15 February 2013 at 8:00 a.m.

HKSCAN GROUP'S FINANCIAL STATEMENT RELEASE 1 JANUARY — 31 DECEMBER 2012
Still low profit but cash flow improving

* Net sales rose to EUR 2 546.8 (2 491.3) million: up by 2.2%.
* Reported EBIT was EUR 41.3 (39.6) million. Comparable EBIT excluding non-recurring items came in at EUR 34.9 (39.6) million. The corresponding comparable EBIT margin was 1.4 (1.6) per cent.
* Cash flow before debt service improved to EUR 65.8 (14.3) million.
* Profit for the year was EUR 16.4 (12.2) million.
* EPS was EUR 0.28 (0.18).
* Net financial expenses were EUR -31.7 (-30.9) million.
* Net debt decreased to EUR 440.9 (455.8) million, and net gearing improved to 101.8 (107.2) per cent.
* Outlook for 2013: EBIT is estimated to improve from 2012.
* Board's proposal for dividend is EUR 0.10 (0.17) per share.

KEY FIGURES, Q4 and the entire year

(EUR million)	Q4/2012	Q4/2011	2012	2011
Net sales	673.5	649.8	2 546.8	2 491.3
EBIT *)	21.5	17.6	41.3	39.6
- % of net sales	3.2	2.7	1.6	1.6
Share of associates' result	0.9	0.6	3.0	2.5
Financial income and expenses, net	-7.3	-9.1	-31.7	-30.9
Profit before taxes	15.1	9.1	12.6	11.3
- % of net sales	2.2	1.4	0.5	0.5
Income tax	-0.1	-0.7	3.8	1.0
Profit for the period	15.0	8.3	16.4	12.2
- % of net sales	2.2	1.3	0.6	0.5
*) EBIT, excluding non-recurring income and expenses	15.1	17.6	34.9	39.6
- % of net sales	2.2	2.7	1.4	1.6
Profit attributable to:				
- Equity holders of the parent company	14.4	7.5	15.1	10.1
– Non-controlling interests	0.6	0.8	1.3	2.1
Total	15.0	8.3	16.4	12.2
EPS, EUR	0.27	0.14	0.28	0.18
Cash flow before debt service	31.7	4.7	65.8	14.3
Cash flow before financing activities	31.6	6.3	33.8	-5.4
Equity ratio, %			34.6	33.6
Net debt			440.9	455.8
Gearing, %			115.6	119.6
Net gearing, %			101.8	107.2

GROUP OVERVIEW

OCTOBER-DECEMBER 2012

The Group's net sales totalled EUR 673.5 (649.8) million. Reported EBIT was EUR 21.5 (17.6) million. Comparable EBIT excluding non-recurring items came in at EUR 15.1 (17.6) million.

Underlying financial performance in the fourth quarter of 2012 was slightly lower than in the corresponding period in 2011, but the non-recurring income improved the reported result. A positive exception among the Group's market areas was again Poland, where the quarter was good, like the whole year. Cash flow was strong during the last quarter as cash was freed up, mainly from inventories and trade receivables.

Raw material prices kept rising during the quarter, driven by significantly higher feed prices since summer. Sales price increase actions were actively taken and they are continuing to compensate for the rise in costs. The sales of Christmas ham in Finland and Sweden as well as the seasonal offering in the Baltics performed well. The recovery programme after the fire at the Vinderup plant in Denmark in June was completed successfully and production restarted in Vinderup at the beginning of December.

YEAR 2012

The Group's total performance in 2012 was below expectations. Poland was the main market area to show clear improvement over the previous year. The profitability of the business in Finland improved during the year compared to the corresponding period in 2011, but performance was still at a low level. Stable development of business could be seen in the Baltics. The business in Sweden showed an initial stabilisation towards year end after the very bad first half of 2012. The recovery programme after the fire at the Vinderup plant in June in Denmark was managed successfully.

The reported result includes non-recurring income and expenses related to the fire in Vinderup, Denmark and restructuring in Sweden. The net profit impact of the non-recurring items was EUR 6.4 million positive because of the property insurance compensation and the write-off of the destroyed assets (EUR 13.8 million) in Denmark, and the restructuring expenses (EUR 7.4 million) in Sweden.

The revised strategy published in August 2012 focuses on improving profitability by building brand value and demand, improving operational efficiency, actively managing the dynamics of future business, and by developing its capital structure and Group reporting. The strategy implementation continued assertively. The new operating model aiming to harmonise, simplify and enhance internal processes is also going forward as planned. The most significant changes in the Group's top management took place during the year.

At the beginning of April, the Group launched an extensive development programme to be implemented by the end of 2013. The target is to achieve annual profit improvements exceeding EUR 20 million and a considerable reduction in capital employed. As part of the programme, a plan concerning restructuring of the business in Sweden was published in August and further specified in early October. The plans related to Sweden aim to improve annual profit by EUR 10 million before one-time restructuring costs, and the changes are to be implemented by the middle of 2013. The development programme proceeded as planned during 2012.

In early January 2013 and according to the development programme, HKScan also announced the start of labour negotiations as part of plans to reorganise the structures and functions of its Finnish operations. The planned actions aim to improve profit by approximately EUR 5 million annually, and they are planned to be mainly carried out by the end of 2013. More detailed information about this is under "Events after the reporting period" in this report.

Additionally, some restructuring of companies' legal structures was completed in Finland and in Sweden; see "Changes in Group Structure" later in this report.

HANNU KOTTONEN, CEO, COMMENTS THE YEAR 2012:

- The business in all of our home markets was hit suddenly by higher feed prices after the second quarter. The raw material cost increases have been and will be passed to sales prices with different delays. - The 2012 result was not as good as expected but there are some highlights to be reported. In Finland, for example, one of the most positive events during 2012 was the National Health Award granted to HK Ruokatalo in November. HK Rypsiporsas® ("Rapeseed Pork") also continued its commercial success in Finland. The similar concept in Sweden, Svensk Rapsgris, was successfully launched on the AfH market in March and to retail in September. The recovery of production after the fire was well handled in Vinderup in Denmark. However, the challenge now is to gain back the momentum we had in the Danish and Swedish fresh poultry business before the fire.

- HKScan launched a new strategy, operating model and organisation of the Group's senior management in August. The strategy and operating model implementation is going on in the Group. In accordance with the new operating model, the organisations of the Away from Home (AfH) Business as well as Group-level functions, including the new Technology & Operations Development function (T&OD), were established during the third quarter of 2012. Overall, the goal is to get synergies in use for the Group.

- To improve competitiveness of the primary production, a new cooperation model for producers was planned and introduced both in Finland and Sweden. The implementation will start during 2013.

- HKScan Group and the company's biggest owner, LSO Osuuskunta, are celebrating their 100th anniversary this year, which will be visible in communication, sales and marketing actions in Finland throughout the year.

MARKET AREA: FINLAND

(EUR million)	Q4/2012	Q4/2011	2012	2011
Net sales	226.6	217.6	842.6	812.4
EBIT	7.4	7.2	18.4	12.1
- EBIT margin, %	3.3	3.3	2.2	1.5

In Finland, net sales in 2012 were EUR 842.6 (812.4) million. EBIT was EUR 18.4 (12.1) million. The EBIT margin for the year improved slightly: from 1.5 per cent in 2011 to 2.2 per cent in 2012.

As for the fourth quarter, net sales amounted to EUR 226.6 (217.6) million. EBIT for the period was EUR 7.4 (7.2) million.

Net sales grew in 2012 compared to 2011 thanks to a better product mix and sales price increases. Profitability in Finland improved somewhat during the year, but the EBIT for the whole year remained still at a modest level. The low profitability was mainly attributable to continuously rising raw material prices and other cost increases, which were difficult to pass on to the sales prices at the same pace as the cost inflation.

Compared to the corresponding quarter in 2011, the fourth quarter of 2012 showed a positive development in net sales. However, profitability remained flat. The traditionally good Christmas season was commercially a bit weaker than usual. Sales of Christmas ham were good.

Meat producers were affected by record-high price increases in the most central raw materials, such as feed, especially after the summer. HK Rypsiporsas® ("Rapeseed Pork") continued to sell well throughout the year. The tasty HK Rypsiporsas® has contributed to improving the healthier image of pork and its sales in Finland. In November, the National Institute for Health and Welfare in Finland granted HK Ruokatalo the annual public health award for 2012 for the nationally significant promotion of public health. The award was given for long-term product development following HK Ruokatalo’s corporate responsibility programme and work done to reduce salt and saturated (hard) fat in products during recent years.

Measures to improve the productivity and profitability of the business in Finland continued in 2012. Streamlining of the legal structure in Finland, announced in June, was completed by year end. HK Ruokatalo divested its Säkylä property and operations to the affiliate Kivikylän Kotipalvaamo at the end of December, and sold its share of Best-In before Christmas. These matters are discussed in more detail under “Changes in the Group structure” in this report.

After the reporting period, at the beginning of January 2013, HKScan announced plans to reorganise the operating structures and functions of HKScan's Finnish operations. The planned actions aim to develop the productivity and efficiency of the business to improve profit by approximately EUR 5 million annually. This is discussed in more detail under “Events after the reporting period” in this report.

MARKET AREA: BALTICS

(EUR million)	Q4/2012	Q4/2011	2012	2011
Net sales	45.1	44.9	176.7	173.3
EBIT	1.5	2.8	8.9	9.8
- EBIT margin, %	3.3	6.2	5.1	5.6

In the Baltics, net sales in 2012 were EUR 176.7 (173.3) million. EBIT was EUR 8.9 (9.8).million. EBIT margin for the year was 5.1 (5.6) per cent.

In the fourth quarter, net sales amounted to EUR 45.1 (44.9) million. EBIT for the period was EUR 1.5 (2.8) million. The decline in EBIT in the fourth quarter compared to the corresponding period was caused mainly by the change in valuation of the biological assets of primary production, and continuous rises in feed and energy costs. Sales during the Christmas season were traditionally strong in Estonia.

As for the whole of 2012, sales development was stable in the Baltics. Estonia and Latvia improved their performance during the latter part of the year. However, in Lithuania profitability declined towards the end of the year. Profitability decreased because of weak demand in the EU, and low exports to the Far East. Actions by the authorities stopped sales of live pigs from the EU to Russia.

Sales of HKScan’s local brands in the Baltics developed well during 2012. In Estonia, Rakvere successfully launched the new “Lihakas” products in April 2012. Tallegg’s barbeque sales reached a new record despite the poor weather in the summer. In Latvia, the profitability of Rigas Miesnieks and Jelgava branded products improved through better balanced portfolios, price and campaign management. The Klaipedos Maistas brand in Lithuania gained market share, while its main strength is still in the value added end of the market and its profitability is therefore more vulnerable.

Several projects aimed at improving efficiency were carried out in the Baltics. Among these were the organisational streamlining of all companies under one management, a renovation project for meat processing, and centralisation of warehousing operations, as well as energy-saving projects in both pig primary production and meat production.

The most important project was the merger and reorganisation of sales, logistics and call-centre functions in Estonia. This streamlining project increased efficiency from the very start, and will improve supply reliability and give additional savings in the coming years. In December, a farm complex was opened in Kaarma in order to enable chicken production to be increased in the Baltics. Renovation of the main fattener building of the Ekseko and Kulli layer farms also took place during the year.

MARKET AREA: SWEDEN

(EUR million)	Q4/2012	Q4/2011	2012	2011
Net sales	278.0	275.6	1 040.6	1 045.7
EBIT	-1.2	7.4	-7.6	17.2
- EBIT margin, %	-0.4	2.7	-0.7	1.6
EBIT excluding non-recurring expenses	6.2	7.4	-0.2	17.2
- EBIT margin, %	2.2	2.7	0.0	1.6

In Sweden, net sales in 2012 were EUR 1 040.6 (1 045.7) million. Comparable EBIT excluding non-recurring expenses was EUR -0.2 (17.2) million.

In the fourth quarter, net sales amounted to EUR 278.0 (275.6) million. Comparable EBIT for the period excluding non-recurring expenses was EUR 6.2 (7.4) million. Non-recurring expenses consist of the restructuring expenses of EUR 7.4 million related to the development programme covering both redundancy costs and the impairment of the asset of the closed operations.

The fourth quarter of 2012, measured in net sales, was at the same level as the corresponding period in 2011. Christmas ham sold well in Sweden.

Throughout 2012, the business in Sweden was challenged by high raw material prices and lower availability of domestic beef and pork. Swedish primary production decreased further during the year. The volumes of imported meat increased in the market during the whole year. This development was supported by the strong Swedish krona. Higher sales prices improved the profitability in Sweden during the latter part of the year, however. The private label continued its growth in retail. The Swedish rapeseed pork, Svensk Rapsgris, was successfully launched on the market in March for AfH customers and in September to retail. Sales of cold cuts under the Pärsons brand succeeded well in 2012.

In August and October, HKScan announced efficiency measurement plans concerning restructuring of the business in Sweden. The measurements proceeded according to plan during 2012. The number of employees was reduced by 125 people in 2012. In addition to this, a reduction of 100 employees in 2013 was announced. The year was also challenging for HKScan's affiliates. The strategic review is continuing in Sweden.

MARKET AREA: DENMARK

(EUR million)	Q4/2012	Q4/2011	2012	2011
Net sales	50.9	54.3	211.7	228.1
EBIT	12.7	-1.3	15.4	-3.7
- EBIT margin, %	24.9	-2.4	7.3	-1.6
EBIT excluding non-recurring income and expenses	-1.1	-1.3	1.5	-3.7
- EBIT margin, %	-2.2	-2.4	0.7	-1.6

In Denmark, net sales in 2012 were EUR 211.7 (228.1) million. Comparable EBIT excluding non-recurring income and expenses was EUR 1.5 (-3.7) million.

In the fourth quarter, net sales amounted to EUR 50.9 (54.3) million. Comparable EBIT for the period excluding non-recurring income and expenses was EUR -1.1 (-1.3) million. Non-recurring items consist of the property insurance compensation income of EUR 19.3 million and the write-off of the destroyed asset of EUR 5.5 million due to the fire in Vinderup.

The year started promisingly in Denmark, but the good development of sales and business was dramatically hit by the fire in the Vinderup plant in early June. The recovery of the business after the fire became the key focus area in Denmark. The recovery programme was managed successfully.

Sales of fresh poultry products in the Danish market continued recovering in the fourth quarter. Close-to-full production levels at the Vinderup plant were achieved in early December in terms of tonnage, when production moved from the interim production setup to the rebuilt part of the plant. Some production lines, however, will be taken into full use in the first quarter of 2013.

Some new poultry products were launched on the domestic market during the autumn, despite the impact of the fire. In the European poultry market, quotations for live birds were high due to increased feed costs. Raw material prices increased during the year and also at the beginning of the fourth quarter. These were passed on to sales prices with some delay.

The insurance is estimated to cover both the property damage and the loss of profit, as well as additional costs caused by the interruption to the business. The insurance compensation income based on the property and business insurance agreement is posted as other operating income in the income statement. The postings are based on the received and agreed insurance payments reflecting occurred costs, write-offs, investment expenses and loss of profit. The rebuilt part of the plant started production in December. The posted capital expenditure related to the fire amounted to EUR 19.3 million in the period. The insurance case will continue in 2013.

MARKET AREA: POLAND

(EUR million)	Q4/2012	Q4/2011	2012	2011
*)				
Net sales	87.7	73.9	343.7	298.9
EBIT	4.3	3.5	15.8	12.7
- EBIT margin, %	4.9	4.7	4.6	4.2

*) The figures refer to HKScan's share (50%) of the Sokolów Group's figures.

In Poland, net sales in 2012 totalled EUR 343.7 (298.9) million. EBIT for the period was EUR 15.8 (12.7) million. The EBIT margin for the year was 4.6 (4.2) per cent.

In the fourth quarter, net sales amounted to EUR 87.7 (73.9) million. EBIT for the period was EUR 4.3 (3.5) million.

Net sales of Sokolów continued to develop well in the fourth quarter as a result of increased sales of processed products, successful new product launches and the high recognition of the Sokolów brand. Export sales were strong, though the strengthened Polish currency continued to reduce margins.

During 2012, economic growth weakened in Poland, and the year was also difficult for the Polish meat industry. More strict regulation and intensified activity of large pig slaughterhouses led to bankruptcies of small and medium-sized pig and cattle slaughterhouses. Polish primary production is also weakening and consolidating. Development may accelerate throughout 2013.

The price competition in modern retail chains in Poland continued to be fierce. Sales of private brands are increasing and consolidations in retail are continuing.

As for the whole of 2012, Sokolów improved its operations by, for example, investments in production technology, such as the slicing plant in Sokolów Podlaski, the beef slaughter line at the Tarnow plant and four new lines for smoked and cooked products at the Kolo plant. New cold cut products were introduced to the market, and the product offering was enlarged with new alginate casing products and frankfurters. Demand for sliced products and convenience food continued to grow.

INVESTMENTS

The Group’s investments in 2012 totalled EUR 76.6 (61.0) million. They were divided by market area as follows:

(EUR million)	Q4/2012	Q4/2011	2012	2011
Finland	4.7	5.0	11.8	17.3
Baltics	2.2	3.9	10.5	12.4
Sweden	2.2	2.2	7.4	8.9
Denmark [1]	24.6	3.5	33.0	7.8
Poland [2]	2.1	4.8	14.0	14.5
Total	**35.9**	**19.5**	**76.6**	**61.0**

[1] The investments in 2012 include EUR 19.3 million related to the rebuilding of the Vinderup plant.

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

In Finland, the investments concerned mainly normal repair and maintenance of the production lines. In the Baltics, the investments involved energy savings and primary production as well the programme for restructuring of poultry production in Estonia. In Sweden, the investments were made in process development both in Kristianstad and Linköping, the Svensk Rapsgris concept, and energy savings. In Poland, the investments concerned production technology in the Sokolów Podlaski and Tarnow plants, as well as four new production lines and development of processing facilities at the Kolo plant.

FINANCING AND TAXES

Group interest-bearing debt at year-end stood at EUR 499.7 (504.2) million. Net debt decreased to EUR 440.9 (455.8) million. The strong Swedish krona increased debt by EUR 8.5 million. In addition, 1 000 000 of the Company’s own shares were repurchased due to the terms of the acquisition of Rose Poultry A/S. Net financial expenses stayed at EUR -31.7 (-30.9) million.

The Group’s liquidity was good throughout the year. Undrawn committed credit facilities at 31 December 2012 were EUR 177.4 (204.0) million. In addition, the Group had other undrawn overdraft and other facilities of EUR 28.8 (26.4) million. The EUR 200 million commercial paper programme had been drawn to the amount of EUR 120.0 (109.3) million.

Group signed a EUR 250 million secured multi-currency credit facility agreement with a Nordic banking group in March. The loan facility comprises a EUR 100 million five-year amortizing term loan and a EUR 150 million five-year credit limit. The arrangement will refinance the part of the syndicated loan facility established in 2007 which matures in 2013.

Group taxes were EUR 3.8 (1.0) million positive, of which EUR 3.4 million was due to a regulatory change in the corporate income tax rate in Sweden.

RESEARCH AND DEVELOPMENT

Research and development in the 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 10.5 (11.2) million was spent on R&D in 2012, equal to 0.4 per cent of net sales.

HK Rypsiporsas® ("Rapeseed Pork") continued its success in Finland. There are approximately 130 Rapeseed Pork products on the market. Thanks to the healthier fat content in these products, in 2012 Finns ate over 170 000 kg less saturated fat compared to 2007. For decreasing the saturated fat together with long-term salt reductions in every product category, HK Ruokatalo was acknowledged by the National health award in Finland in November 2012. In Sweden, Svensk Rapsgris was launched on the AfH market in March and to retail in September.

In Estonia, a new product line, "Lihakas", was launched successfully in the second quarter of 2012. The Lihakas products were acknowledged with the first prize in the "Best Estonian food product 2012" contest for the pork roast with rye bread topping. Additionally, the title "Best Food for Health" was given to the company's products for the second consecutive year.

HKScan is participating in a development project focusing on improving the financial viability of pork primary production. The project was started in 2012. The target group comprises pig producers in the Western Finland area. The aim is to improve the producers' ways of working and competitiveness through production development by consulting, for example. The project is divided into three categories: responsible and documented production, structural solutions, and feeding development. The project is being carried out in cooperation with the producers in order to bring them direct benefits from the results.

SUSTAINABILITY

The year 2012 focused on ensuring sustainable business continuity by actions improving profitability. With the new operating model and development programme, the Group is aiming for profitable business that lays the foundation for sustainable operations adding value to the company and its stakeholders. Efforts have been made to ensure a well-planned restructuring process as well as an environmentally, economically and socially responsible outcome. Special attention has been paid to change management and communications processes.

As part of continuous improvement of its operations, HKScan is actively involved in industry-wide research and development projects. In product development, HKScan is investing in high-quality, nutritionally balanced products. HKScan has also promoted healthier products, e.g. "Rapeseed Pork" products and healthy lifestyles. The use of more environmentally-friendly and renewable packaging materials is increasing gradually.

The Group has proceeded with stakeholder cooperation, for example by planning a new cooperation model for primary production to enhance collaboration, information flow and profitability in the entire value chain.

The health and welfare of production animals are the prerequisite for the ethical operations and profitability of the entire meat chain. HKScan monitors the welfare of production animals and develops its measurement. In 2012, animal welfare officers for slaughterhouses were nominated and trained according to new EU legislation. Studies and projects aimed at enhancing animal welfare progressed in all market areas.

HKScan operates on the principle of causing minimum adverse environmental impact during production. The company seeks to improve energy and water efficiency to reduce waste and emissions into water and the air, and to improve recycling. In 2012, HKScan has participated in climate work, and made life cycle assessment studies and carbon footprint calculations in Sweden and Finland. Energy-saving activities progressed in all market areas. The production is also a source of biogas material and HKScan uses by-products efficiently, e.g. in feed production. Most of the plants have environmental management compliant with the ISO 14001 standard. The Swinoujscie plant in Poland was certified in 2012.

HKScan's Board approved a new Code of Conduct for the Group. The Code of Conduct will be implemented during 2013.

ANNUAL GENERAL MEETING 2012

The Annual General Meeting of HKScan Corporation, held on 25 April 2012, adopted the parent company’s and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the year 2011.

The AGM resolved that a dividend of EUR 0.17 per share be paid for 2011. The dividend record date was 30 April 2012, and the payment date was 8 May 2012. Board members Juha Kylämäki, Niels Borup, Tero Hemmilä and Henrik Treschow were re-elected, and Gunilla Aschan and Teija Andersen were elected as new Board members. At the organizational meeting after the AGM, the Board re-elected Juha Kylämäki as Chairman and Niels Borup as Vice Chairman.

The AGM resolved that the annual remuneration payable to the members of the Board of Directors remained unchanged from 2011, i.e. EUR 21 000 to Board members, EUR 25 800 to the Vice Chairman of the Board and EUR 51 600 to the Chairman of the Board. The Chairmen of the Board committees (Audit, Nomination and Compensation Committees) would be paid a new annual remuneration of EUR 4 800. In addition, compensation of EUR 500 per meeting would be paid for attendance at Board and Board committee meetings, as before. Travel expenses would be compensated for according to company travel policy.

PricewaterhouseCoopers Oy, with Johan Kronberg, APA, as responsible auditor, and Petri Palmroth, APA, were elected as the Company’s auditors, and that Mika Kaarisalo, APA, and Jari Viljanen, APA, were elected as deputy auditors. It was also decided that the remuneration of the auditor would be paid according to the auditor’s invoice accepted by the company.

The AGM gave the following three authorisations to the Board:
(1) The Board of Directors was authorized to decide on share issue as well as the issue of option rights and other special rights entitling holders to shares. The shares issued under the authorization are new Series A shares of the Company. Under the authorization, a maximum of 2 500 000 Series A shares, which corresponds to approximately 4.50 per cent of all of the shares in the Company and approximately 5.00 per cent of all the Series A shares in the Company, can be issued. The shares, option rights or other special rights entitling holders to shares can be issued in one or more tranches.

(2) The Board of Directors was authorized to decide on the purchase of the Company's own Series A shares and/or on the acceptance the Company's own Series A shares as pledge as follows. The aggregate number of own Series A shares to be acquired and/or accepted as pledge shall not exceed 2 500 000 Series A shares in total, which corresponds to approximately 4.50 per cent of all of the shares in the Company and approximately 5.00 per cent of all the Series A shares in the Company. However, the Company, together with its subsidiaries, cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company.

(3) The Board of Directors was authorized to decide on the transfer of the Company’s own shares. Under the authorization, a maximum of 2 500 000 Series A Shares, which corresponds to approximately 4.50 per cent of all of the shares in the Company and approximately 5.00 per cent of all the Series A shares in the Company, can be transferred. The Company’s own shares may be transferred in one or several tranches. The Board of Directors decides on all the conditions of the transfer of the Company’s own shares. For the avoidance of doubt, this authorization does not invalidate any other authorizations decided in the meeting.

All the authorisations given to the Board are effective until 30 June 2013.

During 2012, the Board exercised the above authorisations in conjunction to the share repurchase of 1 000 000 shares in August. Further information about the repurchase can be found in the section “Repurchase of own shares” in this report.

MANAGEMENT TEAM

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

Additionally, on 29 January 2013, HKScan announced that Sari Suono, EMBA, Master of Laws, was appointed EVP HR and a member of the Management Team, effective no later than 2 April 2013.

CHANGES IN THE GROUP STRUCTURE

The mergers of HKScan Finland Oy and its wholly owned subsidiaries Järvi-Suomen Portti Oy and Helanderin Teurastamo Oy with HK Ruokatalo Oy were announced on 29 June and completed by the end of 2012. In December, HK Ruokatalo divested its Säkylä property and operations to the co-owned Kivikylän Kotipalvaamo, and sold its share of Best-In.

On 10 August 2012, HKScan announced its aim to clarify and streamline the structure of the business in Sweden in line with the Group's operating model. According to the plan, the wholly-owned subsidiaries belonging to the subgroup in Sweden will be merged into a single legal entity. In addition, HKScan's commercial, production and logistics organisations and other operations supporting the business in Sweden will be merged. The restructuring proceeded according to plan.

SHARES AND SHAREHOLDERS

Shares

The HKScan Group's registered and fully paid-up share capital at the beginning and the end of 2012 was EUR 66 820 528.10. The total number of shares issued was 55 026 522, and it was divided into two share series as follows: A Shares, 49 626 522 (90.19% of the total number of shares) and K Shares 5 400 000 (9.81%). The A Shares are quoted on the NASDAQ OMX Helsinki. The K Shares are held by LSO Osuuskunta (4 735 000 shares) and Sveriges Djurbönder ek.för. (665 000 shares) and are not listed.

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

HKScan's market capitalisation at the end of the year stood at EUR 199.7 million. The Series A shares had a market value of EUR 180.1 million and the unlisted Series K shares a calculated market value of EUR 19.6 million.

In 2012, a total of 9 084 494 of the company's shares, with a total value of EUR 40 218 018, were traded. The highest price quoted was EUR 6.40 and the lowest EUR 3.17. The median price was EUR 4.34. At the end of 2012, the closing price was EUR 3.63.

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

Shareholders

At the end of 2012, the shareholder register maintained by Euroclear Finland Ltd included 12 254 shareholders. Nominee-registered and foreign shareholders held 19.6 (20.1) per cent of the company's shares.

Notifications of changes in holdings
HKScan did not receive any notifications of changes in holdings during 2012.

Treasury shares
At the beginning of the financial year 2012, HKScan held 53 734 treasury A Shares. The company acquired 1 000 000 A shares on 6 August 2012. The repurchase pertains to the share purchase agreement of the Danish company Rose Poultry A/S, announced on 9 September 2010 and specified on 4 June 2012.

At year end, HKScan held 1 053 734 treasury A Shares. They had a market value of EUR 3.80 million and accounted for 1.91% of all shares and 0.67% of all votes at year-end.

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

PERSONNEL

In 2012, HKScan, excluding Sokolów in Poland, had an average personnel of 7 763 (8 287).

The number of employees in Finland increased, mainly due to the intake of outsourced cutting operations. In the Baltics, Sweden and Denmark, the numbers of employees decreased as a consequence of the on-going efficiency programmes.

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

	2012	2011
Finland	2 794	2 750
Baltics	1 742	1 881
Sweden	2 428	2 789
Denmark	799	867
Total	**7 763**	**8 287**

In addition, the Sokolów Group employed during the year an average of 6 310 (6 191) persons

At year end HKScan, excluding Sokolów in Poland, had an average personnel of 7 475 (7 882).
Division of personnel by market area at year end was as follows

	31.12.2012	31.12.2011
Finland	2 592	2 568
Baltics	1 700	1 803
Sweden	2 339	2 704
Denmark	844	807
Total	**7 475**	**7 882**

Additionally, the Sokolów Group had 6 491 (6 175) employees at the end of the year.

The HKScan Group's European Works Council (EWC) continued its activities during 2012. The Council functions as a cooperation body for discussion between the Group's management and personnel in issues that are significant and, due to their scope, transnational. The EWC convenes biannually in one of countries within HKScan's field of activities. In 2012, EWC meet in Sweden and in Finland.

HKSCAN AND HK RUOKATALO SUBJECT TO AN ACTION FOR DAMAGES BY OY PRIMULA AB'S BANKRUPTCY ESTATE

According to a stock exchange release of 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 are going to dispute the claim in its entirety in the pending trial. Therefore, the action did not give raise 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 the price development and 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. Uncertainty factors specific to market areas have to do with the implementation of the business development programmes.

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

EVENTS AFTER THE REPORTING PERIOD

On 7 January 2013, HKScan published a stock exchange release on starting labour negotiations to reorganize the structures and functions in its Finnish operations as part of the plans based on the Group's strategy, and to develop the productivity and profitability of the business. The planned actions aim to improve profit by approximately EUR 5 million annually, and they are planned to be carried mainly out by the end of 2013.The plans include investments and non-recurring costs, the amount of which will be specified during the negotiation process.

OUTLOOK FOR 2013

HKScan expects the business environment to remain tough as both animal supply and consumer purchasing power are estimated to tighten further. At the same time, demand for meat in general is expected to develop steadily. The Group focuses on managing future business dynamics by tight control on costs and capital spending, balancing demand and supply, and being more proactive in sales pricing.

The revised strategy, new operating model and organisation will contribute to profit improvement. The financial benefits of the development and the profitability improvement programmes are estimated to accelerate the profit aggregation towards the latter part of the year 2013 and onwards. Group EBIT for the entire year is estimated to improve from 2012.

BOARD OF DIRECTORS' PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company's distributable assets stand at EUR 198.0 million including the reserve for invested unrestricted equity (RIUE), which holds EUR 143.1 million. The Board of Directors recommends that the company pays a dividend of EUR 0.10 per share for 2012, i.e. a total of approximately EUR 5.4 million.

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

ANNUAL GENERAL MEETING 2013

HKScan Corporation's Annual General Meeting will be held at 11 am on 24 April 2013 in Turku (at the Turku Fair and Congress Centre). To be eligible to attend the Annual General Meeting, shareholders should be registered by 12 April 2013 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 2012

CONSOLIDATED INCOME STATEMENT

(EUR million)	Note	2012	2011
NET SALES		2 546.8	2 491.3
Change in inventories of finished goods and work in progress		-6.0	16.1
Work performed for own use and capitalized		1.6	1.3
Other operating income	1.	57.6	9.2
Share of associates' results		-0.1	1.1
Materials and services	1.	-1 843.7	-1 740.8
Employee benefits expenses	1.	-381.7	-379.3
Depreciation and amortization	1.	-85.9	-72.3
Other operating expenses	1.	-247.3	-286.9
EBIT		41.3	39.6
Financial income		5.4	7.4
Financial expenses		-37.1	-38.3
Share of associates' results		3.0	2.5
PROFIT/LOSS BEFORE TAXES		12.6	11.3
Income tax		3.8	1.0
PROFIT/LOSS FOR THE PERIOD		16.4	12.2
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent company		15.1	10.1
Non-controlling interests		1.3	2.1
Total		16.4	12.2

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

EPS, undiluted, continuing operations, EUR/share	0.28	0.18
EPS, diluted, continuing operations, EUR/share	0.28	0.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY — 31 DECEMBER

(EUR million)	2012	2011
Profit/loss for the period	16.4	12.2
OTHER COMPREHENSIVE INCOME (after taxes):		
Exchange differences on translating foreign operations	8.7	-2.5
Cash flow hedging	0.2	-7.4
Revaluation	0.0	-
TOTAL OTHER COMPREHENSIVE INCOME	8.8	-9.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	25.2	2.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent company	23.8	0.3
Non-controlling interests	1.4	2.1
Total	25.2	2.4

CONSOLIDATED BALANCE SHEET

(EUR million)	Note	31.12.2012	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	2.	77.7	76.6
Goodwill	3.	101.5	101.0
Tangible assets	4.	504.6	516.5
Shares in associates		34.7	29.9
Trade and other receivables		37.4	31.1
Available-for-sale investments		12.9	13.0
Deferred tax assets		27.5	21.1
NON-CURRENT ASSETS		796.2	789.2
CURRENT ASSETS			
Inventories	5.	176.3	190.2
Trade and other receivables		216.5	223.8
Income tax receivable		0.9	1.5
Other financial assets		-	0.4
Cash in hand and at bank		58.9	48.0
CURRENT ASSETS		452.6	463.8
ASSETS		1 248.8	1 253.0

EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.	66.8	66.8
Share premium reserve		73.4	73.4
Treasury shares		0.0	0.0
Fair value reserve and other reserves		155.0	153.2
Translation differences		6.6	-1.9
Retained earnings		122.1	117.9
Equity attributable to equity holders of the parent company		423.9	409.3
Non-controlling interests		8.6	12.2
EQUITY		432.5	421.5
NON-CURRENT LIABILITIES			
Deferred tax liability		34.5	36.9
Non-current interest-bearing liabilities		312.9	333.5
Non-current non-interest bearing liabilities		2.0	3.0
Non-current provisions		0.1	0.1
Pension obligations		3.9	3.7
NON-CURRENT LIABILITIES		353.4	377.1
CURRENT LIABILITIES			
Current interest-bearing liabilities		186.8	170.6
Trade and other payables		275.0	282.9
Income tax liability		0.5	0.1
Current provisions		0.7	0.7
CURRENT LIABILITIES		463.0	454.4
EQUITY AND LIABILITIES		1 248.8	1 253.0

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(EUR million)	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**	**117.9**	**409.3**	**12.2**	**421.5**
Result for the financial period	-	-	-	-	-	-	-	15.1	15.1	1.3	16.4
Other comprehensive income (+) / expense (-)											
Transl. diff.	-	-	-	-	-	8.5	-	-	8.5	0.2	8.7
Cash flow hedging	-	-	0.2	-	-	-	-	-	0.2	-	0.2
Revaluation.	-	-	-	-	0.0	-	-	-	0.0	-	0.0
Total compreh. income for the period	**-**	**-**	**0.2**	**-**	**0.0**	**8.5**	**-**	**15.1**	**23.8**	**1.4**	**25.2**
Direct recognit. in ret. earnings	-	-	-	-	-	-	-	0.2	0.2	-	0.2
Transfers betw. items	-	-	-	-	1.7	-	-	-1.7	0.0	-	0.0
Dividend distribut.	-	-	-	-	-	-	-	-9.3	-9.3	-0.9	-10.2
Other change	-	-	-	-	0.0	-	-	0.0	0.0	-4.2	-4.2
EQUITY AT 31.12.2012	**66.8**	**73.4**	**-13.7**	**143.5**	**25.2**	**6.6**	**0.0**	**122.1**	**423.9**	**8.6**	**432.5**

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
EQUITY AT 1.1.2011	**66.8**	**73.4**	**-6.5**	**143.5**	**17.4**	**0.6**	**0.0**	**124.4**	**419.6**	**11.1**	**430.6**
Result for the financial period	-	-	-	-	-	-	-	10.1	10.1	2.1	12.2
Other comprehensive income (+) / expense (-)											
Transl. diff.	-	-	-	-	-	-2.5	-	-	-2.5		-2.5
Cash flow hedging	-	-	-7.4	-	-	-	-	-	-7.4	-	-7.4
Revaluat.	-	-	-	-		-	-	-	0.0	-	0.0
Total compreh. income for the period	**-**	**-**	**-7.4**	**-**		**-2.5**	**-**	**10.1**	**0.3**	**2.1**	**2.4**
Direct recognit. in ret. earnings	-	-	-	-	-	-	-	1.5	1.5	-	1.5
Transfers betw. items	-	-	-	-	6.1	-	-	-6.1	-	-	-
Dividend distribut.								-12.1	-12.1	-0.9	-13.0
Other change	-	-	-	-		-	-	-	0.0	-0.1	-0.1
EQUITY AT 31.12.2011	**66.8**	**73.4**	**-13.9**	**143.5**	**23.5**	**-1.9**	**0.0**	**117.9**	**409.3**	**12.2**	**421.5**

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)	2012	2011
Operating activities		
Cash flow from operating activities	140.5	79.9
Financial items and taxes	-33.7	-26.1
Net cash flow from operating activities	106.8	53.9
Investments		
Gross investments in property, plant and equipment	-76.9	-60.4
Disposals of property, plant and equipment	1.5	1.9
Investments in subsidiary	-	-
Shares in associates purchased	-0.2	-1.0
Shares in associates sold	3.9	0.0
Loans granted	-1.9	-1.8
Repayments of loans receivable	0.5	2.1
Net cash flow from investment activities	-73.0	-59.2
Cash flow before financing activities	33.8	-5.4
Financing activities		
Current borrowing raised	25.5	76.8
Current borrowing repaid	-52.7	-98.3
Non-current borrowing raised	125.0	159.4
Non-current borrowing repaid	-102.7	-142.4
Dividends paid	-9.9	-12.7
Repurchase of own shares	-8.0	-
Net cash flow from financing activities	-22.7	-17.2
Change in cash and cash equivalents	11.1	-22.5
Cash and cash equivalents at 1.1.	48.4	73.4
Effect of changes in exchange rates on cash and cash equivalents	-0.6	-2.5
Cash and cash equivalents at 31.12.	58.9	48.4

FINANCIAL INDICATORS

	2012	2011
Net sales, EUR mill.	2 546.8	2491.3
Operating profit/loss (EBIT), EUR million	41.3	39.6
- % of net sales	1.6	1.6
Profit/loss before taxes, EUR million	12.6	11.3
- % of net sales	0.5	0.5
Return on equity (ROE), %	3.8	2.9
Return on capital employed (ROCE) before taxes, %	5.5	4.8
Equity ratio, %	34.6	33.6
Gearing ratio, %	115.6	119.6
Net gearing ratio, %	101.8	107.2
Gross investments, EUR million	76.6	61.0
- % of net sales	3.0	2.4
R&D expenses, EUR million	10.5	11.2
- % of net sales	0.4	0.4
Average no. of employees	7 763	8 287

PER SHARE DATA

	2012	2011
Earnings per share (EPS), undiluted, EUR	0.28	0.18
Earnings per share (EPS), diluted, EUR	0.28	0.18
Equity per share, EUR	7.85	7.67
Dividend per share, EUR	0,10*	0.17
Dividend payout ratio, undiluted, %	36,2*	92.1
Dividend payout ratio, diluted, %	36,2*	92.1
Effective dividend yield, %	2,8*	3.0
Price/earnings ratio (P/E)		
- undiluted	13.1	30.6
- diluted	13.1	30.6
Lowest trading price, EUR	3.17	4.08
Highest trading price, EUR	6.40	7.98
Middle price, EUR	4.34	6.05
Closing price on year, EUR	3.63	5.64
Market capitalization, EUR million	199.7	310.3
Shares traded, 1 000	9 084	11 765
- % of average number	16.7	21.4
Adjusted number of outstanding shares in thousands		
- average during the financial year	54 556	54 973
- at end of financial year	53 973	54 973
- fully diluted	53 973	54 973

* Based on the Board of Directors’ dividend proposal

CALCULATION OF FINANCIAL INDICATORS

Return on equity (%)	$\frac{\text{Profit}}{\text{Total equity (average)}} \times 100$
Return on capital employed (ROCE) before tax (%)	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}} \times 100$
Equity ratio (%)	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$
Gearing ratio (%)	$\frac{\text{Interest-bearing liabilities}}{\text{Total equity}} \times 100$
Net gearing ratio (%)	$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average number of outstanding shares during period}}$
Equity per share	$\frac{\text{Equity attributable to holders of the parent}}{\text{Number of outstanding shares at end of period}}$
Dividend per share	$\frac{\text{Dividend distribution}}{\text{Number of outstanding shares at end of period}}$
Dividend payout ratio (%)	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield (%)	$\frac{\text{Dividend per share}}{\text{Closing price on the last trading day of the financial year}} \times 100$
P/E ratio	$\frac{\text{Closing price on the last trading day of the financial year}}{\text{Earnings per share}}$
Market capitalization	The number of outstanding shares at the end of period x the closing price on the last trading day of the financial year

Cash flow before debt service	Cash flow before financing activities and financial items
Employee numbers	Average of workforce figures calculated at the end of calendar months

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

HKScan Corporation's financial statement release for 1 January — 31 December 2012 has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS and IFRS standards and SIC and IFRIC interpretations effective at 31 December 2012.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2011. Due to the rounding of the figures to the nearest million euros, some totals may not agree with their constituent parts. There are no IFRS standards or IFRIC interpretations that have become effective in the financial year that would have a material impact on the Group.

The Group has yet to apply the following new or revised standards and interpretations published by the IASB. These will be applied as of the effective date of each standard and interpretation or, if the effective date does not fall on the first day of the financial year, as of the start of the financial year first beginning after the effective date.

- Change to IAS 1 Financial statements (applies to financial periods starting on 1 July 2012 or later). The main change is the requirement to group other extensive profit groups according to whether they are possibly later transferred to have an impact on profit if specific terms are met. The change to the standard will not have a significant impact on the Group's financial statements.

- Change to IAS 19 Fringe benefits (applies to financial periods starting on 1 January 2013 or later). The main changes to the standard are that all insurance mathematical profit and loss shall be immediately entered in the other items of the extensive profit calculation, i.e. the pipe method will be discontinued and the funding cost will be defined on the basis of net funding. The Group is currently assessing the impact, but it will affect the Group's figures.

- IFRS 9 Funding instruments and changes to it (applies to financial periods starting on 1 January 2015 or later). Once completed, the originally three-phase IASB project will replace the current standard IAS 39 Funding instruments: entry and valuation. The first section of IFRS 9, which provides instructions for funding asset categorisation and valuation, depends on the characteristic features of contract-based cash flow and the business model of the company. The second section, released in October 2010, covers the categorisation and valuation of funding debt, and is mainly based on the current IAS 39 requirements. However, IASB is still considering the implementation of limited changes to the already-published IFRS 9 instructions for funding asset categorisation and valuation. Other matters in progress concern value depreciation and general hedge accounting. IASB has specified the macro hedge accounting section as a separate project. Due to sections being in progress, the standard's final impact on the Group's financial statements cannot be evaluated at the moment. The standard has not yet been accepted to be applied in the EU.

- IFRS 10 Consolidated financial statements (applies to financial periods starting on 1 January 2013 or later). According to the valid principles, the standard defines authority as a key factor when it is decided whether an organisation should be included in the consolidated financial statements or not. In addition, the standard issues additional instructions for specifying authority when it is difficult to evaluate it. The impact of IFRS 10 is currently being evaluated, and the Group intends to introduce it in 2014.

- IFRS Joint arrangements (applies to financial periods starting on 1 January 2013 or later). In the accounting processing of joint arrangements, the standard emphasises the resulting rights and obligations to a greater extent than the legal form. There are two kinds of joint arrangements: joint operations and joint companies. In addition, the standard requires a single method for the reporting of joint companies, i.e. the capital share method, and the previous method (relative combination) is no longer allowed. Applying the standard will become compulsory in the EU in 2014. The new standard will substantially change the Group's figures and the processing of the Polish segment. The Group intends to introduce the standard in 2014.

- IFRS 12 Financial statements information about shares in other organisations (applies to financial periods starting on 1 January 2013 or later). The standard includes the reference information requirements for different shares in other companies, including partnership companies, joint arrangements, companies established for a specific purpose, and other companies excluded from the balance sheet. Applying the standard will become compulsory in the EU in 2014. The impact of IFRS 12 is currently being evaluated, and the Group intends to introduce it in 2014.

- IFRS Market value specification (applies to financial periods starting on 1 January 2013 or later). The purpose of the standard is to increase consistency and make things simpler because it provides an accurate definition of market value and includes requirements for defining the market value, and for the necessary reference information. The use of market value has not been expanded, but instructions for using it are issued when its use is allowed, or when it is required by another standard. The standard has not yet been accepted for application in the EU.

- IAS 27 (updated in 2011) Separate financial statements (applies to financial periods starting on 1 January 2013 or later). The new standard includes the requirements for separate financial statements, which remain when the sections concerning authority have been included in the new IFRS 10. Updating the standard will not have a significant impact on the Group's financial statements.

- IAS 28 (updated in 2011) Shares in partnerships and joint companies (applies to financial periods starting on 1 January 2013 or later). The updated standard includes requirements for the processing of partnerships and joint companies with the capital share method due to the release of IFRS 11.

- Change to IAS 32 Funding instruments: financial statements information (applies to financial periods starting on 1 January 2013 or later). The change further specifies the rules for the net presentation of funding assets and debt, and increases the number of application instructions concerning the subject. The change to the standard will not have a significant impact on the Group's financial statements. The change has not yet been accepted for application in the EU.

- Change to IFRS 7, Funding instruments: financial statements information (applies to financial periods starting on 1 January 2013 or later). The change further specifies the reference information requirements which apply to funding instruments and general net arrangements or similar contracts presented as a net sum in the balance sheet. The change will not have a significant impact on the Group's financial statements. The change has not yet been accepted for application in the EU.

- Annual improvements to IFRSs 2009-2011, May 2012, applies to financial periods starting on 1 January 2013 or later). Through the Annual Improvements procedure, minor and less urgent changes to the standards are compiled into a package and implemented once per year. The changes included in the project apply to a total of five standards. The impact of the changes varies by standard, but the changes do not have a significant impact on the Group's financial statements. The changes have not yet been accepted for application in the EU.

ANALYSIS BY SEGMENT

Net sales and EBIT by market area

(EUR million)	Q4/2012	Q4/2011	2012	2011
NET SALES				
- Finland	226.6	217.6	842.6	812.4
- Baltics	45.1	44.9	176.7	173.3
- Sweden	278.0	275.6	1 040.6	1 045.7
- Denmark	50.9	54.3	211.7	228.1
- Poland	87.7	73.9	343.7	298.9
- Between segments	-15.0	-16.4	-68.5	-67.1
Group total	673.5	649.8	2 546.8	2 491.3
EBIT				
- Finland	7.4	7.2	18.4	12.1
- Baltics	1.5	2.8	8.9	9.8
- Sweden	-1.2	7.4	-7.6	17.2
- Denmark	12.7	-1.3	15.4	-3.7
- Poland	4.3	3.5	15.8	12.7
- Between segments	-	-	-	-
Segments total	24.7	19.6	50.8	48.0
Group administration costs	-3.2	-2.0	-9.5	-8.4
Group total	21.5	17.6	41.3	39.6

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS

(EUR million)	Q4/2012	Q4/2011	2012	2011
Property insurance compensation, Denmark [1)]	13.8	-	19.3	-
Impairment of fixed assets destroyed in the fire, Denmark [2)]	0.0	-	-5.5	-
Restructuring layoff expenses, Sweden [3)]	-4.0	-	-4.0	-
Restructuring expenses for closed operations, Sweden [4)]	-3.4	-	-3.4	-
Non-recurring items Total	6.4	-	6.4	-

[1)] Included in the Income Statement in the item "Other operating income"
[2)] Included in the Income Statement in the item "Depreciation and amortization"
[3)] Included in the Income Statement in the item "Employee benefits expenses"
[4)] Included in the Income Statement in the item "Materials and services", "Employee benefits expenses", "Depreciation and amortization" and "Other operating expenses"

NOTES TO THE BALANCE SHEET

2. CHANGES IN INTANGIBLE ASSETS

(EUR million)	2012	2011
Carrying amount at beginning of period	76.6	77.1
Translation differences	2.5	0.3
Increase	1.9	2.3
Increase (acquisitions)	-	-
Decrease	-0.2	-0.3
Depreciation and impairment	-4.5	-4.0
Transfer to other balance sheet item	1.4	1.1
Carrying amount at end of period	77.7	76.6

3. CHANGES IN GOODWILL

(EUR million)	2012	2011
Carrying amount at beginning of period	101.0	100.4
Translation differences	1.3	0.2
Increase	-	0.4
Increase (acquisitions)	-	0.0
Decrease	-0.9	-
Depreciation and impairment	-	0.0
Transfer to other balance sheet item	-	-
Carrying amount at end of period	101.5	101.0

4. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(EUR million)	2012	2011
Carrying amount at beginning of period	516.5	537.8
Translation differences	10.8	-7.9
Increase	72.7	56.2
Increase (acquisitions)	-	1.3
Decrease	-11.5	-1.2
Depreciation and impairment	-82.5	-67.7
Transfer to other balance sheet item	-1.4	-1.8
Carrying amount at end of period	504.6	516.5

5. INVENTORIES

(EUR million)	2012	2011
Materials and supplies	82.6	88.7
Unfinished products	13.3	9.1
Finished products	55.7	72.1
Goods	0.0	0.0
Other inventories	7.7	7.7
Prepayments for inventories	8.0	4.5
Live animals, IFRS 41	9.0	7.9
Total inventories	176.3	190.2

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
1.1.2012	54 972 788	66,8	72,9	143,5	0,0	283,1
31.12.2012	53 972 788	66,8	72,9	143,5	0,0	283,1

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)	31.12.2012	31.12.2011
Nominal values of derivative instruments		
Foreign exchange derivatives	67.3	63.2
Interest rate derivatives	275.3	283.8
Electricity derivatives	10.7	11.1
Fair value of derivative instruments		
Foreign exchange derivatives	-1.1	-0.5
Interest rate derivatives	-24.9	-23.0
Electricity derivatives	-1.3	-1.1

CONSOLIDATED OTHER CONTINGENT LIABILITIES

(EUR million)	31.12.2012	31.12.2011
Debts, secured by pledges or mortgages		
- loans from financial institutions	370.3	34.1
Given as security		
- real estate mortgages	74.6	63.0
- pledges	5.2	5.1
- floating charges	16.7	22.8
Security for debts of participating interests		
- guarantees	7.5	5.2
For others		
- guarantees and pledges	12.9	14.0
Other contingencies		
Leasing commitments	21.8	26.2
Other rental commitments	58.0	61.0
Other commitments	7.8	7.8

BUSINESS TRANSACTIONS WITH RELATED PARTIES

(EUR million)	2012	2011
Sales to associates	99.9	73.0
Purchases from associates	54.9	47.3
Trade and other receivables	3.2	2.8
Trade and other payables	3.5	9.1

NEXT FINANCIAL REPORT

The HKScan Group’s interim report for January–March 2013 will be published on 7 May 2013.

Vantaa, 15 February 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 with Marja Siltala, tel. +358 10 570 2290 or with Marjukka Hujanen, tel. +358 10 570 6218.

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 11 100 employees.

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