HKScan Group's interim report for 1 January-30 June 2014:
Strong balance sheet – business result remained weak

* Net sales were EUR 967.1 (1 038.4) million for January-June, and EUR 501.7 (531.3) million in the second quarter.

* Reported EBIT for January –June was EUR 41.1 (-6.1) million. EBIT excluding non-recurring income and expenses was EUR -8.2 (-3.0) million. The corresponding EBIT margin was -0.9 (-0.3) per cent.

* For the second quarter, reported EBIT was EUR 58.5 (0.4) million. EBIT excluding non-recurring income and expenses was EUR -1.1 (0.4) million. The corresponding EBIT margin was -0.2 (0.1) per cent.

* Cash flow before debt service was EUR 157.2 (-5.6) million in January-June, and EUR 180.9 (21.5) million in the second quarter.

* Profit before taxes was EUR 41.1 (-6.4) million in January-June, and EUR 57.4 (0.3) million in the second quarter.

* EPS was EUR 0.86 (-0.07) in January-June, and EUR 1.10 (0.01) in the second quarter.

* Net financial expenses were EUR -9.6 (-10.8) million in January-June, and EUR -5.2 (-5.2) million in the second quarter.

* Net debt was EUR 185.0 (423.7) million, and net gearing 41.8 (108.8) per cent.

* The sale of shares in Saturn Nordic Holding AB, owner of 100% of the shares in Sokolów S.A., was completed on June 10. The transaction generated operating income amounting to EUR 77.6 million in capital gain, cash flow of EUR 8.3 million as dividends and EUR 178.7 million as sales price after the transaction costs

* Outlook for 2014 (revised June 16): HKScan expects its comparable operating profit (EBIT) margin to be 0.5–1.0 per cent. The last quarter is anticipated to be the strongest. In 2013, the corresponding comparable operating profit (EBIT) margin was 0.5 per cent.

Hannu Kottonen, HKScan's CEO, comments on the second quarter 2014:

"In the second quarter we continued to face even stronger headwind than in the first quarter of the year. The weak market situation, particularly in the retail sector, has led to tough sales price competition and a further decline in sales volumes in all market areas. The impact of low market demand has been further exacerbated by pork export limitations to Russia.

As a result, net sales and EBIT performance again remained below expectations in the second quarter, with both net sales and comparable EBIT decreasing from the previous year. The best-performing market area was the Baltics. Despite the difficult market circumstances good headway was made with inventory management.

One of the quarter's most significant achievements was the sale of the stake in the Sokolów joint venture. The divestment generated substantial capital gain and a good financial result for the reported period. As the deal enabled HKScan to pay off its syndicated term loans, the Group's capital structure is now in strong shape for future business development.

Despite the tough business environment, the production restructuring project in Sweden and the whole profit development programme for 2014 proceeded as planned. Good progress is also being made in Group-wide brand strategy development as well as in technology and operations footprint enhancement. The strategic review completed in June highlighted the need to fine-tune the strategic must-win battles and to increase our focus on profitable growth in the coming years."

KEY FIGURES, Q2

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales	501.7	531.3	967.1	1 038.4	2 113.2
EBIT	58.5	0.4	41.1	-6.1	11.7
- % of net sales	11.7	0.1	4.2	-0.6	0.6
Profit / loss before taxes	57.4	0.3	41.1	-6.4	6.7
- % of net sales	11.4	0.1	4.2	-0.6	0.3
Profit / loss for the period	59.3	0.4	46.4	-3.7	9.8
- % of net sales	11.8	0.1	4.8	-0.4	0.5
EBIT, excluding non-recurring income and expenses	-1.1	0.4	-8.2	-3.0	11.2
- % of net sales	-0.2	0.1	-0.9	-0.3	0.5
EPS, EUR	1.10	0.01	0.86	-0.07	0.16
Cash flow before debt service (mEUR)	180.9	21.5	157.2	-5.6	86.8
Cash Flow Before Financing Activities (mEUR)	182.2	24.4	153.8	-7.4	74.7
Return on capital employed (ROCE) before taxes, %			11.0		4.0
Net debt (mEUR)			185.0	423.7	335.3
Gearing %			45.1	116.8	98.9
Net Gearing %			41.8	108.8	82.0

JANUARY – JUNE 2014

Net sales for the reported period were down on the corresponding period the previous year. EBIT also saw a year-on-year decline. The Baltics were the only market area generating positive EBIT. Sweden improved modestly on last year, but the converse applied to Finland and Denmark. Considering the circumstances, pleasing progress was made in inventory management, with stocks clearly lower than the previous year. The Group’s overall financial position was clearly stronger at the end of the reported period thanks to the divestment of its stake in the Sokolów joint venture. Net financial expenses were down despite of one-time financial restructuring costs related to the repayment of the syndicated term loans.

Demand in both consumer and away from home markets remained low. HKScan won some market share with branded products, but in general private-label products continued to increase their market share. Both value and volume growth was modest, with both domestic and export markets being affected by pork oversupply. The continuing Russian ban on pork imports from the EU countries increased the surplus in the pork meat balance globally. Pork meat inventories remained high throughout Europe, and global market prices remained dissatisfactory. Animal purchasing prices continued to decrease, but this failed to offset the deficit in sales prices. The Group’s Away from Home business saw positive development in the food service sector, but the export business continued to face challenges.

HKScan finalized the sale of its shares (50%) in Saturn Nordic Holding AB on 10 June. The sales price for the shares was EUR 180 million and the payment was received in cash. On 28 April 2014 Saturn Nordic Holding AB paid out a dividend of EUR 8.3 million for 2013, corresponding to PLN 35 million. HKScan recorded a capital gain of EUR 77.6 million for the sale in the reported period. The divestment decreased the Group’s net gearing by 56.5% points.

A EUR 17.2 million asset impairment was made in the second quarter concerning certain assets in Finland and Denmark to match their book value with estimated future profit. This asset impairment was reported as non-recurring expenses. The Group profit before taxes in the second quarter also included one-time profit deriving from a transaction in which HKScan’s associate Lihateollisuuden Tutkimuskeskus LTK Osuuskunta sold its subsidiary MP-Maustepalvelu Oy on June 25. A capital gain of EUR 3.6 million from the sale of the shares was reported in the income statement for associates.

The strategic review completed in June highlighted the need to fine-tune the strategic must-win battles and to place a sharper focus on profitable growth in the coming years. Harmonisation, simplification and streamlining of the structure and internal processes of the Group will also continue in 2015.

The development programme for 2014 is proceeding as planned, targeting an annual profit improvement in excess of EUR 20 million and a reduction of over EUR 50 million in net debt by 2015.

In May Group marketing was strengthened with the Group new product and packaging development and product category management becoming part of Group Marketing function. Group marketing was also renamed as Strategic Marketing and Innovation. The aim of this function is to drive profitable growth of the Group by creating a competitive advantage and increasing brand value. One of the top priorities for this function is to build the common Group-level product brand Flodins™, which will be visible on all home markets as well as in intercompany business and exports.

HKScan deepened its corporate responsibility work through a stakeholder dialogue conducted in seven countries. Based on the results, HKScan confirmed the priorities of the HKScan corporate responsibility programme, placing a focus on economic, environmental and social responsibility as well as animal welfare. The Group additionally wants to ensure the transparency and sustainability of its supply chain as well as efficient stakeholder cooperation and communication.

The Group identity renewal project continued with the harmonization of the legal entity naming structure in the Baltics. This action marked the completion of the Group's legal entity naming harmonization process.

MARKET AREA: FINLAND

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales	199.5	199.4	378.7	393.5	804.1
EBIT	-12.7	0.6	-14.1	-0.6	3.2
- EBIT margin, %	-6.4	0.3	-3.7	-0.2	0.4
EBIT excluding non-recurring expenses	-0.7	0.6	-2.2	2.6	6.9
- EBIT margin, %	-0.4	0.3	-0.6	0.7	0.9

In Finland, net sales were EUR 378.7 (393.5) million in January-June and EUR 199.5 (199.4) million in the second quarter. EBIT excluding non-recurring expenses were EUR -2.2 (2.6) in January-June and EUR -0.7 (0.6) million in the second quarter. EUR 12.0 million in asset impairments were recorded as non-recurring expenses.

The total market volume for Finland continued to decrease during the second quarter. Consumers' purchasing power and willingness to spend were down, which kept sales volume low, especially in the retail business. Russia's ban on EU pork imports increased oversupply in the domestic market. Oversupply, economic uncertainty and fluctuating consumption affected sales prices in both domestic and especially export markets.

Despite low levels of demand, sales remained on last year's level and frozen stocks were managed well, remaining clearly below the previous year. Branded products won market share, but profit did not improve due to the declining market and decreasing prices. Working capital items other than inventories did not improve cash flow, which remained on the previous year's level.

Both animal purchasing prices and purchasing volumes decreased. Animal sourcing prices were below the prior year's level, but above those of 2012. Costs were up due to ongoing challenges with poultry supply and quality. HKScan plans to tackle quality and cost issues by adjusting its chicken breed next year in line with Group harmonization efforts. After the change, all HKScan market areas will conform to a uniform chicken breed.

New HK Rapeseed pork™, HK Kabanossi® and Kariniemen® chicken products were launched in April for the barbeque season and the Kariniemen® webpages were renewed. "Chosen by Farmers" high quality imported meats were launched in Finland for the consumer and away from home markets. At the end of May, "LIHA" ("Meat") – a book about HKScan's meat value chain – was chosen as the world's best cookbook in its category in the annual Gourmand World Cookbook Awards competition.

MARKET AREA: BALTICS

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales	41.2	43.8	82.0	85.6	175.1
EBIT	1.8	1.1	2.0	1.7	7.7
- EBIT margin, %	4.5	2.5	2.4	2.0	4.4

In the Baltics, net sales were EUR 82.0 (85.6) million in January-June and EUR 41.2 (43.8) million in the second quarter. EBIT was EUR 2.0 (1.7) million in January-June and EUR 1.8 (1.1) million in the second quarter.

The overall market remained on the previous year's level. The Baltic market is suffering the most from Russia's ban on EU pork imports. Due to pork oversupply, pork sales prices were below the expected level, but margins increased slightly thanks for favourable cost development. Positive margin performance in the poultry segment continued to support overall profitability. HKScan maintained its position on the domestic market, but encountered continuing difficulties in exports.

Costs in primary production were kept well under control and animal raw material costs decreased. The frozen stock level was managed well, remaining clearly lower than a year before. Net working capital was below the corresponding period last year, but due to decreased trade payables and higher investments, cash flow was weaker.

As announced in March, HKScan continued to clarify and streamline its legal structure by merging its two Estonian subsidiaries, AS Rakvere Lihakombinaat and AS Tallegg. AS HKScan Estonia was formed on 2 June 2014 as part of the legal entity renaming process. Company names were also harmonized in Latvia and Lithuania at the end of May 2014.

With the important barbeque season in full swing, HKScan gave a strong boost to its main brands in Estonia and Latvia. An especially close eye was kept on the success of its new Rakvere, Tallegg and Rigas Miesnieks snack products, Rakvere's minced meat cheese-pockets and Rakvere's cold-smoked bacon. New flavour varieties and packaging in the marinated meat offering have contributed to higher sales in this category.

MARKET AREA: SWEDEN

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales	232.7	242.1	443.1	471.3	966.5
EBIT	0.6	2.2	-11.4	-0.6	8.0
- EBIT margin, %	0.3	0.9	-2.6	-0.1	0.8
EBIT excluding non-recurring expenses	1.5	2.2	-0.3	-0.6	10.2
- EBIT margin, %	0.6	0.9	-0.1	-0.1	1.1

In Sweden, net sales were EUR 443.1 (471.3) million in January-June, and EUR 232.7(242.1) million in the second quarter. EBIT excluding non-recurring expenses was EUR -0.3 (-0.6) million in January-June and EUR 1.5 (2.2) million in the second quarter.

Russia's ban on EU pork imports increased the volume of imported meat also in Sweden. Private label products, especially in cold cuts and processed products, kept gaining market share. HKScan nevertheless gained market share with its branded products in certain processed meat products and convenience food categories. Sales price pressure was strongest in red meat and cold cuts. Sales of Svensk Rapsgris® and the launch of fresh chicken progressed as planned.

Frozen stock levels were clearly below the prior year, but other working capital items had a negative impact on cash flow, which was nevertheless slightly higher than in the previous year. Animal purchasing prices decreased for pork but remained unchanged for beef. Pork sourcing volumes were lower than in the prior year in line with the volume and value rebalancing plan and beef volumes also took a downturn in the second quarter. Production efficiency continued to improve. The production restructuring project is proceeding as planned, with full implementation scheduled to begin by 2015, targeting an annualized profit improvement in excess of EUR 7 million.

In June, HKScan and Sweden's Lantmännen signed a letter of intent (LOI) for initiating a strategic partnership offering innovative feed solutions and advisory services to Swedish pig producers. HKScan will work together with its stakeholders to sustainably improve the competitiveness and profitability of Swedish livestock farms, with the ultimate goal of ensuring that Swedish primary production maintains a secure, long-term foothold on the European meat market.

As a part of HKScan Group's harmonization process, Höglandsprodukter AB and the sales of Annerstedt Flodin AB have been integrated into HKScan Sweden during the second quarter.

The Group has renewed its Swedish producer contracts for more simplified, harmonized and market-driven pig purchase pricing practices and to better match pig slaughtering volumes with demand. The project is proceeding as planned. The renewed producer co-operation and producer services model will further enhance productivity in primary production in Sweden.

MARKET AREA: DENMARK

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales	52.6	60.2	106.6	116.4	225.3
EBIT	-6.0	-0.5	-6.7	-0.8	3.6
- EBIT margin, %	-11.4	-0.8	-6.3	-0.7	1.6
EBIT excluding non-recurring income and expenses	-0.8	-0.5	-1.5	-0.8	-2.8
- EBIT margin, %	-1.6	-0.8	-1.4	-0.7	-1.2

In Denmark, net sales in January-June amounted to EUR 106.6 (116.4) million and EUR 52.6 (60.2) million in April - June. EBIT excluding non-recurring expenses was EUR -1.5 (-0.8) million in January–June and EUR -0.8 (-0.5) million in the second quarter. A EUR 5.2 million asset impairment was recorded as non-recurring expenses.

Poultry purchasing prices and volumes decreased from the previous year, but sales price pressure remained tough. Combined with the impact of lower volume, the result remained in the red. Actions to decrease frozen stock continued, which also decreased margins in the second quarter. Fresh chicken products generated satisfactory margins, albeit at low volumes, whereas frozen products continued to face severe sales price competition, resulting in low margins.

Turnaround efforts are in progress in Denmark, but no major results have yet been achieved given the challenging competitive situation in the second quarter. However, sales price increases and production efficiency improvement actions are in the pipeline for the short term.

INVESTMENTS

The Group's investments in the second quarter totalled EUR 9.8 (7.4) million. The market area breakdown is as follows:

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Finland	3.7	3.4	6.5	4.5	15.2
Baltics	2.4	2.1	7.5	6.1	8.7
Sweden	0.9	1.3	2.0	1.9	6.1
Denmark[1)]	2.9	0.7	5.3	1.0	12.1
Total	**9.8**	**7.4**	**21.2**	**13.4**	**42.2**

[1)] 2013 investments include the rebuild of the Vinderup plant.

A substantial amount of planned and executed investments focused on improving operational efficiency, which has been identified as a strategic focus area. In Finland the main investments were process- and facility related, including the renewal of the freezing system in Outokumpu. In Sweden certain process investments were made in Linköping. In the Baltics, facility updates and renewal of the freezing system was carried out in Rakvere. In Denmark the main investment was the launch of a fresh chicken packaging line in Vinderup.

FINANCING AND TAXES

The Group's interest-bearing debt at the end of June stood at EUR 199.8 (455.1) million. Net debt decreased to EUR 185.0 (423.7) million, mostly due to the closing of Sokolów divestment, after which, HKScan repaid all syndicated term loans amounting to approx. EUR 190 million. In addition, shares in HKScan Finland and HKScan Sweden pledged as security for the loans were released.

The Group's liquidity has been good. Undrawn committed credit facilities at 30 June 2014 stood at EUR 161.5 (175.0) million. In addition, the Group had other uncommitted overdraft and other facilities of EUR 22.4 (22.7) million. The EUR 200.0 million commercial paper programme had been drawn to the amount of EUR 126.5 (134.0) million. In the second quarter, a total amount of EUR 5.4 million was paid as dividend for 2013.

Net financial expenses were EUR -5.2 (-5.2) million in the second quarter and EUR -9.6 (-10.8) million in January-June. Costs in the second quarter include one-time financial restructuring expenses of EUR 1.1 million.

Group income taxes were EUR 1.9 (0.1) million in the second quarter, and EUR 5.3 (2.7) million positive in January-June.

SHARES

At the end of March, HKScan Group's share capital stood at EUR 66 820 528. The Group's total number of shares issued, 55 026 522, 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. The company held 1 053 734 A Shares as treasury shares corresponding to 1.9 per cent of the company's total number of shares and 0.7 per cent of the total number of votes.

HKScan's market capitalization at the end of June stood at EUR 217.9 (187.8) million, breaking down as follows: Series A shares had a market value of EUR 196.5 (169.0) million, and the unlisted Series K shares a calculational market value of EUR 21.4 (18.8) million.

In January-June, a total of 7 896 690 (3 157 677) of the company's shares with a total value of EUR 31 214 934 (12 367 456) were traded. The highest price quoted in the period under review was EUR 4.49 (4.28), and the lowest was EUR 3.47 (3.46). The average price was EUR 3.94 (3.91). At the end of June, the closing price was EUR 3.96 (3.48).

LIQUIDITY PROVIDING AGREEMENT

On 30 June 2014, HKScan Corporation terminated the Liquidity Providing (LP) agreement between HKScan and FIM Securities Ltd. The agreement met the requirements set for liquidity providing at NASDAQ OMX Helsinki Ltd. The company estimates that the liquidity of the stock is sufficient and an external liquidity provider is no longer needed. The liquidity providing agreement terminated on 31 July 2014.

ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS' AUTHORISATIONS

The Annual General Meeting of HKScan Corporation was held on 10 April 2014 in Helsinki. The resolutions of the AGM, including authorisations given to the Board, are reported in full in a stock release the same day. The Board has not exercised the authorisations given by the AGM.

The AGM re-elected the current Board members, Juha Kylämäki, Niels Borup, Teija Andersen, Gunilla Aschan, Tero Hemmilä and Henrik Treschow for a further term of office. Mikko Nikula and Per Nilsson were re-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.

PERSONNEL

During the first half of the year, HKScan had an average of 7 726 (7 720) personnel. The increased average headcount in Finland was due to temporary production arrangements, therefore only concerning temporary employees. In the Baltics, the headcount increased due to higher production volumes. The headcount continued to decrease in Sweden and Denmark. The end of June headcount varies due to summer employees temporarily substituting for permanent personnel.

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

	Q1-Q2/2014	Q1-Q2/2013	2013
Finland	2 786	2 720	2 685
Baltics	1 767	1 749	1 761
Sweden	2 332	2 365	2 459
Denmark	841	886	869
Total	**7 726**	**7 720**	**7 774**

The breakdown of personnel by market area at the end of June was as follows:

	30.6.2014	30.6.2013	31.12.2013
Finland	3 225	3 107	2 572
Baltics	1 791	1 783	1 760
Sweden	2 681	2 464	2 248
Denmark	961	872	838

Total	**8 658**	**8 226**	**7 418**

CLAIM BY OY PRIMULA AB'S BANKCRUPTCY ESTATE

As announced in a stock exchange release published on 7 September 2012, HKScan Corporation and HK Ruokatalo Oy (now HKScan Finland 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 costs.

HKScan and HKScan Finland see the action as 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.

NOTIFICATIONS OF CHANGES IN HOLDINGS

On 1 April 2014, HKScan Corporation received a disclosure conforming to the Finnish Securities Markets Act concerning change in ownership. Varma Mutual Pension Insurance Company submitted notification that as a result of a share sale and purchase concluded on 1 April 2014, its holding in HKScan had fallen below 5 per cent of all shares in the company. Subsequent to the transaction, the number of A Shares owned by Varma is 2 242 806 accounting for 4.08% of shares and 1.42% of voting rights.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The most significant uncertainty factors in the HKScan Group's business are related to price trends 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 actions potentially taken by the authorities which may cause restrictions on the business. Additionally, the Group's ongoing development projects and organisational restructuring may create uncertainties caused by the Group's own actions and unforeseen extra costs.

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

EVENTS AFTER THE REPORTING PERIOD

HKScan announced on 6 August 2014 plans to continue harmonizing its organisation and consolidating its structure in order to improve profitability in Finland. With the planned restructuring HKScan aims to reduce costs, improve operational efficiency and ensure a business-driven way of working. The targeted annual profit improvement is approximately four million euros.

Statutory employee negotiations will start on 11 August 2014 and will impact the majority of HKScan Group's white-collar employees in Finland, amounting to a total of approximately 400 employees. The anticipated headcount reduction is estimated to concern no more than 75 white-collar employees.

The restructuring process is scheduled to be completed by the end 2014.

OUTLOOK FOR 2014

HKScan adjusted its full-year outlook on 16 June 2014. HKScan expects its full-year operating profit (EBIT) margin excluding non-recurring items to be 0.5-1.0 per cent. Performance in the last quarter is anticipated to be the strongest. The corresponding figure for the full year 2013 was 0.5 per cent.

The full-year reported operating profit including non-recurring items is estimated to be significantly higher as a result of the sale of HKScan's shares in Saturn Nordic Holding AB.

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CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Net sales		501.7	531.3	967.1	1 038.4	2 113.2
Cost of goods sold	1.	-493.9	-506.0	-951.0	-995.6	-2 014.8
Gross Profit		7.8	25.3	16.2	42.8	98.4
Other operating items total	1.	83.1	5.4	89.6	13.2	33.4
Sales and marketing costs	1.	-17.5	-15.1	-32.3	-30.1	-58.1
General administration costs	1.	-14.9	-15.3	-32.4	-31.9	-62.0
Operating Profit		58.5	0.4	41.1	-6.1	11.7
Financial income and expenses		-5.2	-5.2	-9.6	-10.8	-23.6
Share of profit/loss in associates		4.0	5.1	9.7	10.5	18.6
Profit/loss before taxes		57.4	0.3	41.1	-6.4	6.7
Income tax		1.9	0.1	5.3	2.7	3.1
Profit/loss for the period		59.3	0.4	46.4	-3.7	9.8
Non-controlling interests		-0.1	0.1	0.2	0.1	-1.1
Profit/loss for the period		59.2	0.6	46.6	-3.6	8.7

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

EPS, undiluted, continuing operations, EUR/share	1.10	0.01	0.86	-0.07	0.16
EPS, diluted, continuing operations, EUR/share	1.10	0.01	0.86	-0.07	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Profit/loss for the period	59.3	0.4	46.4	-3.7	9.8
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on translating foreign operations	-3.9	-6.7	-5.3	-7.3	-3.4
Cash flow hedging	-0.1	1.6	-1.2	2.8	2.8
Revaluation	-	-	-	-	-
Actuarial gains or losses	-	-	-	-	1.6
TOTAL OTHER COMPREHENSIVE INCOME	-4.1	-5.2	-6.5	-4.4	1.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	55.2	-4.8	39.9	-8.2	10.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	55.1	-4.6	40.1	-8.1	9.7
Non-controlling interests	0.1	-0.2	-0.2	-0.1	1.1
Total	55.2	-4.8	39.9	-8.2	10.8

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	30.6.2014	30.6.2013	31.12.2013
ASSETS				
Intangible assets	2.	147.3	152.8	152.1
Tangible assets	3.	381.9	418.2	411.5
Holdings		40.9	142.4	149.9
Other non-current assets		34.9	34.5	30.6
TOTAL NON-CURRENT ASSETS		604.9	747.7	744.1
Inventories	4.	140.8	170.0	152.5
Current receivables		142.3	171.6	137.0
Cash and cash equivalents		13.1	30.9	68.7
TOTAL CURRENT ASSETS		296.3	372.4	358.1
Assets of disposal group classified as held for sale		-	-	-
TOTAL ASSETS		901.2	1 120.2	1 102.2
EQUITY AND LIABILITIES				
EQUITY	5.	442.9	389.6	409.0
Non-current loans, interest-bearing		62.2	135.1	245.1
Non-current liabilities, non interest-bearing		32.9	35.8	36.5
TOTAL NON-CURRENT LIABILITIES		95.1	170.8	281.6
Current loans, interest-bearing		137.5	320.0	159.3
Current liabilities, non interest-bearing		225.7	239.7	252.3
TOTAL CURRENT LIABILITIES		363.2	559.7	411.6
TOTAL EQUITY AND LIABILITIES		901.2	1 120.2	1 102.2

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2014	**66.8**	**73.5**	**-10.8**	**143.5**	**32.0**	**2.0**	**0.0**	**93.0**	**400.0**	**9.0**	**409.0**
Result for the financial period	-	-	-	-	-	-	-	46.6	46.6	-0.2	46.4
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-5.3	-	-	-5.3	-	-5.3
Cash flow hedging	-	-	-1.2	-	-	-	-	-	-1.2	-	-1.2
Actuarial gains or losses	-	-	-	-	-	-	-			-	0.0
Total compreh. income for the period	**-**	**-**	**-1.2**	**-**	**-**	**-5.3**	**-**	**46.6**	**40.1**	**-0.2**	**39.9**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	0.1	0.1	-	0.1

Transfers between items	-	-0.6	-	-	-21.9	-	-	22.5	0.0		0.0
Dividend distribut.	-	-	-	-	-	-	-	-5.4	-5.4	-0.7	-6.1
EQUITY AT 30.6.2014	**66.8**	**72.9**	**-12.0**	**143.5**	**10.1**	**-3.3**	**0.0**	**156.8**	**434.8**	**8.1**	**442.9**

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2013	**66.8**	**73.3**	**-13.7**	**143.5**	**26.4**	**5.4**	**0.0**	**93.7**	**395.4**	**8.6**	**404.0**
Result for the financial period	-	-	-	-	-	-	-	-3.6	-3.6	-0.1	-3.7
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-7.3	-	-	-7.3	-	-7.3
Cash flow hedging	-	-	2.8	-	-	-	-	-	2.8	-	2.8
Actuarial gains or losses	-	-	-	-	-	-	-			-	
Total compreh. income for the period	-	-	**2.8**	-	-	**-7.3**	-	**-3.6**	**-8.1**	**-0.1**	**-8.2**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Transfers between items	-	-	-	-	5.3	-	-	-5.3	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-5.4	-5.4	-0.6	-6.0
EQUITY AT 30.6.2013	**66.8**	**73.3**	**-10.8**	**143.5**	**31.7**	**-1.9**	**0.0**	**79.2**	**381.7**	**7.9**	**389.6**

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)	Q1-Q2/2014	Q1-Q2/2013	2013
Cash flow before change in net working capital	7.0	25.2	76.4
Change in net working capital	-10.2	-18.4	46.2
Financial items and taxes	-4.0	-1.6	-11.8
CASH FLOW FROM OPERATING ACTIVITIES	-7.2	5.2	110.8
Cash flow from investing activities	160.0	-12.2	-35.6
CASH FLOW AFTER INVESTING ACTIVITIES	152.8	-7.0	75.3
Change in loans	-202.1	-10.3	-55.9
Dividends paid	-6.1	-6.0	-5.9
CASH FLOW FROM FINANCING ACTIVITIES	-208.2	-16.3	-61.8
NET CASH FLOW	-55.4	-23.3	13.5
Cash and cash equivalents at beginning of period	68.7	55.6	55.6
Translation differences	-0.2	-1.5	-0.4
Cash and cash equivalents at end of period	13.1	30.9	68.7

FINANCIAL INDICATORS

	30.6.2014	30.6.2013	31.12.2013
Earnings per share (EPS), undiluted, EUR	0.86	-0.07	0.16
Earnings per share (EPS), diluted, EUR	0.86	-0.07	0.16
Equity per share, EUR	8.1	7.1	7.4
Equity ratio, %	49.1	34.8	37.1
Adjusted average number of shares, mill.	54.0	54.0	54.0
Gross capital expenditure on PPE, EUR mill.	21.2	13.4	42.2
Employees, end of month average	7 726	7 720	7 774

NOTES TO THE CONSOLIDATED INTERIM REPORT

ACCOUNTING POLICIES

HKScan Corporation’s interim report for 1 January – 30 June 2014 has been prepared in compliance with IAS 34 Interim Financial Reporting standards. The same accounting principles have been applied in the interim report as in the annual financial statements for 2013, with the exception of the new IFRS 10 (Consolidated Financial Statements) and IFRS 11 (Joint arrangements) standards (effective as of 1 January 2014). In addition, costs incurred by centralized Group services such as Group Technology and Operations Development are to be invoiced individually by Market Areas as of January 1, 2014. The Group’s financial reporting in 2014 will be in line with these changes. The quarterly Group and market area information for 2013 has been restated accordingly. Due to the rounding of the figures to the nearest million euros in the interim report, some totals may not agree with the sum of their constituent parts. Accounting principles are explained in the financial statements for 2013.

The interim report is unaudited.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
NET SALES					
- Finland	199.5	199.4	378.7	393.5	804.1
- Baltics	41.2	43.8	82.0	85.6	175.1
- Sweden	232.7	242.1	443.1	471.3	966.5
- Denmark	52.6	60.2	106.6	116.4	225.3
- Between segments	-24.3	-14.2	-43.2	-28.5	-57.7
Group total	501.7	531.3	967.1	1 038.4	2 113.2
EBIT					
- Finland	-12.7	0.6	-14.1	-0.6	3.2
- Baltics	1.8	1.1	2.0	1.7	7.7
- Sweden	0.6	2.2	-11.4	-0.6	8.0
- Denmark	-6.0	-0.5	-6.7	-0.8	3.6
- Between segments					
Segments total	-16.2	3.5	-30.3	-0.3	22.5
Group administration costs	74.8	-3.0	71.3	-5.8	-10.7
Group total	58.5	0.4	41.1	-6.1	11.7

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q2/2014	Q2/2013	Q1-Q2/2014	Q1-Q2/2013	2013
Restructuring redundancy expenses COGS, Finland [1)]	-	-	-	-1,4	-1,5
Restructuring redundancy expenses SGA, Finland [2)]	-	-	-	-0,7	-1,1
Restructuring expenses for production setup, Finland [1)]	-	-	-	-1,0	-1,0
Impairment of assets, Finland [1)]	-12,0	-	-12,0	-	-
Restructuring expenses for closed operations, Sweden [1)]	-	-	-3,7	-	-
Impairment of assets, Sweden [1)]	-	-	-6,6	-	-
Impairment of assets, Sweden [3)]	-	-	-	-	-2,3
Impairment of inventory 2011-2012, Sweden [1)]	-0,8	-	-0,8	-	-
Property insurance compensation, Denmark [3)]	-	-	-	-	7,1
Impairment of assets, Denmark [1)]	-5,2	-	-5,2	-	-
Restructuring redundancy expenses SGA, Denmark [2)]	-	-	-	-	-0,7
Capital gain in sales of shares of Saturn Nordic Holding Ab [3)]	77,6	-	77,6	-	-
Non-recurring items Total	59,6	-	49,3	-3,1	0,5

[1)] Included in the Income Statement in the item "COGS Total"

[2)] Included in the Income Statement in the item "SGA Total"

[3)] Included in the Income Statement in the item "Other operating items total"

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	Q2/2014	Q2/2013	2013
Opening Balance	152.1	156.1	156.1
Translation differences	-3.3	-2.2	-3.1
Additions	0.6	0.5	2.1
Additions, business acquisitions	0.8	-	-
Disposals	0.0	0.0	0.0
Depreciation and impairment	-2.9	-1.8	-3.2
Reclassification between items	0.0	0.2	0.3
Closing balance	147.3	152.8	152.1

3. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(EUR million)	Q2/2014	Q2/2013	2013
Opening Balance	411.5	437.0	437.0
Translation differences	-2.1	-2.3	-2.5
Additions	20.9	13.8	40.5
Additions, business acquisitions	0.0	0.0	0.0
Disposals	-1.1	-0.8	-5.0
Depreciation and impairment	-47.9	-29.6	-58.1
Reclassification between items	0.5	0.0	-0.5
Closing balance	381.9	418.2	411.5

4. INVENTORIES

(EUR million)	Q2/2014	Q2/2013	2013
Materials and supplies	78.8	99.3	85.8
Semi-finished products	4.2	4.2	4.0
Finished products	42.9	49.1	44.3
Other inventories	3.2	6.0	6.6
Inventories, advance payments	1.9	0.7	1.1
Biological asset, IFRS 41	9.8	10.6	10.7
Total inventories	140.8	170.0	152.5

5. 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
1.1.2014	53 972 788	66.8	72.9	143.5	0.0	283.1
30.6.2014	53 972 788	66.8	72.9	143.5	0.0	283.2

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)	30.6.2014	30.6.2013	31.12.2013
Nominal values of derivative instruments			
Foreign exchange derivatives	85.4	56.3	78.3
Interest rate derivatives	180.4	255.8	211.6
Electricity derivatives	7.8	10.5	9.3
Fair values of derivative instruments			
Foreign exchange derivatives	0.5	0.9	-0.8
Interest rate derivatives	-14.8	-18.2	-16.0
Electricity derivatives	-1.9	-2.0	-2.1
CONSOLIDATED OTHER CONTINGENT LIABILITIES			
(EUR million)			
	30.6.2014	30.6.2013	31.12.2013
Debts secured by			
pledges or mortgages			
- loans from financial institutions	72.1	316.3	273.7
Given as security			
- real estate mortgages	12.3	12.5	12.4
- pledges	0.4	5.1	0.4
- floating charges	9.1	9.0	9.0

For associates			
- guarantees	5.3	7.5	7.5
For others			
- guarantees and pledges	16.2	11.9	15.7
Other contingencies			
Leasing commitments	15.3	17.4	17.2
Rent liabilities	45.5	51.7	49.4
Other commitments	7.4	7.2	6.6

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 on the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rates on the reporting date. The fair value of commodity derivatives are determined by using publicly quoted market prices.

	30.6.2014	**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	-	-	-	-
- Foreign exchange derivatives	0.8	0.0	0.8	0.0
- Commodity derivatives	-	-	-	-
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	**0.8**	**0.0**	**0.8**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value				
through profit or loss				
-Trading derivatives				
- Interest rate swaps	-14.8	0.0	-14.8	0.0
of which subject to cash flow hedging	-14.6	0.0	-14.6	0.0
- Foreign exchange derivatives	-0.3	0.0	-0.3	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-1.9	0.0	-1.9	0.0
of which subject to cash flow hedging	-1.9	0.0	-1.9	0.0
Total	**-17.0**	**0.0**	**-17.0**	**0.0**

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	Q1-Q2/2014	Q1-Q2/2013	2013
Sales to associates	32.2	53.8	106.5
Purchases from associates	20.3	29.8	55.1
Trade and other receivables	2.4	3.1	4.0
Trade and other payables	2.9	4.1	5.0

NEXT FINANCIAL REPORT

HKScan Group's interim report January-September 2014 will be published on 5 November 2014.

Vantaa, 6 August 2014

HKScan Corporation
Board of Directors

Further information is available from HKScan Corporation's President and CEO Hannu Kottonen and CFO Tuomo Valkonen. Kindly submit a call-back request to Marja-Leena Dahlskog, SVP Communications, firstname.surname@hkscan.com or tel. +358 10 570 2142

HKScan is the leading Nordic meat expert. We sell, market and produce high-quality, responsibly-produced pork, beef, poultry and lamb products, processed meats and convenience foods under strong brand names. Our customers are the retail, food service, industrial and export sectors, and our home markets comprise Finland, Sweden, Denmark and the Baltics. We export to close to 50 countries. HKScan's net sales is EUR 2.1 billion and we have some 7 700 employees, making us one of the Europe's leading meat companies.

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