HKScan Group's financial statements release 1 January—31 December 2014:

Fourth-quarter EBIT stronger than the previous year – restructuring completed

* Net sales were EUR 1 988.7 (2 113.2) million for January–December, and EUR 523.2 (547.9) million in the fourth quarter.

* Reported EBIT for January–December was EUR 55.5 (11.7) million, and the EBIT margin was 2.8 (0.6) per cent. Comparable EBIT excluding non-recurring items for the year was EUR 12.4 (11.2) million, and the corresponding EBIT margin was 0.6 (0.5) per cent.

For the fourth quarter, reported EBIT was EUR 7.1 (10.9) million, and the EBIT margin was 1.4 (2.0) per cent. Comparable EBIT excluding non-recurring items for the quarter was EUR 13.4 (6.7) million, and the corresponding EBIT margin was 2.6 (1.2) per cent.

* Cash flow before debt service was EUR 201.7 (86.8) million in 2014 and EUR 28.2 (86.2) million in the fourth quarter.

* Profit before taxes was EUR 51.2 (6.7) million in 2014 and EUR 4.3 (7.7) million in the fourth quarter.

* EPS was EUR 1.05 (0.16) in 2014 and EUR 0.09 (0.10) in the fourth quarter.

* Net financial expenses were EUR 15.5 (23.6) million in 2014.

* Net debt was EUR 141.5 (335.3) million, and net gearing was 31.8 (82.0) per cent in 2014.

* Outlook for 2015: HKScan expects the operating profit (EBIT) excluding non-recurring items to improve from 2014, and anticipates the last quarter to be the strongest.

* The Board's proposal for dividend is EUR 0.10 (0.10) per share. The Board proposes also an additional dividend of EUR 0.39 per share.

Hannu Kottonen, HKScan's President and CEO, comments on the fourth quarter and 2014:

"Last year saw excellent progress of HKScan's strategic transformation process, which started at the end of 2012. We have streamlined our production set-up and simplified the Group structure to a great extent. The major strategic reviews and restructuring of our operational footprint have now been completed.

Divestments and working capital improvement actions have strengthened the balance sheet substantially. As a result, HKScan's financial position is now strong and financial expenses have decreased significantly. In addition, refinancing was supported by a bond issuance balancing the debt portfolio.

The process of building One HKScan continued and was supported by the HKScan brand identity renewal. Company names were harmonized across all home markets. HKScan's first Group brand, Flodins®, was launched as an outcome of the brand strategy implementation. The Flodins brand complements the existing strong local brands.

In general, the business environment in 2014 was turbulent. Markets and demand were weak throughout the whole year and led to tough sales price competition in all market areas. Sales volumes declined and the product mix followed consumer behaviour favouring lower price products. Russia's embargo on EU pork imports was followed by a further ban on the agricultural goods from the west. The export bans resulted in global pork oversupply, which negatively impacted directly and especially our sales, profits and volumes, both on our home markets and in exports.

Despite the challenging circumstances, the Group strategy implementation advanced well and I am pleased to recognize that our restructuring efforts and Group-wide operational work improved our financial results in our biggest market areas, Sweden and Finland. This played a key role in doubling year-on-year Group EBIT in the fourth quarter.

The Baltics and Denmark in particular posted a disappointing result, with EBIT declining on the previous year. The Baltics suffered most from Russia's embargo. Denmark continued to suffer from a structural imbalance, and the situation will remain challenging into 2015. In January 2015, we initiated statutory negotiations at the Skovsgaard plant regarding plans to centralize poultry slaughtering and cutting at the Vinderup facility in Denmark. The negotiations were concluded at the end of January. This is an important move toward building a profitable business structure in the future.

The profit development programme for 2014 proceeded as planned, and we met our target of achieving an annual cost reduction exceeding EUR 20 million and a reduction of over EUR 50 million in net debt. The development programme was essential in mitigating sales and margin shortfalls. Work to improve our operational profit will continue as part of our continuous improvement efforts.

We will continue building synergies between our home markets, focusing on improving productivity and investing in our top brands. Last autumn we initiated feasibility studies in preparation for major investment programmes in Finland and Estonia. The investments are targeted at consolidating the Group's foothold in value-added product categories and growing segments. Our strategic target is profitable growth."

KEY FIGURES, Q4 AND THE WHOLE YEAR 2014

(EUR million)	Q4/2014	Q4/2013	2014	2013
Net sales	523.2	547.9	1 988.7	2 113.2
EBIT	7.1	10.9	55.5	11.7
- % of net sales	1.4	2.0	2.8	0.6
Profit/loss before taxes	4.3	7.7	51.2	6.7
- % of net sales	0.8	1.4	2.6	0.3
Profit/loss for the period	5.2	6.6	57.1	9.8
- % of net sales	1.0	1.2	2.9	0.5
EBIT, excluding non-recurring income and expenses	13.4	6.7	12.4	11.2
- % of net sales	2.6	1.2	0.6	0.5
EPS, EUR	0.09	0.10	1.05	0.16
Cash flow before debt service (mEUR)	28.2	86.2	201.7	86.8
Cash Flow Before Financing Activities (mEUR)	32.1	81.4	198.9	75.3
Return on capital employed (ROCE) before taxes, %			9.7	4.0
Net debt (mEUR)			141.5	335.3
Gearing %			35.5	98.9
Net Gearing %			31.8	82.0

OCTOBER – DECEMBER 2014

Net sales for the fourth quarter declined from the same period the previous year. EBIT meanwhile improved thanks to Sweden's and Finland's improved performance. Denmark and the Baltics fell behind due to the tough business environment. The Russian ban on EU pork imports was a major factor accounting for oversupply and low market prices. Sales prices and volumes were dissatisfactory in Denmark due to extremely tough competition.

Christmas sales in both Sweden and Finland were good. However, overall demand in the fourth quarter still favoured lower priced products, with private label products continuing to gain market share. Other than for beef, animal purchase prices kept decreasing in all market areas, reflecting market price trends in Europe. Lower animal raw material costs failed to offset the decline in sales prices, however.

The fourth quarter being the strongest of the year further strengthened the balance sheet. A successful bond issuance of EUR 100 million was completed in November. The funding arrangement balanced the maturity structure of HKScan's interest-bearing debt portfolio. Financial expenses were clearly lower than they were the previous year.

The profit development programme for 2014 proceeded as planned and all targets were met. As part of the Group's development programme and strategy review, minor divestments were finalized in Sweden. With production restructuring also completed, the structure in Sweden is now in place. In addition, HKScan announced plans to divest its Estonian egg business and become a minor shareholder in hatcheries in Finland. Once all these rearrangements and production restructuring is completed in Denmark, the structure is in place to contribute to the Group's profitable growth. Planned investments in new production facilities in Estonia and Finland at an investment expense range of EUR 55-85 million in total would further strengthen the production set-up.

The marketing, sale and business development of non-food bio-products were centralized under the umbrella of a new business line: Biotech. Technology development and the systematic improvement of resource efficiency have opened up new, higher-value applications for many meat industry by-products, which also improves material efficiency and reduces waste.

JANUARY- DECEMBER 2014

Net sales for the reported period were down six per cent on the corresponding period the previous year. Improved profitability in the fourth quarter lifted the full-year EBIT slightly over the previous year. Due to the good fourth quarter, Sweden and Finland improved on last year, but the converse applied to Denmark and the Baltics. Considering the circumstances, pleasing progress was made in inventory management throughout the whole year, with stocks clearly lower than the previous year.

Retail market demand showed negative growth whereas demand was more stable in away from home markets. HKScan won some market share with its branded products, but in general, private label products increased their market share. Both value but especially volume decreased, 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 rebalancing of volume to meet a more profitable volume level continued in all market areas except the Baltics, where there was some growth in volume. The lowered volume supported decrease of unprofitable export sales.

The revised strategy for profitable growth advanced to the implementation stage. The Group's strategic must-win-battles are to be modified to place a sharper focus on profitable growth in the coming years. The execution of the strategy calls for a greater emphasis on value-added products, continuous improvement and new, innovative ways to meet customer and consumer expectations.

Feasibility studies announced in October concerning new production facilities in Finland and in Estonia are to be carried out during next summer. The prospective investments are estimated to total EUR 55-85 million depending on the scale of the chosen options.

The development programme for 2014 was completed as planned and the annual profit improvement target of over EUR 20 million and reduction target of over EUR 50 million in net debt by 2015 were achieved. This includes production restructuring programmes in Sweden and Finland, where cost savings will exceed EUR 11 million from 2015 onwards. These measures and programmes were necessary to mitigate the negative impact of challenging business environment.

The Group’s financial position grew significantly stronger in 2014. The Group sold its 50% stake in Saturn Nordic Holding AB, owner of Sokołów S.A., to Danish Crown A/S in June. Net financial expenses decreased following the repayment of syndicated term loans in the second quarter. The maturity structure of the interest-bearing debt was also rebalanced by a successful bond issuance of EUR 100 million in November.

Group marketing was strengthened with the merging of Group Marketing and Group New Product Development. The new function was renamed Group Strategic Marketing and Innovation. One of its top priorities is to build the common Group-level product brand Flodins®, which was launched in three product categories. Flodins® is a significant step in the Group’s brand strategy to clarify and strengthen the HKScan Group brand and to update its product and concept brand portfolio for wider markets.

The Corporate Responsibility programme launched in 2013 was integrated with HKScan’s strategy and operations in 2014. In the second quarter, the Group deepened its understanding of stakeholder expectations through a comprehensive stakeholder dialogue conducted in five countries. In the third quarter, the Group conducted its first-ever Group-wide Employee Engagement Survey, providing important information on organizational strengths and development areas.

HKScan further developed its sustainable meat value chain – a key focus area of the Corporate Responsibility programme – by becoming a member of the Round Table on Responsible Soy Association (RTRS). The Group is now committed to an ethically responsible soy supply chain.

The ‘One HKScan’ initiative gained visibility with the renewal of the Group identity and revision of the Group mission, vision, values and visual identity. Also, the legal entity naming structure was harmonized.

MARKET AREA: FINLAND

(EUR million)	Q4/2014	Q4/2013	2014	2013
Net sales	213.8	210.1	787.2	804.1
EBIT	6.6	1.7	-4.5	3.2
- EBIT margin, %	3.1	0.8	-0.6	0.4
EBIT excluding non-recurring items	8.0	1.7	8.9	6.9
- EBIT margin, %	3.8	0.8	1.1	0.9

In Finland, net sales were EUR 787.2 (804.1) million and EBIT excluding non-recurring items was EUR 8.9 (6.9) million in 2014.

As for the fourth quarter, net sales amounted to EUR 213.8 (210.1) million. EBIT excluding non-recurring items for the period was EUR 8.0 (1.7) million.

The total market volume for Finland decreased in 2014. The retail business sector suffered most. Russia’s ban on EU pork imports further weakened the overall demand. Oversupply led to the tough sales price competition in both the domestic and export market.

Despite the low level of demand, some market share was gained in branded products and in total. Christmas sales were good, to which Kivikylän products contributed pleasingly. Volumes and the product mix were adapted to match decreased demand and altered consumer behaviour, which showed a preference for lower value products. Demand and supply, customer delivery and inventory management improved. As a result, financial performance improved towards the end of the year, resulting in better year-on-year profit for the fourth quarter and the full year.

Statutory negotiations concerning the white-collar organization were completed at the end of September. As a result of that and statutory negotiations at the Mellilä plant as well as other savings measures, a cost reduction of EUR 5 million is to be achieved in 2015.

Chinese authorities conducted audits at Finnish pig slaughterhouses including HKScan's Forssa facility in the third quarter. The authorities have announced that the Forssa facility is going to gain export certification from the Chinese food authorities for direct pork exports from Finland to China.

In the second quarter HKScan decided to change and align its chicken breed in Finland with other market areas and to tackle related quality and cost issues. It was also announced that HK Rypsiporsas® rapeseed pork is completely GMO-free as of September 2014.

On top of the re-launch of improved Rypsiporsas® rapeseed pork, several new products were launched in 2014, such as a range of HK barbeque sausages and Kariniemen "Poppis®" chicken nuggets. One highlight was 'HK Meat School' (HK Lihakoulu®), which was arranged in several cities to provide information on meat handling, especially Rypsiporsas® rapeseed pork.

The common Group identity was adopted in Finland under a new legal name, HKScan Finland Oy (formerly HK Ruokatalo Oy) in the first quarter.

MARKET AREA: BALTICS

(EUR million)	Q4/2014	Q4/2013	2014	2013
Net sales	43.8	44.7	173.0	175.1
EBIT	-2.1	1.9	2.8	7.7
- EBIT margin, %	-4.7	4.2	1.6	4.4
EBIT excluding non-recurring expenses	0.0	1.9	4.8	7.7
- EBIT margin, %	0.0	4.2	2.8	4.4

In the Baltics, net sales were EUR 173.0 (175.1) million and EBIT excluding non-recurring items was EUR 4.8 (7.7) million in 2014. In the fourth quarter, net sales were EUR 43.8 (44.7) million. EBIT excluding non-recurring items for the period was EUR 0.0 (1.9) million.

The Baltic market suffered the most acutely from Russia's ban on EU pork imports. The market situation caused pork oversupply and a decline in sales prices, which decreased profitability despite lower costs in primary production. On a positive note, poultry and branded value added products showed profit improvement. In accordance with IFRS, the revaluation of biological assets in primary production had a negative profit impact of EUR 1.3 million on the full-year profit compared to the previous year.

The market position was maintained and further strengthened on the part of branded products, but continuing difficulties were encountered in exports. Despite the difficult market situation, demand and supply were managed well and frozen stock kept under control.

African Swine Fever was detected in Estonia in the third quarter, posing an external business risk. The high-level mitigation actions implemented in all pork primary production locations have been effective.

New product launches included premium poultry cutlets, such as Cheese pockets, Kiev cutlets and Cordon Bleu, as well as the new Group brand Flodins® in three product categories.

AS Rakvere Lihakombinaat and AS Tallegg were merged to form AS HKScan Estonia in the second quarter as part of the legal entity renaming process. Company names were also harmonized in Latvia and Lithuania.

MARKET AREA: SWEDEN

(EUR million)	Q4/2014	Q4/2013	2014	2013
Net sales	240.5	256.2	911.0	966.5
EBIT	8.1	3.5	1.7	8.0
- EBIT margin, %	3.4	1.4	0.2	0.8
EBIT excluding non-recurring items	8.5	5.8	13.4	10.2
- EBIT margin, %	3.6	2.3	1.5	1.1

In Sweden, net sales were EUR 911.0 (966.5) million and EBIT excluding non-recurring items was EUR 13.4 (10.2) million in 2014.

In the fourth quarter, net sales amounted to EUR 240.5 (256.2) million. EBIT excluding non-recurring items for the period was EUR 8.5 (5.8) million.

Total market demand showed negative growth in the latter part of 2014. As a whole, some market share was lost to private label products in Sweden. However, Christmas sales were reasonable, and market share was gained with branded products in certain processed meat and convenience food categories.

The declining market and oversupply drove down sales prices, a trend that was especially marked in red meat and cold cuts. Sales of Svensk Rapsgris® (Swedish rapeseed pork) and fresh chicken progressed well, but frozen chicken products did not perform as well as expected.

Frozen stock levels were clearly below the prior year, which was supported by lowered pork sourcing volumes in line with the rebalancing plan. Production efficiency continued to improve.

Production restructuring designed to improve operational efficiency and competitiveness was completed as planned. Production has now been centralized and integrated at four key locations: in Kristianstad, Linköping, Halmstad and Skara. The new production set-up targets an annualized profit improvement in excess of EUR 7 million. Strategic reviews have now been finalized in Sweden.

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.

A five-year framework agreement for ongoing cooperation was signed with Coop Sverige AB, which operates 700 retail stores, holding over 21 per cent of the Swedish grocery retail sector. The deal brings stability both to HKScan and the entire Swedish meat industry.

New products in Sweden included Scan's fresh sausages and premium beef burger.

As part of the new common Group identity, the Swedish business adopted a new legal name, HKScan Sweden AB (former Scan AB).

MARKET AREA: DENMARK

(EUR million)	Q4/2014	Q4/2013	2014	2013
Net sales	46.2	52.3	204.3	225.3
EBIT	-3.6	6.4	-11.9	3.6
- EBIT margin, %	-7.9	12.2	-5.8	1.6
EBIT excluding non-recurring items	-1.3	0.0	-4.4	-2.8
- EBIT margin, %	-2.8	-0.1	-2.1	-1.2

In Denmark, net sales were EUR 204.3 (225.3) million and EBIT excluding non-recurring items was EUR -4.4 (-2.8) million in 2014.

Net sales in Denmark in the fourth quarter amounted to EUR 46.2 (52.3) million. EBIT excluding non-recurring items for the period was EUR -1.3 (0.0) million.

The market and competition remained tough for the whole of 2014. Fresh chicken products generated satisfactory margins, but lower volumes than expected for 2014 mainly due to sales price increases that did not go through as planned. Frozen products continued to face sales price competition and some low margin products were lost leading to a lower production volume. Challenges to adjust the supply chain decreased the margin on these competitive products. These imbalances have been addressed in the ongoing restructuring of the production set-up, and HKScan Denmark has now reached a production level on which to build the profitable growth strategy.

The renewed Rose® brand design and packages were launched in the first quarter to strengthen brand recognition and sales of branded products. The target is to update the product portfolio with innovative new concepts. New products included Majs Kylling corn-fed chicken.

Short- and long-term turnaround efforts are in progress driven by the new management team. The announced restructuring of the production set-up, which involves the discontinuation of slaughtering and cutting in Skovsgaard, aims to achieve cost savings and profit improvement of more than EUR 5 million annually. The restructuring centralizes poultry slaughtering and cutting at the modernized Vinderup facility.

The new legal name of the Danish business, HKScan Denmark A/S (former Rose Poultry A/S), was adopted as part of new common Group identity.

INVESTMENTS

The Group's net investments in 2014 came to EUR 48.7 (42.2) million. Their breakdown by market area was as follows:

(EUR million)	Q4/2014	Q4/2013	2014	2013
Finland	4.9	4.4	14.7	15.2
Baltics	2.4	1.2	11.7	8.7
Sweden	4.0	2.6	7.6	6.1
Denmark 1)	6.2	6.8	14.7	12.1
Total	**17.5**	**15.0**	**48.7**	**42.2**

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

A substantial proportion of investment planned and executed in 2014 focused on improving productivity and efficiency. In Sweden, the majority of investment focused on the successful restructuring of operational footprint, resulting in the centralization of operations at four focused production plants and substantial efficiency improvements. In Denmark, good progress was made in efficiency upgrades and automation in the latter part of the year. Operational efficiency programmes were executed in Finland and the Baltics, with further headway made in the upgrade of Rakvere Farmid. Additionally, a Group-wide quality & food safety investment programme was initiated and the first strategic investments were made in added value production.

FINANCING

The Group's interest-bearing debt at year-end stood at EUR 158.1 (404.4) million. Net debt decreased to EUR 141.7 (335.7) million mostly due to the closing of the Sokołów divestment in June, when HKScan repaid all syndicated loans amounting to approximately EUR 190 million.

The Group's liquidity has been good throughout the financial year. Undrawn committed credit facilities at 31 December 2014 stood at EUR 136.5 (161.5) million. In addition, the Group had other uncommitted overdraft and other facilities of EUR 22.3 (22.6) million. The EUR 200.0 million commercial paper programme had been drawn to the amount of EUR 11.0 (129.0) million.

HKScan issued an unsecured five-year bond of EUR 100 million during the last quarter.

Net financial expenses decreased significantly due to the lower loan sum and were EUR -3.7 (-7.6) million in the last quarter and EUR -15.5 (-23.6) million in 2014. Costs in the fourth quarter include a EUR 1.1 million loan receivable write-down in a Swedish associated company. In addition, costs in the second quarter include one-time financial restructuring expenses of EUR 1.1 million.

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 3.7 (3.2) million was spent on R&D, equal to 0.2 (0.2) per cent of net sales.

Delivering on the Group innovation strategy, work to streamline Group processes and develop common platforms continued in 2014. The Group Marketing and Group New Product Development functions were merged and the new function was renamed Group Strategic Marketing and Innovation. A significant outcome of the enhanced internal cooperation, and of executing the Group's brand strategy, was the launch of HKScan's first Group brand, Flodins® in three convenience food product categories for both home markets and exports. Target is to substantially intensify innovation and marketing efforts along the new strategy implementation.

HKScan R&D is based on sharing information in a collaborative and networking model, and the Group's cooperation with research institutes will continue in order to expand expertise in developing new meat-based concepts.

Research and development of the rapeseed pork (HK Rypsiporsas® in Finland and Svensk Rapsgris® in Sweden) concept continued in 2014, and as of September 2014, Rypsiporsas® rapeseed pork has been completely GMO-free. On top of the re-launch of improved Rypsiporsas® rapeseed pork and Flodins®, several other new products were launched in 2014.

CORPORATE RESPONSIBILITY

In 2014, HKScan integrated its corporate responsibility programme launched in 2013 into strategy and operations. The most important areas of corporate responsibility at HKScan are economic responsibility, social responsibility, animal welfare and environment. Furthermore, the Group wants to ensure transparency and sustainability of its supply chain, as well as efficient stakeholder cooperation and communication.

Economic sustainability refers to the long-term profitability of HKScan and its stakeholders. In 2014, HKScan improved its economic standing significantly.

A key social responsibility issue is maintenance of strict standards in food safety. All HKScan production sites in Finland, Sweden and Denmark are certified under internationally recognized food safety management systems by an independent third party, and these systems were further developed in 2014.

As a major employer in multiple countries, the well-being, engagement, equality and diversity of the personnel is essential high priority. In 2014, the Group conducted a Group-wide Employee Engagement Survey. The results will be utilized to identify organizational strengths and potential areas for improvement.

In 2014, HKScan promoted animal health and welfare by continuing proactive assessment of animal diseases and their possible effects on the supply chain both internally and globally. Also the use of antibiotics was systematically monitored.

HKScan continually monitors its impacts on the environment, focusing on energy efficiency, water consumption, chemical use, and waste management. In 2014, the Group began monitoring greenhouse gas emissions under the Greenhouse Gas (GHG) Protocol, Scope 1 and 2. Also wastewater treatment, recycling and minimization of landfill were improved. The Group invested in renewable energy in Sweden, partly replacing oil and LPG to district heating and biogas. Investment in environmental responsibility is also promoted by the new Group Biotech Business Line, which aims to reduce waste and further optimize recycling of biomass.

An important tool promoting the transparency of the supply chain and traceability is the evaluation of the Group’s suppliers in the areas of food safety, quality, sourcing processes, as well as other corporate responsibility matters. HKScan regularly implements its own audits at supplier slaughterhouses and only collaborates with those that meet the requirements. In 2014, HKScan became a member of the Roundtable on Responsible Soy (RTRS), committing itself to using only responsibly sourced soy in animal feed in 2015 in Sweden and by the end of 2018 across the whole Group. The process of joining the Roundtable for Sustainable Palm Oil (RSPO) was kicked off.

Stakeholder cooperation and communication was enhanced through a comprehensive stakeholder dialogue conducted in five countries to verify HKScan’s corporate responsibility focus areas.

SHARES AND SHAREHOLDERS

Shares

HKScan Group's registered and fully paid-up share capital at the beginning and end of 2014 was EUR 66 820 528. 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 capitalization at the end of the year stood at EUR 176.5 (202.9) million based on the closing price of the last trading day of the period. The Series A shares had a market value of EUR 158.8 (182.6) million, and the unlisted Series K shares EUR 17.7 (20.3) million correspondingly.

In 2014, a total of 13 990 124 of the company’s shares, with a total value of EUR 52 494 495, were traded. The highest price quoted was EUR 4.49 and the lowest EUR 3.12. The average price was EUR 3.74. At the end of 2014, the closing price was EUR 3.27.

Shareholders

At the end of 2014, the shareholder register maintained by Euroclear Finland Ltd included 11 423 (12 159) shareholders. Nominee-registered and foreign shareholders held 20.1 (20.2) per cent of the company's shares.

Notifications of changes in holdings
On 1 April 2014, 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 under 5 per cent of all shares in the company.

Treasury shares
At the beginning and end of the financial year 2014, HKScan held 1 053 734 treasury A Shares. At the end of 2014, they had a market value of EUR 3.45 million and accounted for 1.92% of all shares and 0.67% of all votes.

Share-based incentive scheme
HKScan has a share-based incentive plan for the Group's key personnel for 2013-2015. The aim of the plan is to align the objectives of shareholders and key personnel in order to enhance the company's value, to commit 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' AUTHORIZATIONS

The Annual General Meeting of HKScan Corporation held on 10 April 2014 in Helsinki adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for 2013. The AGM resolved that a dividend of EUR 0.10 per share be paid for 2013.

The existing 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 re-elected as deputy members. At the organizational 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 Jouko Malinen as the main auditor, was elected as the actual auditor until the close of the next Annual General Meeting. The remuneration of the auditor will be paid in accordance with the auditor's invoice approved by the company.

The AGM gave the following two authorizations to the Board: The Board of Directors was authorized to decide on share issue, as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. The authorization is effective until 30 June 2015 and it revokes that granted on 24 April 2013 by the Annual General Meeting to the Board of Directors to acquire the company's own Series A shares and/or to accept as pledge.

During 2014, the Board did not exercise the authorizations given by the AGM.

The resolutions of the Annual General Meeting have been published in full in a stock exchange release on 10 April 2014, and they are also available on the web at www.hkscan.com.

PERSONNEL

In 2014, HKScan had an average of 7 662 (7 774) personnel.

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

	2014	2013
Finland	2 771	2 685
Baltics	1 769	1 761
Sweden	2 305	2 459
Denmark	817	869
Total	**7 662**	**7 774**

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

	31.12.2014	31.12.2013
Finland	2 644	2 572
Baltics	1 766	1 760
Sweden	2 152	2 248
Denmark	765	838
Total	**7 327**	**7 418**

GROUP MANAGEMENT TEAM

The Management Team of the Group is as follows: Hannu Kottonen, CEO; Aki Laiho, COO; Tuomo Valkonen, CFO; Samuli Eskola, EVP Consumer Business in Finland and the Baltics; Göran Holm, EVP Consumer Business in Scandinavia; Jukka Nikkinen, EVP 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 minimize administration and promote internal process harmonization, HKScan continued streamlining and clarifying its corporate structure.

In February, HKScan signed an agreement to sell all its shares (50%) in Saturn Nordic Holding AB to Danish Crown A/S. The transaction was finalized in June. Saturn Nordic Holding AB holds 100% of the shares in Sokołów S.A. As a result, HKScan no longer holds an indirect stake in Sokołów.

In December, HKScan signed an agreement to sell its Estonia’s egg business, OÜ Koks Munatootmine, to Danish DAVA Foods Holding A/S. The divestment is subject to the approval of the competition authorities. Furthermore, HKScan Finland Oy signed an agreement with Danish DanHatch AS involving the sale of HKScan Finland’s hatchery business and related property to DanHatch Finland Oy in which HKScan will have a 20 per cent stake.

In June, HKScan merged its Estonian subsidiaries AS Rakvere Lihakombinaat and AS Tallegg, creating one company, AS HKScan Estonia.

Several divestments were executed in Sweden, including HKScan’s small wholly-owned subsidiary Bertil Erikssons Slakteri AB and a share in Nyhléns & Hugosons Chark AB. HKScan owns a 24 per cent share in Svenska Köttföretagen Holding AB, a newly established industry organization which comprises several small businesses which HKScan divested.

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

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.

In February 2015, the District Court of Southwest Finland issued its interlocutory ruling by which it rejected as patently unfounded an action for damages submitted against HKScan Corporation and HKScan Finland Oy.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The most significant uncertainty factors in 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 trends and the availability of local meat raw material, as well as to the adequacy of sales price increases in relation to cost trends.

The risks include various unexpected actions by the authorities that may impose restrictions on the business. The risk of animal diseases in the food industry's raw meat supply or any international or regional food scandals impacting on the overall consumption outlook can never be fully excluded.

EVENTS AFTER THE REPORTING PERIOD

On January 5, HKScan announced that the Group aims to improve operational efficiency by restructuring its production capacity in Denmark. Poultry slaughtering and cutting will be centralized at the Vinderup facility, and packaging and warehousing will remain in Skovsgaard. The targeted annualized cost reduction and profit improvement is in excess of EUR 5 million from the second quarter 2015 onwards. On January 28, HKScan announced that the related statutory employee negotiations were concluded, resulting in a net headcount reduction of 88 positions.

On 16 January, HKScan announced that it will soon begin exporting Finnish pork to China. HKScan Finland's pork slaughtering facility in Forssa is going to gain export certification from the Chinese food authorities following inspections carried out in August 2014.

On 26 January, HKScan announced that statutory employee negotiations at its Mellilä pig slaughtering house in Finland were concluded, resulting in a headcount reduction of 23 positions. The negotiations were related to the increased surplus in pork meat due to the continuing Russian ban on pork imports from the EU countries.

On 2 February, HKScan announced that the District Court of Southwest Finland had issued its interlocutory ruling by which it rejected as patently unfounded an action for damages submitted against HKScan Corporation and HKScan Finland Oy by the bankruptcy estate of Oy Primula Ab.

OUTLOOK FOR 2015

HKScan expects operating profit (EBIT) excluding non-recurring items to improve from 2014, and anticipates the last quarter to be the strongest.

HKScan expects the economic and demand outlook and, accordingly, sales price competition to remain tough in 2015. However, the Group's strategy work, restructuring and development programmes together with active sales margin management should contribute to better financial performance.

BOARD OF DIRECTORS' PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company's distributable equity stands at EUR 302.4 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 2014, and an additional dividend of EUR 0.39 per share, i.e. a total of approximately EUR 26.4 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 2015

HKScan Corporation's Annual General Meeting 2015 will be held at 11 am on 14 April 2015 in Turku. To be eligible to attend the Annual General Meeting, shareholders should be registered by 31 March 2015 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 2014

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	Q4/2014	Q4/2013	2014	2013
Net sales		523.2	547.9	1 988.7	2 113.2
Cost of goods sold	1.	-487.7	-520.8	-1 905.2	-2 014.8
Gross Profit		35.5	27.1	83.5	98.4
Other operating items total	1.	2.7	14.8	94.1	33.4
Sales and marketing costs	1.	-15.4	-15.3	-62.1	-58.1
General administration costs	1.	-15.7	-15.7	-60.1	-62.0
Operating Profit		7.1	10.9	55.5	11.7
Financial income and expenses		-3.7	-7.6	-15.5	-23.6
Share of profit/loss in associates		0.9	4.5	11.2	18.6
Profit/loss before taxes		4.3	7.7	51.2	6.7
Income tax		0.9	-1.2	5.9	3.1
Profit/loss for the period		5.2	6.6	57.1	9.8
Non-controlling interests		-0.6	-0.9	-0.5	-1.1
Profit/loss for the period		4.6	5.6	56.7	8.7

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

EPS, undiluted, continuing operations. EUR/share	0.09	0.10	1.05	0.16
EPS, diluted, continuing operations, EUR/share	0.09	0.10	1.05	0.16

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

(EUR million)	Q4/2014	Q4/2013	2014	2013
Profit/loss for the period	5.2	6.5	57.1	9.8
OTHER COMPREHENSIVE INCOME (after taxes):				
Exchange differences on translating foreign operations	-3.4	0.6	-8.3	-3.4
Cash flow hedging	-0.4	-1.3	-1.9	2.8
Actuarial gains or losses	-4.9	1.6	-4.9	1.6
TOTAL OTHER COMPREHENSIVE INCOME	-8.7	0.9	-15.1	1.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.5	7.4	42.1	10.8

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Equity holders of the parent	-4.1	6.5	41.6	9.7
Non-controlling interests	0.6	0.9	0.5	1.1
Total	-3.5	7.4	42.1	10.8

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	31.12.2014	31.12.2013
ASSETS			
Intangible assets	2.	144.3	152.1
Tangible assets	3.	369.7	411.5
Holdings		35.9	149.9
Other non-current assets		40.8	30.6
TOTAL NON-CURRENT ASSETS		590.7	744.1
Inventories	4.	125.4	152.5
Current receivables		122.4	137.0
Cash and cash equivalents		16.4	68.7
TOTAL CURRENT ASSETS		264.3	358.1
Assets of disposal group classified as held for sale		9.4	0.0
TOTAL ASSETS		864.3	1 102.2
EQUITY AND LIABILITIES			
EQUITY	5.	445.2	409.0
Non-current loans, interest-bearing		121.8	245.1
Non-current liabilities, non interest-bearing		40.8	36.5
TOTAL NON-CURRENT LIABILITIES		162.6	281.6
Current loans, interest-bearing		36.4	159.3
Current liabilities, non interest-bearing		219.4	252.3
TOTAL CURRENT LIABILITIES		255.8	411.6
Liabilities of disposal group classified as held for sale		0.8	0.0
TOTAL EQUITY AND LIABILITIES		864.3	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	-	-	-	-	-	-	-	56,7	56,7	0,5	57,1
Other comprehensive income (+) / expense (–)											
Transl. diff.	-	-	-	-	-	-8,3	-	-	-8,3	-	-8,3
Cash flow hedging	-	-	-1,9	-	-	-	-	-	-1,9	-	-1,9
Actuarial gains or losses	-	-	-	-	-	-	-	-4,9	-4,9	-	-4,9
Total compreh. income for the period	**-**	**-**	**-1,9**	**-**	**-**	**-8,3**	**-**	**51,8**	**41,6**	**0,5**	**42,1**
Direct recognit. in retained earnings	-	-	-	-	0,1	-	-	0,2	0,2	-	0,2
Transfers between items	-	-0,6	-	-	-21,9	-	-	22,5	0,0	0,0	0,0
Dividend distribut.	-	-	-	-	-	-	-	-5,4	-5,4	-0,7	-6,1
EQUITY AT 31.12.2014	**66,8**	**72,9**	**-12,7**	**143,5**	**10,1**	**-6,2**	**0,0**	**162,1**	**436,5**	**8,7**	**445,2**

(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	-	-	-	-	-	-	-	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	-	-	-	-	-	-	0,2	-	0,2
EQUITY AT 31.12.2013	**66,8**	**73,5**	**-10,8**	**143,5**	**32,0**	**2,0**	**0,0**	**93,0**	**400,0**	**9,0**	**409,0**

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)	2014	2013
Cash flow before change in net working capital	52.6	76.4
Change in net working capital	14.2	46.2
Financial items and taxes	-3.6	-11.8
CASH FLOW FROM OPERATING ACTIVITIES	63.3	110.8
Cash flow from investing activities	135.7	-35.6
CASH FLOW AFTER INVESTING ACTIVITIES	198.9	75.3
Change in loans	-244.1	-55.9
Dividends paid	-6.1	-5.9
CASH FLOW FROM FINANCING ACTIVITIES	-250.2	-61.8
NET CASH FLOW	-51.2	13.5
Cash and cash equivalents at beginning of period	68.7	55.6
Translation differences	-1.0	-0.4
Cash and cash equivalents at end of period	16.4	68.7

FINANCIAL INDICATORS

	31.12.2014	31.12.2013
Earnings per share (EPS), undiluted, EUR	1.05	0.16
Earnings per share (EPS), diluted, EUR	1.05	0.16
Equity per share, EUR	8.1	7.4
Equity ratio, %	51.5	37.1
Adjusted average number of shares, mill.	54.0	54.0
Gross capital expenditure on PPE, EUR mill.	48.7	42.2
Employees, end of month average	7 662	7 774

HKSCAN

CALCULATION OF FINANCIAL INDICATORS

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 -------------------------------------- Total equity	x 100
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	
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 interim report for 1 January – 31 December 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 2014.

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, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9’s full impact. The standard has not yet been endorsed for application in the EU.

IFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15. The standard has not yet been endorsed for application in the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q4/2014	Q4/2013	2014	2013
NET SALES				
- Finland	213.8	210.1	787.2	804.1
- Baltics	43.8	44.7	173.0	175.1
- Sweden	240.5	256.2	911.0	966.5
- Denmark	46.2	52.3	204.3	225.3
- Between segments	-21.1	-15.5	-86.8	-57.7
Group total	523.2	547.9	1 988.7	2 113.2
EBIT				
- Finland	6.6	1.7	-4.5	3.2
- Baltics	-2.1	1.9	2.8	7.7
- Sweden	8.1	3.5	1.7	8.0
- Denmark	-3.6	6.4	-11.9	3.6
- Between segments	-	-	-	-
Segments total	9.0	13.5	-11.9	22.5
Group administration costs	-1.9	-2.6	67.4	-10.7
Group total	7.1	10.9	55.5	11.7

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q4/2014	Q4/2013	2014	2013
Restructuring redundancy expenses COGS, Finland 1)	-1.0	-0.1	-1.0	-1.5
Restructuring redundancy expenses SGA, Finland 2)	-0.4	-	-0.4	-1.1
Restructuring expenses for production set-up, Finland 1)	-	-	-	-1.0
Impairment of assets, Finland 1)	-	-	-12.0	-
Restructuring expenses for closed operations, Sweden 1)	-0.2	-	-4.0	-
Impairment of assets, Sweden 1)	-	-	-6.7	-
Impairment of assets, Sweden 3)	-	-2.3	-	-2.3
Impairment of inventory 2011-2012, Sweden 1)	-	-	-0.8	-
Losses on sales of holdings, Sweden 3)	-0.2	-	-0.2	-
Property insurance compensation, Denmark 3)	-	7.1	-	7.1
Impairment of assets, Denmark 1)	-	-	-5.2	-
Restructuring expenses COGS, Denmark 1)	-1.5	-	-1.5	-
Restructuring redundancy expenses SGA, Denmark 2)	-	-0.7	-	-0.7
Cover of loss in associated company based on SHA, Denmark 3)	-0.8	-	-0.8	-
Capital gain in sales of shares of Saturn Nordic Holding Ab 3)	-	-	77.6	-
Impairment of assets, Latvia 1)	-2.1	-	-2.1	-
Non-recurring items Total	-6.3	4.1	43.0	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”

HKSCAN

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	2014	2013
Opening balance	152.1	156.1
Translation differences	-5.5	-3.1
Additions	1.4	2.1
Additions, business acquisitions	0.8	0.0
Disposals	-0.1	0.0
Depreciation and impairment	-4.1	-3.2
Reclassification between items	-0.2	0.3
Closing balance	144.3	152.1

3. CHANGES IN TANGIBLE ASSETS

(EUR million)	2014	2013
Opening balance	411.5	437.0
Translation differences	-3.5	-2.5
Additions	51.3	40.5
Additions, business acquisitions	0.9	0.2
Disposals	-13.3	-5.5
Depreciation and impairment	-77.3	-58.1
Reclassification between items	0.0	-0.1
Closing balance	369.7	411.5

4. INVENTORIES

(EUR million)	2014	2013
Materials and supplies	73.2	85.8
Semi-finished products	5.3	4.0
Finished products	36.9	44.3
Other inventories	1.8	6.6
Inventories, advance payments	0.5	1.1
Biological asset, IFRS 41	7.7	10.7
Total inventories	125.4	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
31.12.2014	53 972 788	66.8	72.9	143.5	0.0	283.1

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)

	31.12.2014	31.12.2013
Nominal values of derivative instruments		
Foreign exchange derivatives	70,5	78,3
Interest rate derivatives	157,6	211,6

Electricity derivatives	7,6	9,3
Fair values of derivative instruments		
Foreign exchange derivatives	0,3	-0,8
Interest rate derivatives	-15,7	-16,0
Electricity derivatives	-1,7	-2,1
CONSOLIDATED OTHER CONTINGENT LIABILITIES		
(EUR million)		
	31.12.2014	31.12.2013
Debts secured by		
pledges or mortgages		
- loans from financial institutions	29,5	273,7
On own behalf		
- Mortgages given	10,7	12,4
- Assets pledged	3,2	9,3
On behalf of others		
- guarantees	7,1	23,2
- other commitments	6,5	6,6
Other contingencies		
Leasing commitments	14,7	17,2
Rent liabilities	39,8	49,4

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.

	31.12.2014	**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	0.4	0.0	0.4	0.0
- Commodity derivatives	-	-	-	-
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	**0.4**	**0.0**	**0.4**	**0.0**
Liabilities measured at fair value				
Financial liabilities recognised at fair value				
through profit or loss				
-Trading derivatives				
- Interest rate swaps	-15.7	0.0	-15.7	0.0
of which subject to cash flow hedging	-15.5	0.0	-15.5	0.0
- Foreign exchange derivatives	-0.1	0.0	-0.1	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-1.7	0.0	-1.7	0.0
of which subject to cash flow hedging	-1.7	0.0	-1.7	0.0
Total	**-17.5**	**0.0**	**-17.5**	**0.0**

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	2014	2013
Sales to associates	65.9	106.5
Purchases from associates	40.2	55.1
Trade and other receivables	2.4	4.0
Trade and other payables	2.8	5.0

NEXT FINANCIAL REPORT

HKScan Group's interim report January – March 2015 will be published on 6 May 2015.

Vantaa, 11 February 2015

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 produce, market and sell 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. In 2014, HKScan had net sales of approximately EUR 2.0 billion and some 7 700 employees.

DISTRIBUTION:
NASDAQ OMX Helsinki
Main media
www.hkscan.com