HKScan

HKScan Group's interim report 1 January — 30 September 2013:
Modest recovery in sales - margins lagging behind

* Net sales were EUR 1 838.0 (1 840.7) million in January–September, and EUR 623.5 (612.2) million in the third quarter.
* In January–September, reported EBIT was EUR 15.3 (21.2) million, and the EBIT margin was 0.8 (1.1) per cent. Comparable EBIT excluding non-recurring items for the period was EUR 18.8 (21.2) million, and the corresponding EBIT margin was 1.0 (1.1) per cent.
For the third quarter, reported EBIT was EUR 10.5 (15.4) million, and the EBIT margin was 1.7 (2.5) per cent. Comparable EBIT excluding non-recurring items for the quarter was EUR 11.0 (15.4) million, and the corresponding EBIT margin was 1.8 (2.5) per cent.
* Cash flow before debt service was EUR 13.8 (26.1) million in January–September, and EUR 14.6 (23.7) million in the third quarter.
* Profit/loss before taxes was EUR 1.1 (-1.2) million in January–September, and EUR 5.9 (7.3) million in the third quarter.
* EPS was EUR 0.06 (0.03) in January–September, and EUR 0.12 (0.11) in the third quarter.
* Net financial expenses were EUR -16.7 (-24.4) million in January–September, and EUR -5.3 (-8.5) million in the third quarter.
* Net debt was EUR 445.3 (474.1) million, and net gearing was 111.0 (122.2) per cent in January–September.
* Outlook for 2013 (amended on 25 September): The comparable EBIT for 2013, excluding non-recurring items, will fall short of 2012.

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

- Demand in both consumer and away-from-home businesses remained at a lower level compared to the previous year. Price competition was tough. In general, consumers' purchasing behaviour has shifted towards lower priced-products. The increase in animal purchasing prices has stopped or turned towards a decrease as grain and feed costs have declined.

- Net sales for the third quarter increased compared to the same period in the previous year. Even though the Group EBIT decreased during the quarter compared to 2012, the market area Baltics recovered and showed improvement. Of the other market areas, Sweden also continued to improve, though from a low level, and Poland kept up its good performance.

- The good development in Sweden, Poland and the Baltics could not compensate for the negative impact of declined sales margins in Finland and Denmark. In addition, the margins were also hit due to extraordinary actions taken to decrease excess frozen stock in other market areas except Poland and the Baltics. However, despite the poor margin development, the Group's profit before taxes was ahead of the previous year as net financial expenses kept decreasing.

– Another positive development was the development programme launched in 2012, which has met the targets for reducing the annualised costs by more than EUR 20 million and a significant reduction in capital employed. The improvements will reach their full effect from the beginning of 2014. At the end of September, a new development programme was launched. The new programme will run until the end of 2014 and it targets an annual cost reduction exceeding EUR 20 million and a reduction of over EUR 50 million in net debt. The main objectives are building a unified Group, materialising Group synergies further, and building demand-driven management of operations.

- The Group was further strengthened by founding a Group Marketing function to enhance long-term group-level brand management and offering development. Product innovation exchange between the home markets is to be increased further.

HKSCAN GROUP Q3 and Q1-3 in 2013 / 2012

(EUR million)	Q3/2013	Q3/2012*)	Q1-Q3/ 2013	Q1-Q3/ 2012*)	2012*)
Net sales	623.5	612.2	1 838.0	1 840.7	2 503.1
EBIT	10.5	15.4	15.3	21.2	43.1
- EBIT margin, %	1.7	2.5	0.8	1.1	1.7
EBIT excluding non-recurring items	11.0	15.4	18.8	21.2	36.7
- EBIT margin, %	1.8	2.5	1.0	1.1	1.5
Cash flow before debt service	14.6	23.7	13.8	26.1	65.8
Profit/loss before taxes	5.9	7.3	1.1	-1.2	14.3
Earnings per share, EUR	0.12	0.11	0.06	0.03	0.30
Net financial expenses	-5.3	-8.5	-16.7	-24.4	-31.7
Net debt			445.3	474.1	440.9
Net gearing, %			111.0	122.2	109.2

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

JULY-SEPTEMBER 2013

Profitability in the third quarter was lower than expected as the business environment remained unfavourable. Demand and consumers' purchasing power were still somewhat low and the price competition was tough.

The positive exceptions were the Baltics and Poland, which showed strong financial performance. The animal purchasing prices for beef stayed high. For pork and poultry, the purchase prices decreased during the quarter. The decline was not enough to offset the impact of the unfavourable mix and the low sales price level, which was further deteriorated by extraordinary sales of excess frozen stock. Export sales prices showed at best a modest recovery in the period.

The Group-wide operational efficiency improvements, such as consolidation of purchases continued successfully. In animal sourcing, producer collaboration moved forward in Finland and was implemented further in Sweden.

One of the Away from Home's targets is to efficiently utilise the potential of group-wide manufacturing and know-how. During the quarter, the first cross-border product portfolio was launched in AfH Sweden. Additionally, the by-products business was developed in a more systematic way. The Swedish HoReCa market, especially restaurants, grew. In Finland, the demand showed some growth after the decrease during the first half of 2013. Due to the global meat surplus, export sales prices were poor, hitting the margins in the third quarter, when the stock was more actively sold to export.

In a stock exchange release published in early July, HKScan introduced the first steps of the Group's sharpened brand strategy: company names will be harmonised, and country-of-origin promises were reaffirmed for its key brands in Finland and Sweden, among other things. The Group additionally announced that it will increase the volume of meat raw material sourced from its own slaughterhouses in its home markets.

At the beginning of August, HKScan issued a stock exchange release on its updated long-term financial targets as follows: an EBIT (operating profit) of more than 4%, return on capital employed greater than 12%, and net gearing less than 100%. The dividend policy of at least 30% of net profit remains unchanged.

At the end of September HKScan lowered its outlook for 2013. According to the new guidance, the comparable EBIT for 2013, excluding non-recurring items, will fall short of last year. In the previous outlook, EBIT was estimated to improve from 2012.

MARKET AREA: FINLAND

(EUR million)	Q3/2013	Q3/2012*)	Q1-Q3/2013	Q1-Q3/2012*)	2012*)
Net sales	200.4	198.5	593.9	594.6	813.8
EBIT	2.0	5.6	1.2	11.0	18.4
- EBIT margin, %	1.0	2.8	0.2	1.9	2.3
EBIT excluding non-recurring items	2.5	5.6	4.8	11.0	18.4
- EBIT margin, %	1.2	2.8	0.8	1.9	2.3

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

In Finland, net sales in the third quarter amounted to EUR 200.4 (198.5) million. EBIT for the period was EUR 2.0 (5.6) million.

Although the net sales were on the same level as the previous year, the quarter was affected especially by lower volumes and sales prices of seasonal products. In other products the sales volume was kept and increased, but due to the tough price competition in both domestic and export markets the average sales price development was modest. Demand for lower priced products remained high and kept the product mix unfavourable. In the third quarter systematic actions to reduce stock were taken. The extraordinary sales of the frozen stock lowered the margins.

The production rationalisation and efficiency improvement actions continued. During the transition phase production capacity and production efficiency were partly restricted. The rationalisation programme between the Vantaa, Mikkeli and Säkylä plants is planned to be completed by the end of 2013. The restructuring actions are to reduce costs by approximately EUR 5 million annually from the end of 2013 onwards. At the plants, the focus on preventive maintenance is being enhanced by changing the service partner.

At the beginning of September, HKScan's Finnish organisation, roles and responsibilities were updated and streamlined in line with the Group's operating model. The targets are improved operational efficiency as well as customer interface performance, strengthened internal cooperation and successful change management and implementation.

In September, a new range of organic meat products were launched on the market. The products are developed in cooperation with local producers and retailers. In August, a renewed HK-brand web site was launched. The site focuses on opening up the meat value chain to different stakeholders, and it also introduced a "Meat School" for consumers.

The 100-years anniversary activities continued with personnel events in all the Group's locations in Finland. Farm visits have also been arranged for consumers and media representatives. The documentary film about the 100 years of HKScan, received two gold awards at the Aurora Awards international film competition in the United States.

MARKET AREA: BALTICS

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
Net sales	44.7	44.3	130.4	131.6	176.7
EBIT	4.2	3.6	6.3	7.4	8.9
- EBIT margin, %	9.5	8.1	4.8	5.7	5.1

In the Baltics, net sales in the third quarter were EUR 44.7 (44.3) million. EBIT was EUR 4.2 (3.6) million.

A clear recovery could be seen in the market area compared to the first half of the year. The third quarter result was very positive, which can be noted in an excellent EBIT margin for the quarter.

New product launches and sales of branded products in the Baltics brought results, although the net sales improved only slightly. Overall demand and the sales price level also normalized after a weaker first half of the year. This together with the decreased primary production costs contributed to the good profit development during the third quarter.

HKScan is centralising its Baltic poultry production at its renovated Tabasalu facility in Estonia. The facility was opened on 23 September 2013. From the beginning of 2014, the facility will be responsible for slaughtering, cutting, deboning and processing poultry for the entire Baltic region in HKScan Group. All poultry product manufacturing at the Loo facility near Tallinn will move to Tabasalu.

The "Estonian pig" web site on Rakvere's pork production received an award at the Estonian Design Awards 2013 competition.

MARKET AREA: SWEDEN

(EUR million)	Q3/2013	Q3/2012*)	Q1-Q3/2013	Q1-Q3/2012*)	2012*)
Net sales	238.8	245.0	709.5	751.3	1 025.7
EBIT	5.2	3.6	4.6	-5.2	-5.9
- EBIT margin, %	2.2	1.5	0.6	-0.7	-0.6
EBIT excluding non-recurring items	5.2	3.6	4.6	-5.2	1.5
- EBIT margin, %	2.2	1.5	0.6	-0.7	0.1

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

In Sweden, net sales in the third quarter were EUR 238.8 (245.0) million. EBIT was EUR 5.2 (3.6) million.

The decrease in net sales was caused by discontinuing non-profitable sales and lower volumes. The growth in sales value supported the positive profit development together with the cost saving and production efficiency improvement actions along the restructuring programme. The programme aiming at annual cost reductions by EUR 10 million is running in full effect.

Branded products, such as Svensk Rapsgris® (Swedish rapeseed pork), and Pärsons fresh chicken products performed and developed well. However, the share of new launches is still relatively low of the total business volume.

The decreased level of Swedish primary production resulted in intensified competition of the domestic meat raw material thus keeping prices at a high level. The import of beef increased further and put pressure on sales prices. As for pork, the high volumes of imported meat continued to enter the Swedish market during the third quarter as a result of the European market situation. The private label continues to take market share.

HKScan Sweden's target is to reduce climate emissions by 50% up till 2020. The greenhouse gas emissions disclosure was published together with the other companies in "the Haga Initiative" climate network. During the quarter the Kristianstad production plant was connected to the municipality's district heating. The change from using only LPG (Liquefied petroleum gas) to district heating will result in a sizable annual decrease of carbon dioxide emissions.

MARKET AREA: DENMARK

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/ 2013	Q1-Q3/ 2012	2012
Net sales	56.7	51.6	173.4	160.8	211.7
EBIT	-1.4	0.9	-1.5	2.6	15.4
- EBIT margin, %	-2.5	1.8	-0.9	1.6	7.3
EBIT excluding non-recurring items	-1.4	0.9	-1.5	2.6	1.5
- EBIT margin, %	-2.5	1.8	-0.9	1.6	0.7

For Denmark, net sales in the third quarter were EUR 56.7 (51.6) million. EBIT was EUR -1.4 (0.9) million.

Sales volume was higher in the third quarter compared to the corresponding quarter in 2012, when the fire at the Vinderup plant interrupted sales development. The operations and the rebuilt production lines are now in full use. Price competition remained tough in both domestic and export markets, and it was seen in frozen poultry products in particular. The extraordinary sales of excess frozen stock caused a negative impact on sales margins. The good sales development of fresh chicken in Sweden continued.

Both volumes and prices for poultry sourcing continued to show a slightly positive trend, but the purchase prices were still higher than in the rest of continental Europe and the realised sales prices did not fully reflect the cost level. Despite the good progress, the post-fire operational efficiency was still behind plan. Operational efficiency improvement actions and related investments will continue.

The insurance case related to the fire is still in progress. The insurance is estimated to cover both the property damage and the loss of profit, as well as the additional costs caused by the business interruption. The accumulated posted capital expenditure related to the fire amounted to EUR 23.2 million by the end of September 2013.

MARKET AREA: POLAND *)

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
Net sales	99.2	88.7	280.7	256.0	343.7
EBIT	3.3	3.6	14.5	11.5	15.8
- EBIT margin, %	3.3	4.0	5.2	4.5	4.6

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

In Poland, net sales for the third quarter totalled EUR 99.2 (88.7) million. EBIT for the period was EUR 3.3 (3.6) million.

Sales growth was strong, although pork meat raw material prices rose and price competition was fierce. Sales of processed and barbecue products increased thanks to the expanded product range. Furthermore, the high recognition of the Sokolów brand continued to contribute to the positive development.

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

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

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

INVESTMENTS

The Group’s investments in the third quarter were EUR 16.1 (7.1) million and divided by market area as follows:

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
Finland	6.4	0.6	10.8	7.1	11.8
Baltics	1.5	3.6	7.5	8.3	10.5
Sweden	1.6	0.2	3.5	5.2	7.4
Denmark [1)]	4.3	0.6	5.3	8.4	33.0
Poland [2)]	2.3	2.2	7.8	11.9	14.0
Total	**16.1**	**7.1**	**35.0**	**40.7**	**76.6**

[1)] The investments for full year 2012 (EUR 19.3 million) and all quarters in 2013 (EUR 3.9 million) include rebuilding of the Vinderup plant.

[2)] HKScan's share (50%) of Sokolów investments.

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

The main investments during 2013 have been the following. In Finland, transfers of production lines between the Vantaa, Mikkeli and Säkylä plants continued, supported by the production line and infrastructure investment for processed meat products in Mikkeli, as well as investments in poultry production in Eura plant. In the Baltics market area, the consolidation of poultry production to the renewed Tabasalu plant continued, as well as enhancement of capacity in primary production at Pärnjõe farm in Estonia. In Sweden, the main investments were made at the Skara plant to improve energy efficiency. In Poland, the most important investments were made in meat processing at Jarosław and Robakowo facilities as well as in power supply and cooling systems at Kolo facility.

The investments in improving operational efficiency, the rationalisation of the operational footprint and the consolidation of production are expected to continue during 2013 and beyond.

FINANCING AND TAXES

Group interest-bearing debt at the end of September stood at EUR 483.6 (524.4) million, of which current interest-bearing debts amounted to EUR 332.3 (166.5) million. Negotiations concerning the refinancing of loans maturing in June 2014 are currently being conducted. At year end, gross interest-bearing debts were EUR 499.7 million. At the end of September, net debt was EUR 445.3 (474.1) million, thus it decreased compared to the previous year by EUR 28.8 million, but increased from year end by EUR 4.4 million.

The Group’s liquidity was good during the third quarter. Undrawn committed credit facilities on 30 September were EUR 175.9 (180.0) million. In addition, the Group had other undrawn overdraft and other facilities of EUR 34.2 (35.1) million. The EUR 200 million commercial paper programme had been drawn to the amount of EUR 149.0 (135.0) million. Net financial expenses were EUR -5.3 (-8.5) million in the third quarter, and EUR -16.7 (-24.4) million in January–September. The decrease is attributable to the lower loan amount and lower interest level. Additionally, costs in the previous year include one-time refinancing arrangement expenses.

Group taxes were EUR 1.1 (-0.5) million in the third quarter and EUR 2.2 (3.5) million positive in January–September.

SHARES

At the end of September, the 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 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 September stood at EUR 188.2 (197.5) million. It breaks down as follows: Series A shares had a market value of EUR 169.7 (178.2) million, and the unlisted Series K shares a calculational market value of EUR 18.5 (19.4) million.

In January-September, a total of 4 960 555 (6 615 237) of the company’s shares with a total value of EUR 18 913 516 (31 186 607) were traded. The highest price quoted in the period under review was EUR 4.28 (6.40), and the lowest was EUR 3.38 (3.17). The average price was EUR 3.81 (4.64). At the end of September, the closing price was EUR 3.42 (3.59).

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

ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS’ AUTHORISATIONS

The Annual General Meeting of HKScan Corporation was held on 24 April 2013 in Turku. 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.

PERSONNEL

In January–September, HKScan, excluding Sokolów in Poland, had an average of 7 751 (8 137) personnel.

The personnel decreased in Finland, the Baltics and Sweden due to the on-going efficiency programmes.

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

	Q1-Q3/2013	Q1-Q3/2012	2012
Finland	2 730	2 846	2 794
Baltics	1 668	1 772	1 742
Sweden	2 468	2 683	2 428
Denmark	885	872	872
Total	**7 751**	**8 173**	**7 836**

In addition, during the period the Sokolów Group employed an average of 6 326 (6 213) persons, and in 2012 the average number of personnel was 6 310.

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

	30.9.2013	30.9.2012	31.12.2012
Finland	2 510	2 610	2 592
Baltics	1 650	1 746	1 700
Sweden	2 377	2 358	2 339
Denmark	799	840	893
Total	**7 336**	**7 554**	**7 524**

Additionally, the Sokolów Group had 6 309 (6 228) employees at the end of the period under review and 6 491 employees at the end of 2012.

CHANGES IN THE GROUP SENIOR MANAGEMENT

In the middle of August HKScan Group announced changes in its senior management when the Group Management Team was strengthened with a new post of Chief Marketing Officer.

Anne Mere was appointed Chief Marketing Officer of HKScan Group. As CMO, Mere is responsible for HKScan's marketing and brand strategy development, collaborating closely with HKScan's Business Areas, Product Development and Group Communications. Samuli Eskola was appointed, as Anne Mere's successor, Executive Vice President of HKScan's Consumer Business in Finland and the Baltics, as General Manager of HKScan Finland, and as a member of the Management Team. Eskola previously held the responsibility for Group Strategy and Strategic Projects. Juhan Matt was named to hold the responsibility for Group Strategy and Strategic Projects. All the above mentioned persons report to the CEO, Hannu Kottonen.

CHANGES IN THE GROUP STRUCTURE

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

In Sweden, Pärsons Sverige AB's business was merged with HKScan Sweden at the beginning of September 2013.

In Finland, HK Agri Oy—the HK Ruokatalo Oy's wholly owned subsidiary responsible for meat procurement and producer services—is planned to be merged with HK Ruokatalo Oy. HKScan Corporation submitted the merger for registration in the Finnish Trade Register on 23 August 2013. The merger is to be completed by 31 December 2013.

CLAIM BY OY PRIMULA AB'S BANKCRUPTY ESTATE

According to a stock exchange release on 7 September 2012, HKScan Corporation and HK Ruokatalo Oy were notified that Oy Primula Ab's bankruptcy estate has submitted an action for damages to the District Court of Finland Proper concerning the companies. The claim amounts to about EUR 16.3 million, plus claims related to interest and legal process costs.

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

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

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

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

EVENTS AFTER THE REPORTING PERIOD

On 2 October the Group issued a stock exchange release on using English and Finnish in all HKScan Group's financial reporting and stock exchange releases, as well as in the investor sections on the web as of 14 October 2013. In future, HKScan will not publish its financial communications in Swedish as specified above.

OUTLOOK FOR 2013

On 25 September HKScan lowered its outlook for 2013. According to the new guidance, the comparable EBIT for 2013, excluding non-recurring items, will fall short of last year. In the previous outlook, EBIT was estimated to improve from 2012.

The outlook has deteriorated mainly due to longer-than-foreseen export challenges and continuing low price levels in export sales. In addition, consumption of lower-priced meat products has increased significantly relative to products made of higher-grade meat on all home markets, especially in Finland.

CONSOLIDATED INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2013

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	Q3/2013	Q3/2012	Q1-Q3/ 2013	Q1-Q3/ 2012	2 012
NET SALES		623.5	612.2	1 838.0	1 840.7	2 503.1
Operating income and expenses	1.	-595.8	-578.6	-1 769.3	-1 759.4	-2 374.1
Share of associates' results		0.1	-0.3	-0.2	-0.6	-0.1
Depreciation and amortization	1.	-17.3	-17.9	-53.3	-59.6	-85.9
EBIT		10.5	15.4	15.3	21.2	43.1
Financial income		1.4	1.1	4.1	4.4	5.4
Financial expenses		-6.7	-9.6	-20.7	-28.9	-37.1
Share of associates' results		0.7	0.4	2.5	2.1	3.0
PROFIT/LOSS BEFORE TAXES		5.9	7.3	1.1	-1.2	14.3
Income tax		1.1	-0.5	2.2	3.5	3.4
PROFIT/LOSS FOR THE PERIOD		7.0	6.8	3.3	2.4	17.7
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:						
Equity holders of the parent		6.7	6.1	3.1	1.7	16.4
Non-controlling interests		0.3	0.7	0.2	0.7	1.3
Total		7.0	6.8	3.3	2.4	17.7

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

EPS, undiluted, continuing operations, EUR/share	0.12	0.11	0.06	0.03	0.30
EPS, diluted, continuing operations, EUR/share	0.12	0.11	0.06	0.03	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
Profit/loss for the period	7.0	6.8	3.3	2.4	17.7
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on translating foreign operations	3.3	3.9	-3.1	7.5	7.6
Cash flow hedging	1.3	-0.3	4.1	-0.7	0.2
Revaluation	-	0.1	-	0.3	0.0
Actuarial gains or losses	-	-	-	-	1.2
TOTAL OTHER COMPREHENSIVE INCOME	4.6	3.7	1.1	7.1	8.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11.6	10.5	4.4	9.5	26.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	11.3	10.1	4.1	9.0	25.2
Non-controlling interests	0.3	0.4	0.2	0.5	1.4
Total	11.6	10.5	4.4	9.5	26.7

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	30.9.2013	30.9.2012	31.12.2012
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	2.	75.4	78.7	77.7
Goodwill	3.	101.1	102.0	101.5
Tangible assets	4.	482.8	500.3	504.6
Shares in associates		34.9	35.3	34.7
Trade and other receivables		5.6	6.5	6.0
Available-for-sale investments		12.7	13.5	12.9
Deferred tax asset		33.8	27.6	28.9
NON-CURRENT ASSETS		746.2	763.9	766.3
CURRENT ASSETS				
Inventories	5.	195.4	180.3	176.3
Trade and other receivables		203.9	226.7	216.5
Income tax receivable		0.5	7.9	0.9
Other financial assets		-	0.3	-
Cash and bank		38.3	50.0	58.9

CURRENT ASSETS		438.2	465.3	452.6
ASSETS		1 184.5	1 229.2	1 218.9
EQUITY AND LIABILITIES				
EQUITY				
Share capital	6.	66.8	66.8	66.8
Share premium reserve		73.4	73.4	73.4
Treasury shares		0.0	0.0	0.0
Fair value reserve and other reserves		164.6	154.4	155.0
Translation differences		2.4	5.8	5.5
Retained earnings		85.8	79.5	93.7
Equity attributable to equity holders of the parent		392.9	379.9	394.4
Non-controlling interests		8.2	8.0	8.6
EQUITY		401.1	387.9	403.0
NON-CURRENT LIABILITIES				
Deferred tax liability		28.8	29.6	27.6
Non-current interest-bearing liabilities		151.3	357.8	312.9
Non-current non-interest bearing liabilities		2.2	2.3	2.0
Non-current provisions		0.1	0.1	0.1
Pension obligations		4.9	12.8	10.4
NON-CURRENT LIABILITIES		187.3	402.5	352.9
CURRENT LIABILITIES				
Current interest-bearing liabilities		332.3	166.5	186.8
Trade and other payables		260.2	271.1	275.0
Income tax liability		1.7	0.2	0.5
Current provisions		1.8	0.9	0.7
CURRENT LIABILITIES		596.1	438.8	463.0
EQUITY AND LIABILITIES		1 184.5	1 229.2	1 218.9

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2013	**66.8**	**73.4**	**-13.7**	**143.5**	**25.2**	**5.5**	**0.0**	**93.7**	**394.4**	**8.6**	**403.0**
Result for the financial period	-	-	-	-	-	-	-	3.1	3.1	0.2	3.3
Other comprehensive income (+)/ expense (-)											
Transl. diff.	-	-	-	-	-	-3.1	-	-	-3.1	-	-3.1

Cash flow hedging	-	-	4.1	-	-	-	-	-	4.1	-	4.1
Revaluat.	-	-	-	-	-	-	-	-	0.0	-	0.0
Actuarial gains or losses	-	-	-	-	-	-	-	-	0.0	-	0.0
Total compreh. income for the period	**-**	**-**	**4.1**	**-**	**-**	**-3.1**	**-**	**3.1**	**4.1**	**0.2**	**4.4**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Increase in holdings in subsid.	-	-	-	-	-	-	-	0.1	0.1	-0.1	0.0
Transfers between items	-	-	-	-	5.4	-	-	-5.4	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-5.8	-5.8	-0.5	-6.3
EQUITY AT 30.9.2013	**66.8**	**73.4**	**-9.6**	**143.5**	**30.7**	**2.4**	**0.0**	**85.8**	**392.9**	**8.2**	**401.1**

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2012	**66.8**	**73.4**	**-13.9**	**143.5**	**23.5**	**-1.9**	**0.0**	**88.7**	**380.0**	**12.2**	**392.2**
Result for the financial period	-	-	-	-	-	-	-	1.7	1.7	0.7	2.4
Other comprehensive income (+) / expense (-)											
Transl. diff.	-	-	-	-	-	7.7	-	-	7.7	-0.2	7.5
Cash flow hedging	-	-	-0.7	-	-	-	-	-	-0.7	-	-0.7
Revaluat.	-	-	-	-	0.3	-	-	-	0.3	-	0.3
Actuarial gains or losses	-	-	-	-	-	-	-	-	0.0	-	0.0
Total compreh. income for the period	**-**	**-**	**-0.7**	**-**	**0.3**	**7.7**	**-**	**1.7**	**9.0**	**0.5**	**9.5**
Direct recognit. in retained earnings	-	-	-	-	-	-	-	0.2	0.2	-	0.2
Transfers between items	-	-	-	-	1.7	-	-	-1.7	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-9.3	-9.3	-0.9	-10.2
Other change	-	-	-	-	-	-	-	-	-	-3.8	-3.8

EQUITY AT 30.9.2012	**66.8**	**73.4**	**-14.6**	**143.5**	**25.5**	**5.8**	**0.0**	**79.5**	**379.9**	**8.0**	**387.9**

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-Q3/2013	Q1-Q3/2012	2012
Operating activities			
Cash flow from operating activities	45.7	69.5	140.5
Financial items and taxes	-14.3	-35.6	-33.7
Net cash flow from operating activities	31.4	33.9	106.8
Investments			
Gross investments in property, plant and equipment	-35.0	-39.8	-76.9
Disposals of property, plant and equipment	3.6	1.1	1.5
Investments in subsidiary	-	-	-
Shares in associates purchased	-	-0.1	-0.2
Shares in associates sold	0.4	0.6	3.9
Loans granted	-0.2	-1.8	-1.9
Repayments of loans receivable	0.6	0.4	0.5
Net cash flow from investing activities	-30.6	-39.7	-73.1
Cash flow before financing activities	0.8	-5.8	33.8
Financing activities			
Current borrowings raised	37.4	29.3	25.5
Current borrowings repaid	-39.9	-34.2	-52.7
Non-current borrowings raised	0.8	124.3	125.0
Non-current borrowings repaid	-10.3	-102.2	-102.7
Dividends paid	-6.0	-9.9	-9.9
Repurchase of own shares	-	-	-8.0
Net cash flow from financing activities	-18.0	7.4	-22.7
Change in cash and cash equivalents	-17.2	1.6	11.1
Cash and cash equivalents at 1.1.	58.9	48.4	48.4
Effect of changes in exchange rates on cash and cash equivalents	-3.3	0.3	-0.6
Cash and cash equivalents at 30.9.	38.3	50.3	58.9

FINANCIAL INDICATORS

	30.9.2013	30.9.2012	31.12.2012
Earnings per share (EPS), undiluted, EUR	0.06	0.03	0.30
Earnings per share (EPS), diluted, EUR	0.06	0.03	0.30
Equity per share, EUR	7.28	7.04	7.31
Equity ratio, %	33.9	31.6	33.1
Adjusted average number of shares, mill.	54.0	54.0	54.6
Gross capital expenditure on PPE, EUR mill.	35.0	40.7	76.6
Employees, end of month average	7 751	8 173	7 836

NOTES TO THE CONSOLIDATED INTERIM REPORT

ACCOUNTING POLICIES

HKScan Corporation's interim report for 1 January – 30 September 2013 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 2012, with the exception of the revised IAS 19 Employee Benefits standard (effective as of 1 January 2013). In addition, the Group has changed the accounting principles for marketing support. The Group's financial reporting in 2013 will be in line with these changes. The quarterly Group and market area information for 2012 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. These accounting principles are explained in the financial statements for 2012.

The interim report is unaudited.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
NET SALES					
- Finland	200.4	198.5	593.9	594.6	813.8
- Baltics	44.7	44.3	130.4	131.6	176.7
- Sweden	238.8	245.0	709.5	751.3	1 025.7
- Denmark	56.7	51.6	173.4	160.8	211.7
- Poland	99.2	88.7	280.7	256.0	343.7
- Between segments	-16.3	-15.9	-50.0	-53.6	-68.5
Group total	623.5	612.2	1 838.0	1 840.7	2 503.1
EBIT					
- Finland	2.0	5.6	1.2	11.0	18.4
- Baltics	4.2	3.6	6.3	7.4	8.9
- Sweden	5.2	3.6	4.6	-5.2	-5.9
- Denmark	-1.4	0.9	-1.5	2.6	15.4
- Poland	3.3	3.6	14.5	11.5	15.8
- Between segments	-	-	-	-	-
Segments total	13.4	17.3	25.1	27.4	52.5
Group administration costs	-2.9	-1.9	-9.8	-6.2	-9.5
Group total	10.5	15.4	15.3	21.2	43.1

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q3/2013	Q3/2012	Q1-Q3/2013	Q1-Q3/2012	2012
Restructuring redundancy expenses, Finland 1)	-0.5	-	-2.5	-	-
Restructuring expenses for production setup, Finland 1)	-	-	-1.0	-	-
Restructuring redundancy expenses, Sweden 1)	-	-	-	-	-4.0
Restructuring expenses for closed operations, Sweden 1)	-	-	-	-	-3.4
Property insurance compensation, Denmark 1)	-	0.1	-	5.5	19.3
Impairment of fixed assets destroyed in the fire, Denmark 2)	-	-0.1	-	-5.5	-5.5
Non-recurring items Total	-0.5	0.0	-3.6	0.0	6.4

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

[2)] Included in the Income Statement in the item "Depreciation and amortization"

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	Q1-Q3/2013	Q1-Q3/2012	2012
Carrying amount at beginning of period	77.7	76.6	76.6
Translation differences	-0.6	3.5	2.5
Increase	0.7	0.9	1.9
Increase (acquisitions)	-	-	-
Decrease	0.0	0.0	-0.2
Depreciation and impairment	-2.6	-3.2	-4.5
Transfer to other balance sheet item	0.2	1.0	1.4
Carrying amount at end of period	75.4	78.7	77.7

3. CHANGES IN GOODWILL

(EUR million)	Q1-Q3/2013	Q1-Q3/2012	2012
Carrying amount at beginning of period	101.5	101.0	101.0
Translation differences	-0.4	1.9	1.3
Increase	-	-	-
Increase (acquisitions)	-	-	-
Decrease	-	-0.9	-0.9
Depreciation and impairment	-	-	-
Transfer to other balance sheet item	-	-	-
Carrying amount at end of period	101.1	102.0	101.5

4. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(EUR million)	Q1-Q3/2013	Q1-Q3/2012	2012
Carrying amount at beginning of period	504.6	516.5	516.5
Translation differences	-3.3	12.6	10.8
Increase	56.7	40.1	72.7
Increase (acquisitions)	0.0	0.1	-
Decrease	-24.2	-10.5	-11.5
Depreciation and impairment	-50.9	-57.4	-82.5
Transfer to other balance sheet item	-0.2	-1.0	-1.4
Carrying amount at end of period	482.8	500.3	504.6

5. INVENTORIES

(EUR million)	Q1-Q3/2013	Q1-Q3/2012	2012
Materials and supplies	93.6	80.6	82.6
Unfinished products	11.2	11.2	13.3
Finished products	59.4	67.3	55.7
Goods	-	0.0	0.0
Other inventories	16.7	8.0	7.7
Prepayments for inventories	1.1	3.2	8.0
Live animals, IFRS 41	13.4	10.0	9.0
Total inventories	195.4	180.3	176.3

6. NOTES TO EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury	Total
1.1.2013	53 972 788	66.8	72.9	143.5	0.0	283.1
30.9.2013	53 972 788	66.8	72.9	143.5	0.0	283.1

DERIVATIVE INSTRUMENT LIABILITIES			
(EUR million)	30.9.2013	30.9.2012	31.12.2012
Nominal values of derivative instruments			
Foreign exchange derivatives	69.4	96.5	67.3
Interest rate derivatives	271.5	288.8	275.3
Electricity derivatives	9.6	10.7	10.7
Fair values of derivative instruments			
Foreign exchange derivatives	0.0	-0.9	-1.1
Interest rate derivatives	-17.5	-25.1	-24.9
Electricity derivatives	-1.2	-1.3	-1.3

CONSOLIDATED OTHER CONTINGENT LIABILITIES			
(EUR million)			
	30.9.2013	30.9.2012	31.12.2012
Debts secured by pledges or mortgages			
- loans from financial institutions	328.1	372.7	370.3
Given as security			
- real estate mortgages	70.0	74.2	74.6
- pledges	4.9	5.1	5.2
- floating charges	16.1	19.3	16.7
For associates			
- guarantees	7.5	5.2	7.5
For others			
- guarantees and pledges	11.8	13.4	12.9
Other contingencies			
Leasing commitments	19.6	23.5	21.8
Rent liabilities	50.7	56.0	58.0
Other commitments	7.2	8.0	7.8

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

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

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

FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	30.9.2013	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
- Trading securities	-	-	-	-
- Trading derivatives				
- Interest rate swaps	0.0	0.0	0.0	0.0
- Foreign exchange derivatives	0.1	0.0	0.1	0.0
- Commodity derivatives	0.0	0.0	0.0	0.0
Available-for-sale financial assets				
- Investments in shares	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.1	0.0

Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-17.5	0.0	-17.5	0.0
of which subject to cash flow hedging	-13.1	0.0	-13.1	0.0
- Foreign exchange derivatives	-0.2	0.0	-0.2	0.0
of which subject to net investment hedging	-	-	-	-
- Commodity derivatives	-1.2	0.0	-1.2	0.0
of which subject to cash flow hedging	-1.2	0.0	-1.2	0.0
Total	-18.9	0.0	-18.9	0.0

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	Q1-Q3/2013	Q1-Q3/2012	2012
Sales to associates	82.5	75.4	99.9
Purchases from associates	35.2	36.9	54.9
Trade and other receivables	3.2	3.2	3.2
Trade and other payables	2.6	9.4	3.5

NEXT FINANCIAL REPORT

HKScan Group’s financial statements bulletin 2013 will be published on 12 February 2014.

Vantaa, 6 November 2013

HKScan Corporation
Board of Directors

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

HKScan is one of the leading food companies in northern Europe, with home markets in Finland, Sweden, Denmark, the Baltic countries and Poland. HKScan manufactures, sells and markets pork and beef, poultry products, processed meats and convenience foods under strong brand names. Its customers are the retail, food service, industrial and export sectors. In 2012, it had net sales of EUR 2.5 billion and some 11 000 employees.

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