 shares) and are not listed.

According to the Articles of Association, each A Share conveys one vote, and each K Share 20 votes. Each share gives equal entitlement to a dividend. The shares have no nominal value.

HKScan's market capitalisation at the end of the year stood at EUR 206.9 million using the closing price of the last trading day of the period. The Series A shares had a market value of EUR 186.6 million, and the unlisted Series K shares EUR 20.3 million correspondingly.

In 2013, a total of 7 670 318 of the company's shares, with a total value of EUR 28 414 082, were traded. The highest price quoted was EUR 4.28 and the lowest EUR 3.29. The average price was EUR 3.70. At the end of 2013, the closing price was EUR 3.76.

HKScan has a market-making agreement with FIM Pankkiiriliike Oy which meets the requirements of NASDAQ OMX's Liquidity Providing (LP) operation.

Shareholders

At the end of 2013, the shareholder register maintained by Euroclear Finland Ltd included 12 159 shareholders. Nominee-registered and foreign shareholders held 20.2 per cent of the company's shares.

Notifications of changes in holdings

HKScan did not receive any notifications of changes in holdings during 2013.

Treasury shares

At the beginning and at the end of the financial year 2013, HKScan held 1 053 734 treasury A Shares. At the end of 2013, they had a market value of EUR 3.96 million and accounted for 1.91% of all shares and 0.67% of all votes.

Share-based incentive scheme

HKScan has a share-based incentive plan for the Group key personnel for years 2013 - 2015. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to develop the value of the company, to commit the key personnel to the company, to increase their share ownership in the company, and to offer them a competitive reward plan based on earning and holding the company's shares. The incentive plan and conditions are described in detail in the stock exchange release dated 20 December 2012.

ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATIONS

The Annual General Meeting of HKScan Corporation, held on 24 April 2013, in Turku, adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the year 2012. The AGM resolved that a dividend of EUR 0.10 per share be paid for 2012.

The AGM resolved to amend the Articles 8 and 9 in the company's Articles of Association so that the Board of Directors may include one to three deputy members when necessary and that the number of Board members can be increased to a maximum of eight actual members.

In addition, concerning Article 12 of the Articles of Association, the AGM resolved to amend the number of auditors, so that the company has at least one and a maximum of two auditors who must be auditors accepted by the Central Chamber of Commerce (CPA) or auditing firms. If only one auditor is appointed for the Company, and it is not an auditing firm approved by the Central Chamber of Commerce, one deputy auditor must be appointed.

The AGM also decided on the annual remuneration of the Board's members, deputy members and the chairs of the committees. In addition, compensation per meeting will be paid for each Board and Board committee meeting attended.

The AGM resolved that the number of actual members of the Board of Directors to be six (6), and that two (2) deputy members will be elected to the Board of Directors.

The previous Board members, Juha Kylämäki, Niels Borup, Teija Andersen, Gunilla Aschan, Tero Hemmilä and Henrik Treschow, were re-elected and Mikko Nikula and Per Nilsson were elected as deputy members. At the organisational meeting after the AGM, the Board re-elected Juha Kylämäki as Chairman and Niels Borup as Vice Chairman.

PricewaterhouseCoopers Oy, an audit firm chartered by the Central Chamber of Commerce, with APA Johan Kronberg as the main auditor, was appointed as the auditor. The remuneration of the auditor will be paid according to the auditor's invoice accepted by the company.

The AGM gave three authorisations to the Board to decide on an issue of shares, option rights as well as other special rights entitling to shares, on acquiring and/or accepting as pledge treasury A Shares and on the transfer of treasury acquired for the company. The authorisations will be effective until 30 June 2014, replacing the authorisations given by the AGM 25 April 2012.

During 2013, the Board did not exercise the authorisations given by the AGM.

The resolutions of the Annual General Meeting have been published in full in the stock exchange release of 24 April 2013, and they are also available on the company's website at www.hkscan.com.

PERSONNEL

In 2013, HKScan, excluding Sokolów in Poland, had an average of 7 698 (7 836) personnel.

During 2013, the average number of personnel decreased in Finland, the Baltics and Denmark due to the efficiency programmes.

The average number of employees in each market area was as follows:

	2013	2012
Finland	2 685	2 794
Baltics	1 685	1 742
Sweden	2 459	2 428
Denmark	869	872
Total	**7 698**	**7 836**

In addition, the Sokolów Group employed an average of 6 458 (6 310) persons during the year.

Division of personnel by market area at year end is as follows:

	31.12.2013	31.12.2012
Finland	2 572	2 592
Baltics	1 732	1 700
Sweden	2 248	2 339
Denmark	838	893
Total	**7 390**	**7 524**

Additionally, the Sokolów Group had 6 813 (6 491) employees at the end of the year.

GROUP MANAGEMENT TEAM

The Management Team of the Group is as follows: Hannu Kottonen, CEO; Aki Laiho, COO responsible for the development of technology and production; Tuomo Valkonen, CFO; Samuli Eskola, EVP responsible for the consumer business in Finland and the Baltics; Göran Holm, EVP responsible for the consumer business in Scandinavia; Jukka Nikkinen, EVP of Away from Home Business; Sari Suono, EVP, HR; Anne Mere, CMO; and Markku Suvanto, EVP Legal and Administration, who also acts as the Group Management Team's secretary.

CHANGES IN THE GROUP STRUCTURE

In order to minimise administration and promote internal process harmonisation, HKScan continued streamlining and clarifying its corporate structure.

In Finland, HK Agri Oy—the HK Ruokatalo Oy's wholly owned subsidiary responsible for meat procurement and producer services—was merged with HK Ruokatalo Oy on 31 December 2013.

In Sweden, Pärsons Sverige AB's business was merged with HKScan Sweden at the beginning of September 2013. In December 2013, HKScan announced to increase its former 30 per cent ownership in Höglandsprodukter AB, in Halmstad, Sweden to 100 per cent.

The Latvian subsidiaries Rīgas Miesnieks and Jelgavas Gaļas Kombināts were merged to form Rīgas Miesnieks as of the beginning of March.

Other changes in the Group structure are described in the events after the reporting period.

CLAIM BY OY PRIMULA AB'S BANKCRUPTY ESTATE

In September 2012, HKScan Corporation and HK Ruokatalo Oy were notified that Oy Primula Ab's bankruptcy estate has submitted an action for damages to the District Court of Finland Proper concerning the companies. The claim amounts to about EUR 16.3 million, plus claims related to interest and legal process costs.

HKScan Corporation and HK Ruokatalo Oy find the action to be unjustified, and the companies have disputed the claim in its entirety in the pending trial. Therefore, the action did not give rise to any provisions in the consolidated financial statements.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The most significant uncertainty factors in the HKScan Group's business are connected—through price increases for feed raw material in particular and other production inputs related to primary production—to price development and the availability of local meat raw material, as well as to the adequacy of increases in the sales prices for the products in relation to cost development.

The risks include various unexpected authority actions, which may cause restrictions for the business. Additionally, the Group's on-going development projects and organisational restructurings can bring uncertainties caused by own actions and unforeseen extra costs.

The risks of animal diseases in the food industry's raw meat supplies or eventual international or regional food scandals impacting on the overall consumption outlook can never be fully excluded.

EVENTS AFTER THE REPORTING PERIOD

As part of its development programme and strategy review in Sweden, HKScan sold its 49 per cent stake in Nyhléns & Hugosons Chark AB to Alviksgården Lantbruks AB on 2 January 2014. The sales price amounted to EUR 2.2 million which was paid in cash. The transaction caused an asset impairment of EUR 2.3 million which is reported as a non-recurring cost in the fourth quarter of 2013.

OUTLOOK FOR 2014

HKScan expects the comparable operating profit (EBIT) margin to be 1 – 2 per cent, and anticipates that the last quarter will be the strongest. In 2013, the corresponding comparable operating profit (EBIT) margin was 0.5 per cent.

The outlook takes into account that the market area Poland (HKScan's 50 per cent share of Sokolów) will be excluded in the consolidated operating profit based on the change of IFRS 11 in the International Financial Reporting Standards as of 1 January 2014.

HKScan expects the overall economic situation to remain tough. However, the market situation in both demand and supply is anticipated to improve from the previous year. Group's development programmes will continue to contribute to better financial performance.

BOARD OF DIRECTORS' PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company's distributable equity stands at EUR 187.0 million including the reserve for invested unrestricted equity, which holds EUR 143.1 million. The Board of Directors recommends that the company pays a dividend of EUR 0.10 per share for 2013, i.e. a total of approximately EUR 5.4 million.

There have been no material changes in the company's financial standing since the end of the year under review. The company maintains good liquidity and the recommended distribution of dividend will not, in the Board's estimation, compromise the company's solvency.

ANNUAL GENERAL MEETING 2014

HKScan Corporation's Annual General Meeting 2014 will be held at 11 am on 10 April 2014 in the Finlandia Hall, Helsinki. To be eligible to attend the Annual General Meeting, shareholders should be registered by 31 March 2014 in HKScan Corporation's shareholder register maintained by Euroclear Finland Ltd. Notice to the meeting and Board proposals to the Annual General Meeting will be published at a later date.

CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2013

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	2013	2012
NET SALES		2 478.6	2 503.1
Other operating income	1.	38,0	57.6
Share of associates' results		0.0	-0.1
Materials and services	1.	-1 792.7	-1 843.9
Employee benefits expenses	1.	-366.5	-380.0
Depreciation and amortisation	1.	-71.6	-85.9
Other operating expenses	1.	-255.2	-207.7
EBIT		30.5	43.1
Financial income		6.5	5.4
Financial expenses		-30.7	-37.1
Share of associates' results		3.4	3.0
PROFIT/LOSS BEFORE TAXES		9.7	14.3
Income tax		0.1	3.4
PROFIT/LOSS FOR THE PERIOD		9.8	17.7
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent		8.7	16.4
Non-controlling interests		1.1	1.3
Total		9.8	17.7

Earnings per share calculated on profit attributable to equity holders of the parent:

EPS, undiluted, continuing operations, EUR/share	0.16	0.30
EPS, diluted, continuing operations, EUR/share	0.16	0,30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	2013	2012
Profit/loss for the period	9.8	17.7
OTHER COMPREHENSIVE INCOME (after taxes):		
Items that may be subsequently reclassified to profit or loss		

Exchange differences on translating foreign operations	-3.4	7.6
Cash flow hedging	2.8	0.2
Revaluation	0.0	0.0
Items that will not be reclassified to profit or loss		
Actuarial gains or losses	1.6	1.2
TOTAL OTHER COMPREHENSIVE INCOME	1.0	8.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10.8	26.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	9.7	25.2
Non-controlling interests	1.1	1.4
Total	10.8	26.7

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	31.12.2013	31.12.2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	2.	74.7	77.7
Goodwill	3.	100.9	101.5
Tangible assets	4.	478.7	504.6
Shares in associates		29.4	34.7
Trade and other receivables		3.5	6.0
Available-for-sale investments		14.1	12.9
Deferred tax asset		29.0	28.9
NON-CURRENT ASSETS		730.3	766.3
CURRENT ASSETS			
Inventories	5.	168.8	176.3
Trade and other receivables		180.8	216.5
Income tax receivable		0.2	0.9
Other financial assets		-	-
Cash and bank		74.9	58.9
CURRENT ASSETS		424.6	452.6
ASSETS		1 154.9	1 218.9
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.	66.8	66.8
Share premium reserve		73.5	73.4
Treasury shares		0.0	0.0

Fair value reserve and other reserves		164.7	155.0
Translation differences		2.0	5.5
Retained earnings		93.1	93.7
Equity attributable to equity holders of the parent		400.0	394.4
Non-controlling interests		9.0	8.6
EQUITY		409.0	403.0
NON-CURRENT LIABILITIES			
Deferred tax liability		27.0	27.6
Non-current interest-bearing liabilities		260.1	312.9
Non-current non-interest bearing liabilities		2.4	2.0
Non-current provisions		0.1	0.1
Pension obligations		9.0	10.4
NON-CURRENT LIABILITIES		298.6	352.9
CURRENT LIABILITIES			
Current interest-bearing liabilities		171.0	186.8
Trade and other payables		273.4	275.0
Income tax liability		2.0	0.5
Current provisions		0.8	0.7
CURRENT LIABILITIES		447.3	463.0
EQUITY AND LIABILITIES		1 154.9	1 218.9

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2013	**66.8**	**73.4**	**-13.7**	**143.5**	**25.2**	**5.4**	**0.0**	**93.7**	**394.4**	**8.6**	**403.0**
Result for the financial period	-	-	-	-	-	-	-	8.7	8.7	1.1	9.8
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-3.4	-	-	-3.4	-	-3.4
Cash flow hedging	-	-	2.8	-	-	-	-	-	2.8	-	2.8
Actuarial gains or losses	-	-	-	-	-	-	-	1.6	1.6	-	1.6
Total compreh. income for the period	**-**	**-**	**2.8**	**-**	**-**	**-3.4**	**-**	**10.3**	**9.7**	**1.1**	**10.8**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Transfers between items	-	-	-	-	5.6	-	-	-5.5	0.1	-0.1	0.0

Dividend distribut.	-	-	-	-	-	-	-	-5.4	-5.4	-0.6	-6.0
Other change	-	0.2	-	-	1.2	-	-	-	1.4	-	1.4
EQUITY AT 31.12.2013	**66.8**	**73.5**	**-10.8**	**143.5**	**32.0**	**2.0**	**0.0**	**93.1**	**400.0**	**9.0**	**409.0**

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2012 previously presented	**66.8**	**73.4**	**-13.9**	**143.5**	**23.5**	**-1.9**	**0.0**	**117.9**	**409.3**	**12.2**	**421.5**
The effect of changes in accounting policies								**-29.2**	**-29.2**		**-29.2**
EQUITY AT 1.1.2012 restated	**66.8**	**73.4**	**-13.9**	**143.5**	**23.5**	**-1.9**	**0.0**	**88.7**	**380.0**	**12.2**	**392.2**
Result for the financial period	-	-	-	-	-	-	-	16.4	16.4	1.3	17.7
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	7.4	-	-	7.4	0.2	7.6
Cash flow hedging	-	-	0.2	-	-	-	-	-	0.2	-	0.2
Revaluat.	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Actuarial gains or losses	-	-	-	-	-	-	-	1.2	1.2	-	1.2
Total compreh. income for the period	**-**	**-**	**0.2**	**-**	**0.0**	**7.4**	**-**	**17.6**	**25.2**	**1.4**	**26.7**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	-1.5	-1.5	-	-1.5
Transfers between items	-	-	-	-	1.7	-	-	-1.7	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-9.3	-9.3	-0.9	-10.2
Other change	-	-	-	-	-	-	-	-	-	-4.2	-4.2
EQUITY AT 31.12.2012	**66.8**	**73.4**	**-13.7**	**143.5**	**25.2**	**5.5**	**0.0**	**93.7**	**394.4**	**8.6**	**403.0**

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity (RIUE), 5. Other reserves, 6. Translation differences, 7. Treasury shares, 8. Retained earnings, 9. Equity holders of the parent, 10. Non-controlling interests, 11. Total

CASH FLOW STATEMENT

(EUR million)	2013	2012
Operating activities		
Cash flow from operating activities	151.3	140.5
Financial items and taxes	-20.1	-33.7
Net cash flow from operating activities	131.2	106.8
Investments		
Gross investments in property, plant and equipment	-57.6	-76.9
Disposals of property, plant and equipment	11.0	1.5
Shares in associates purchased	-1.2	-0.2
Shares in associates sold	1.1	3.9
Loan receivables borrowings and repayments	0.6	-1.4
Net cash flow from investing activities	-46.0	-73.0
Cash flow before financing activities	85.2	33.8
Financing activities		
Current borrowings raised	12.9	25.5
Current borrowings repaid	-195.5	-52.7
Non-current borrowings raised	130.8	125.0
Non-current borrowings repaid	-11.3	-102.7
Dividends paid	-5.9	-9.9
Purchase of own shares	-	-8.0
Net cash flow from financing activities	-69.0	-22.7
Change in cash and cash equivalents	16.2	11.1
Cash and cash equivalents at 1.1.	58.9	48.4
Effect of changes in exchange rates on cash and cash equivalents	-0.3	-0.6
Cash and cash equivalents at 31.12.	74.9	58.9

FINANCIAL INDICATORS

	2013	2012
Net sales, EUR million	2 478.6	2 503.1
Operating profit/loss (EBIT), EUR million	30.5	43.1
- % of net sales	1.2	1.7
Profit/loss before taxes, EUR million	9.7	14.3
- % of net sales	0.4	0.6
Return on equity (ROE), %	2.4	4.3
Return on capital employed (ROCE) before taxes , %	4.4	5.8
Equity ratio, %	35.4	33.1
Gearing ratio %	105.4	124.0
Net gearing ratio, %	87.0	109.2
Gross investments, EUR million	52.9	76.6

- % of net sales	2.1	3.1
R&D expenses, EUR million	11.2	10.5
- % of net sales	0.5	0.4
Average no. of employees	7 698	7 836

PER SHARE DATA

	2013	2012
Earnings per share (EPS), undiluted, EUR	0.16	0.30
Earnings per share (EPS), diluted, EUR	0.16	0.30
Equity per share, EUR	7.41	7.31
Dividend per share, EUR	0.10*	0.10
Dividend payout ratio, undiluted, %	62.1*	33.2
Dividend payout ratio, diluted, %	62.1*	33.2
Effective dividend yield, %	2.7*	2.8
Price/earnings ratio (P/E)		
- undiluted	23.3	12.0
- diluted	23.3	12.0
Lowest trading price, EUR	3.29	3.17
Highest trading price, EUR	4.28	6.40
Middle price, EUR	3.70	4.34
Closing price on year, EUR	3.76	3.63
Market capitalisation, EUR million	206.9	199.7
Shares traded, 1 000	7 670	9 084
- % of average number	14.1	16.7
Adjusted number of outstanding shares in thousands		
- average during the financial year	53 973	54 556
- at end of financial year	53 973	53 973
- fully diluted	53 973	53 973

* Based on the Board of Directors' dividend proposal

CALCULATION OF FINANCIAL INDICATORS

Return on equity (%)	Profit --------------------------------------- Total equity (average)	x 100
Return on capital employed (ROCE) before tax (%)	Profit before tax + interest and other financial expenses --------------------------------------- Balance sheet total – non-interest-bearing liabilities (average)	x 100
Equity ratio (%)	Total equity --------------------------------------- Balance sheet total – advances received	x 100
Gearing ratio (%)	Interest-bearing liabilities ---------------------------------------	x 100

	Total equity	
Net gearing ratio (%)	Net interest-bearing liabilities -------------------------------------- Total equity	x 100
Earnings per share (EPS)	Profit for the period attributable to equity holders of the parent -------------------------------------- Average number of outstanding shares during period	
Equity per share	Equity attributable to holders of the parent -------------------------------------- Number of outstanding shares at end of period	
Dividend per share	Dividend distribution -------------------------------------- Number of outstanding shares at end of period	
Dividend payout ratio (%)	Dividend per share -------------------------------------- Earnings per share	x 100
Effective dividend yield (%)	Dividend per share -------------------------------------- Closing price on the last trading day of the financial year	x 100
P/E ratio	Closing price on the last trading day of the financial year -------------------------------------- Earnings per share	
Market capitalisation	The number of outstanding shares at the end of period x the closing price on the last trading day of the financial year	
Cash flow before debt service	Cash flow before financing activities and financial items	
Employee numbers	Average of workforce figures calculated at the end of calendar months	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

ACCOUNTING POLICIES

HKScan Corporation’s financial statement release for 1 January — 31 December 2013 has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS and IFRS standards and SIC and IFRIC interpretations effective on 31 December 2013.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2012, with the exception of the revised IAS 19 Employee Benefits standard (effective as of 1 January 2013). In addition, the Group has changed the accounting principles for marketing support. The Group’s financial statement 2013 is in line with these changes. The Group financial statement 2012 has been restated accordingly. Due to the rounding of the figures to the nearest million euros, some totals may not agree with their constituent parts.

IASB has published the following new or revised standards and interpretations that the Group has not yet adopted. The Group will adopt these standards as of the effective date of each of the standards, or if the effective date is not the first day of the reporting period, as of the beginning of the next reporting period following the effective date.

- IFRS 9 Funding instruments and changes to it (the date for mandatory application is still open). When complete, the IASB project, originally consisting of three phases, will replace the current standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 covers the classification of financial assets; the measurement depends on the contractual cash flow characteristics and the company's business model. The second phase, issued in October 2010, covers the classification and measurement of financial liabilities and is largely based on the requirements of the current IAS 39. However, IASB is still considering limited amendments to the already issued IFRS 9 guidance on the classification and measurement of financial assets. The other incomplete issues concern impairment and general hedge accounting. IASB has decoupled accounting for macro hedging from IFRS 9 and it will be progressed as a separate project. Due to the incomplete sections, for the time being it is not possible to assess the final effects of the standard on the consolidated financial statements. The standard has not yet been endorsed for application in the EU.

- IFRS 10 Consolidated Financial Statements (applicable in the EU as of 1 January 2014 or subsequent accounting periods). Based on existing principles, the standard defines control as a primary factor when determining whether an entity should be included within the consolidated financial statements. In addition, the standard provides further guidance on how to assess control in difficult cases. The standard will become mandatory in the EU in 2014. The impacts of IFRS 10 are being assessed, and the Group willadopt it in 2014.

- IFRS 11 Joint Arrangements (applicable in the EU as of 1 January 2014 or subsequent accounting periods). The standard focuses on the rights and obligations in the accounting of joint arrangements rather than on their legal form. There are two types of joint arrangement: joint operations and joint ventures. The standard also requires a single method, the equity method, in joint venture reporting and the previous option to apply proportionate consolidation is no longer allowed. The new standard will significantly change reporting of the Group's figures and the segment of Poland. The Group will adopt the standard in 2014.

- IFRS 12 Disclosures of Interests in Other Entities (applicable in the EU as of 1 January 2014 or subsequent accounting periods). The standard includes the disclosure requirements for various interests in other entities, including associates, joint arrangements, special purpose companies and other off-balance sheet companies. The new standard will expand the notes concerning the Group's holdings in other entities. The standard has been endorsed for application in the EU, and the Group will adopt it as of the accounting period that begins on 1 January 2014.

- IAS 27 (revised in 2011) Separate Financial Statements (applicable in the EU as of 1 January 2014 or subsequent accounting periods). The revised standard includes those requirements concerning separate financial statements which remain after the sections concerning control have been incorporated in the new IFRS 10. The revision of the standard is not expected to have a material effect on the Group's financial statements.

- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures (applicable in the EU as of 1 January 2014 or subsequent accounting periods). The revised standard includes requirements for accounting of joint ventures as well as associates with the equity method following the issue of IFRS 11.

– Amendment to IAS 32 Financial Instruments: Presentation (applicable in the EU as of 1 January 2014 or subsequent accounting periods). The amendment clarifies the rules concerning the presentation of financial assets and liabilities as net amounts and provides further application guidance. The amendment will not have a material effect on the Group's financial statements. The revised standard has not yet been endorsed for application in the EU.

- Amendment to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (applicable as of the accounting period that begins on 1 January 2014 or subsequent accounting periods). The amendment will specify the disclosure requirements concerning cash-generating units for which impairment losses have been recognised. The revised standard has not yet been endorsed for application in the EU.

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (applicable as of the accounting period that begins on 1 January 2014 or subsequent accounting periods). The amendment concerns the requirements for the application of hedge accounting in situations where a derivative instrument is transferred to a central counterparty. According to the amendment, the hedge accounting may continue provided that certain conditions in the situations in question are met. The revised standard has not yet been endorsed for application in the EU.

- IFRIC 21 Levies (applicable as of the accounting period that begins on 1 January 2014 or subsequent accounting periods). The interpretation applies to the accounting of a possible obligation arising to the paying party due to public payments. The interpretation will not have an effect on the consolidated financial statements. The interpretation has not yet been endorsed for application in the EU.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q4/2013	Q4/2012	2013	2012
NET SALES				
- Finland	210.1	219.2	804.1	813.8
- Baltics	44.7	45.1	175.1	176.7
- Sweden	255.8	274.5	965.3	1 025.7
- Denmark	52.6	50.9	226.1	211.7
- Poland	94.3	87.7	375.1	343.7
- Between segments	-17.0	-15.0	-67.0	-68.5
Group total	640.6	662.4	2 478.6	2 503.1
EBIT				
- Finland	1.6	7.4	2.8	18.4
- Baltics	2.1	1.5	8.4	8.9
- Sweden	3.5	-0.8	8.1	-5.9
- Denmark	6.4	12.7	4.9	15.4
- Poland	4.3	4.3	18.8	15.8
- Between segments	-	-	-	-
Segments total	17.9	25.1	43.0	52.5
Group administration costs	-2.7	-3.2	-12.5	-9.5
Group total	15.2	21.9	30.5	43.1

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q4/2013	Q4/2012	2013	2012
Restructuring redundancy expenses, Finland 1)	-0.1	-	-2.6	-
Restructuring expenses for production setup, Finland 1)	-	-	-1.0	-

Restructuring redundancy expenses, Sweden 1)	-	-4.0	-	-4.0
Restructuring expenses for closed operations, Sweden 1)	-	-3.4	-	-3.4
Impairment of assets, Sweden 1)	-2.3	-	-2.3	-
Property insurance compensation, Denmark 1)	7.1	13.8	7.1	19.3
Impairment of fixed assets destroyed in the fire, Denmark 2)	-	0.0	-	-5.5
Restructuring expenses for layoffs, Denmark 1)	-0.7	-	-0.7	-
Non-recurring items Total	4.1	6.4	0.5	6.4

[1)] Included in the Income Statement in the item Operating income and expenses

[2)] Included in the Income Statement in the item ”Depreciation and amortisation”

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	2013	2012
Carrying amount at beginning of period	77.7	76.6
Translation differences	-2.0	2.5
Increase	2.1	1.9
Increase (acquisitions)	-	-
Decrease	0.0	-0.2
Depreciation and impairment	-3.5	-4.5
Transfer to other balance sheet item	0.4	1.4
Carrying amount at end of period	74.7	77.7

3. CHANGES IN GOODWILL

(EUR million)	2013	2012
Carrying amount at beginning of period	101.5	101.0
Translation differences	-0.6	1.3
Increase	-	-
Increase (acquisitions)	-	-
Decrease	-	-0.9
Depreciation and impairment	-	-
Transfer to other balance sheet item	0.0	-
Carrying amount at end of period	100.9	101.5

4. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(EUR million)	2013	2012
Carrying amount at beginning of period	504.6	516.5
Translation differences	-3.8	10.8
Increase	51.3	72.7
Increase (acquisitions)	0.2	-
Decrease	-5.8	-11.5
Depreciation and impairment	-67.5	-82.5
Transfer to other balance sheet item	-0.2	-1.4
Carrying amount at end of period	478.7	504.6

5. INVENTORIES

(EUR million)	2013	2012
Materials and supplies	89.4	82.6
Unfinished products	12.3	13.3
Finished products	47.6	55.7
Other inventories	6.6	7.7
Prepayments for inventories	1.1	8.0
Live animals, IFRS 41	11.9	9.0
Total inventories	168.8	176.3

6. NOTES TO EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury	Total
1.1.2013	53 972 788	66.8	72.9	143.5	0.0	283.1
31.12.2013	53 972 788	66.8	72.9	143.5	0.0	283.1

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)	31.12.2013	31.12.2012
Nominal values of derivative instruments		
Foreign exchange derivatives	78.3	67.3
Interest rate derivatives	228.2	275.3
Electricity derivatives	9.3	10.7
Fair values of derivative instruments		
Foreign exchange derivatives	-0.8	-1.1
Interest rate derivatives	-16.6	-24.9
Electricity derivatives	-2.1	-1.3
CONSOLIDATED OTHER CONTINGENT LIABILITIES		
(EUR million)	31.12.2013	31.12.2012
Debts secured by pledges or mortgages		
- loans from financial institutions	299.0	370.3
Given as security		
- real estate mortgages	71.0	74.6
- pledges	0.4	5.2
- floating charges	15.3	16.7
For associates		
- guarantees	7.5	7.5

For others		
- guarantees and pledges	15.7	12.9
Other contingencies		
Leasing commitments	21.4	21.8
Rent liabilities	52.1	58.0
Other commitments	6.6	7.8

The parent company has pledged the shares of its subsidiaries, HK Ruokatalo Oy and Scan AB, as security for its loans.

THE FAIR VALUE DETERMINATION PRINCIPLES APPLIED BY THE GROUP ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Derivatives

The fair values of currency derivatives are determined by using the market prices for contracts of equal duration at the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rates at the reporting date. The fair value of commodity derivatives are determined by using publicly quoted market prices.

	31.12.2013	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets recognised at fair value				
through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	0.0	0.0	0.0	0.0
- Foreign exchange derivatives	0.2	0.0	0.2	0.0
- Commodity derivatives	-	-	-	-
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	0.2	0.0	0.2	0.0
Liabilities measured at fair value				
Financial liabilities recognised at fair value				
through profit or loss				
-Trading derivatives				
- Interest rate swaps	-16.6	0.0	-16.6	0.0
of which subject to cash flow hedging	-12.3	0.0	-12.3	0.0
- Foreign exchange derivatives	-1.0	0.0	-1.0	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-2.1	0.0	-2.1	0.0
of which subject to cash flow hedging	-2.1	0.0	-2.1	0.0
Total	-19.7	0.0	-19.7	0.0
	31.12.2012	**Level 1**	**Level 2**	**Level 3**

Assets measured at fair value				
Financial assets recognised at fair value				
through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	0.1	0.0	0.1	0.0
- Foreign exchange derivatives	0.1	0.0	0.1	0.0
- Commodity derivatives	0.0	0.0	0.0	0.0
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	0.2	0.0	0.2	0.0
Liabilities measured at fair value				
Financial liabilities recognised at fair value				
through profit or loss				
-Trading derivatives				
- Interest rate swaps	-25.0	0.0	-25.0	0.0
of which subject to cash flow hedging	-19.0	0.0	-19.0	0.0
- Foreign exchange derivatives	-1.2	0.0	-1.2	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-1.3	0.0	-1.3	0.0
of which subject to cash flow hedging	-1.3	0.0	-1.3	0.0
Total	-27.5	0.0	-27.5	0.0

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	2013	2012
Sales to associates	106.5	99.9
Purchases from associates	45.5	54.9
Trade and other receivables	4.0	3.2
Trade and other payables	4.3	3.5

RESTATED KEY FIGURES 2013

IFRS 11 (Joint Arrangements) requires a single method, the equity method, in joint venture reporting and the previous option to apply proportionate consolidation is no longer allowed. The Group will adopt the standard in 2014.

(EUR million)	2013 reported	2013 restated
Net sales	2 478.6	2 113.3
EBIT	30,5	11.7
- % of net sales	1.2	0.6
Profit before taxes	9.7	6.7
- % of net sales	0.4	0.3
Profit for the period	9.8	9.8
- % of net sales	0.4	0.5
*) EBIT, excluding non-recurring income and expenses	30.0	11.2

- % of net sales	1.2	0.5
EPS, EUR	0.16	0.16
Cash flow before debt service	103.4	86.8
Cash Flow Before Financing Activities	84.6	74.6
Return on capital employed before taxes (ROCE), %	4.4	4.0
Net debt	355,7	335.3
Gearing %	105.4	98.9
Net Gearing %	87.0	82.0

NEXT FINANCIAL REPORT

HKScan Group's interim report January – March 2014 will be published on 7 May 2014.

Vantaa, 12 February 2014

HKScan Corporation
Board of Directors

Further information is available from HKScan Corporation's President and CEO Hannu Kottonen and CFO Tuomo Valkonen. Please leave any messages for them to call with Communications Manager Elina Hollo, tel. +358 40 570 4030 or +358 10 570 2133.

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