Annual Report 2014

Kronfågel

Den Stolte Hane

Danpo

Scandi Standard

Contents

FINANCIAL CALENDAR

May 21, 2015	Annual General Meeting
May 29, 2015	Interim Report, First quarter 2015
August 28, 2015	Interim Report, Second quarter 2015

Scandi Standard

Scandi Standard is the leading supplier of chicken-based food products in Scandinavia with operations in Sweden, Denmark and Norway. We offer a broad range of chilled and frozen chicken products of high quality under well-known brands, such as Kronfågel, Danpo and Den Stolte Hane, as well as for private label.

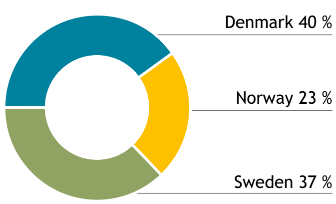
Our customers are found in the retail, food service and industry sectors, with retail being the largest. We export our products to more than 40 countries.

Our vision is to get Scandinavians to eat chicken at least once more per week, by supplying high-quality products with a focus on innovation, animal welfare, food safety and sustainability.

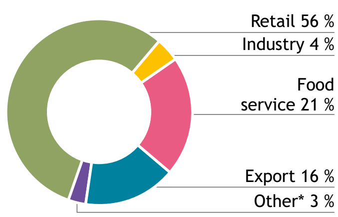
Brand market position*, 2014

* Retail market, AC Nielsen.

Net sales by country, 2014

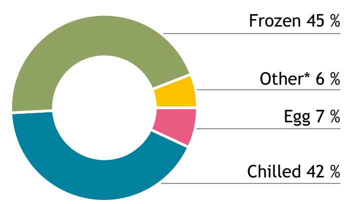


Net sales by channel, 2014



* Mostly SweHatch sales of day-old chicks.

Net sales by product category, 2014



* Mostly SweHatch sales of day-old chicks and sales of pet food.

Key events

- Scandi Standard's shares were listed on Nasdaq Stockholm on June 27, 2014 under the shortname SCST.
- Holdings of owners CapVest and Lantmännen were reduced to 15.5 and 13.5 percent respectively, and a total of 39.0 million shares were sold to more than 5,000 new shareholders.
- The Board of Directors was broadened to add further competences, and the management team was strengthened.
- A major contract with ICA Norway was terminated as of April 1, 2014 initiating a transition of sales in the Norwegian market to other growing retailers.
- Bosarpskyckling AB, the leading producer of organic chicken in Sweden, was acquired as of September 1, 2014.
- The retail market for chicken products in Scandinavia grew by about 3 percent in value from the previous year.
- A number of new products were successfully launched during the year in all three countries.
- Minutfilé, which was launched in Sweden in the first quarter, becoming the fourth most sold chilled chicken product in the Swedish market.
- Capital expenditure amounted to MSEK 141,3, of which approximately half referred to productivity improvement projects.
- Good progress in cost-efficiency improvements in Sweden and Norway.

Financial highlights

Full Year 2014 compared to pro forma* 2013

- Net sales increased by 1 percent to MSEK 5,267.2 (5,192.4), and were flat at constant exchange rates.
- Strong sales growth in Sweden and higher sales in Denmark offset a decline in Norway following the termination of a major contract as of April 1.
- Adjusted[1] operating income decreased to MSEK 301.0 (317.2) corresponding to a margin of 5.7 (6.1) percent.
- Adjusted[1] income for the period increased to MSEK 145.1 (89.2) and adjusted[1] earnings per share rose to SEK 2.63 (1.78).
- Adjusted[1] operating cash flow improved to MSEK 438.1 (176.1), helped by a reduction of inventories compared to an increase in the previous year.
- A new credit facility was established in July substantially reducing annual finance expenses.
- The Board of Directors proposes a dividend for 2014 of SEK 1.30 (-) per share.

** Pro forma described on page 15.*

Key figures

MSEK	2014	Pro forma 2013	Change	2013 Actual Jun-Dec
Net sales	5,267.2	5,192.4	1 %	3,031.6
Operating income	238.5	162.9	46 %	36.5
Income for the period	56.1	-30.0	n.a.	-79.9
Dividend, SEK	1.30[2]	-	-	-
ROCE[3], %	12.9	-	-	-
ROC[4], %	13.6	-	-	-
Equity assets ratio, %	28.6	13.3	-	13.3
Average no. of employees	1,660	1,677	-30	n.a.

Adjusted for non-comparable items

Adjusted EBITDA[1]	470.2	479.0	-2 %	n.a.
Adjusted EBITDA margin[1], %	8.9	9.2	-	n.a.
Adjusted operating income[1]	301.0	317.2	-5 %	n.a.
Adjusted operating margin[1], %	5.7	6.1	-	n.a.
Adjusted income for the period[1]	145.1	89.2	63 %	n.a.
Adjusted earnings per share[1], SEK	2.63	1.78	48 %	n.a.
Adjusted operating cash flow[1]	438.1	176.1	149 %	n.a.

[1] Adjusted for non-comparable items of MSEK -62.5 (-154.3). For further details on the non-comparable items, see page 16.
[2] Proposed
[3] Return on Capital Employed.
[4] Return on Operating Capital.

CEO statement

The Group is the leading supplier of chicken-based food products in Scandinavia with strong local brands, a broad product portfolio and cost-efficient production.

Demand for chicken products continued to grow in our markets, as consumers increasingly preferred this healthy and environmentally friendly protein alternative.

2014 was a year of transformation when Scandi Standard was established as a publicly listed company after organisational changes and the addition of new central functions. The management team was strengthened through several new recruits.

Our vision is to get Scandinavians to eat chicken at least once more per week. During the year we further increased our focus on product innovation and launched a large number of new or improved products. We also created a new platform for growth in the premium segment through the acquisition of Bosarpskyckling.

Our strategic relationships with key customers generally developed well. We continued to improve the Group's operational efficiency through targeted investments and by sharing best practice.

Higher sales but lower margins

Net sales for the year increased slightly overall, despite the loss of a major contract with ICA Norway as of April 1, 2014. Excluding this contract, Group sales rose by 7 percent in local currency. The retail market for chicken products in Scandinavia increased by approximately 3 percent in value.

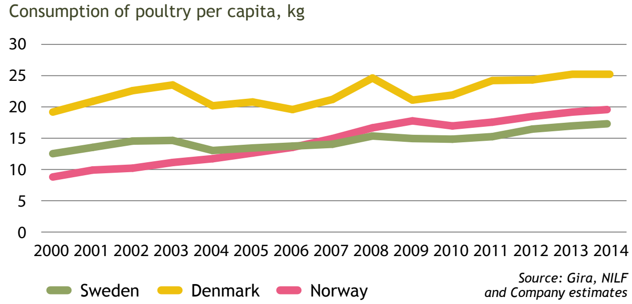
The Group's adjusted operating income and margin declined due to the loss of the ICA Norway contract. The impact of the loss of this contract was to a large extent offset by a strong performance in Sweden, higher sales in Denmark and operational cost-savings in all countries. The Group strengthened its market position in both Sweden and Denmark.

In Norway, the process to replace the sales lost on the ICA Norway contract is taking longer than anticipated. The decline in sales in Norway was more pronounced in the fourth quarter as the whole retail market for chicken products was affected by extensive media coverage regarding bacteria in chicken. The media focus has continued into 2015 with an adverse effect on demand. This, in combination with the loss of the ICA contract, will continue to have a negative impact in 2015.

The refinancing of the bank loans in July at lower interest rates will lead to significantly lower finance expenses on an annual basis. Adjusted operating cash flow showed a substantial improvement, helped by inventory reductions compared to increases last year.

Demand continued to grow

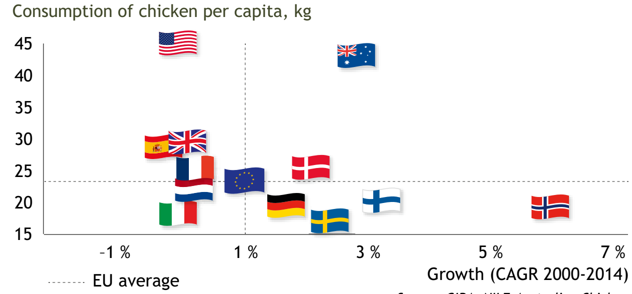
Consumption of poultry per capita, kg



Source: Gira, NILF and Company estimates

Growth potential in Scandinavia

Consumption of chicken per capita, kg



Source: GIRA, NILF, Australian Chicken Meat Federation, National Chicken Council

The per capita consumption of chicken products in Scandinavia lags other parts of Europe and the developed world and is expected to show higher growth.

With our size, broad product portfolio, well-recognised brands and strong positions in the local Scandinavian markets, Scandi Standard is well positioned to take advantage of these trends.

Acquisition of Bosarpskyckling

The acquisition of Bosarpskyckling adds a new platform for growth in the fast growing, premium organic segment. The company was founded in 1999 and has annual sales of approximately MSEK 25. The acquisition was accretive from the outset.

Bosarpskyckling is the only producer of organic chicken in Sweden. Production is certified according to the Swedish KRAV standard and the EU regulations for organic breeding. The products are listed with all the major retailers in Sweden. We are now looking to increase the number of farms that are able to supply organic chicken.

Growing demand for chicken products

Chicken-based products are expected to outgrow demand for other meat products, as it is one of the most affordable sources of protein with clear health benefits. Consumers are becoming more health conscious and are showing increased preferences for locally produced products. There is also more focus on sustainability and traceability along the value chain. Chicken production has environmental benefits in terms of energy consumption and emission of greenhouse gases as it requires significantly less cereal food per kilo meat produced than beef or pork.

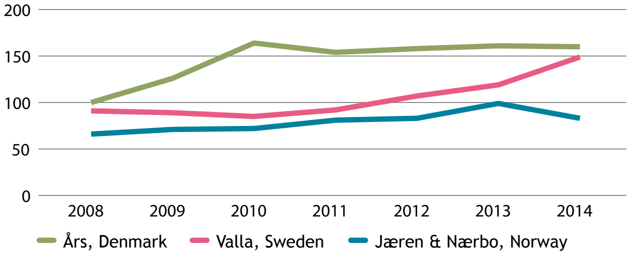
Unchanged financial targets

We made good progress in many areas during 2014. The adjusted operating income for the Group was lower than our initial expectations due to the decline in sales in Norway. The situation in Norway will continue to impact us in 2015, but this has not caused us to change our medium-term financial targets which include to have an annual average organic growth in net sales in line with or above the growth in the market and to reach an EBITDA margin exceeding 10 percent.

Leif Bergvall Hansen
Managing Director and CEO

Continued efficiency improvements

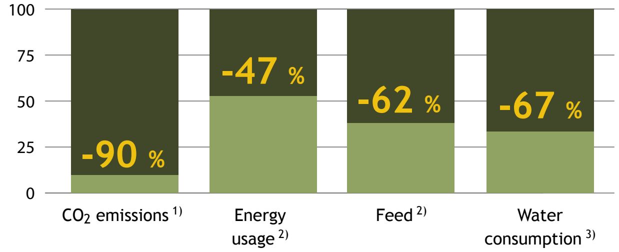
Total number of processed chickens per employee and day, index*



* Index rebased to 100=Års level in 2008.
Norway in 2014 impacted by volume reductions.

Lower environmental impact

Chicken compared to beef, %



Source: 1) SIK Report, LCA Report. Data for chicken is average for poultry.
2) Tollkamp et al (2010), OECD FAO.
3) EU generation awake consumption guide.

Chicken production has an advantage over other meat products due to lower production cost and lower use of resources.

Market overview

Over recent decades there has been steady growth in global demand for chicken driven by population growth, economic expansion in developing economies, more efficient farming making meat protein affordable to a larger share of the population, considerations of health and the environment.

Scandinavian market

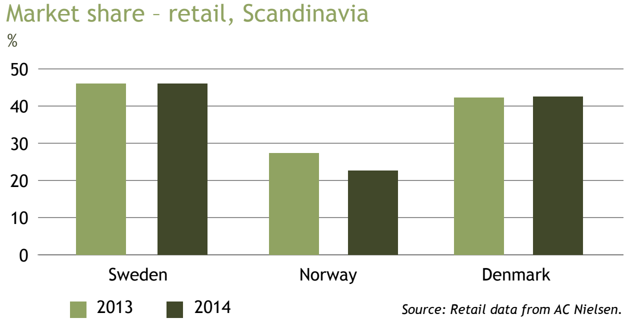
The market for chicken-based food products in Scandinavia has shown an annual average growth of approximately 4 percent over the past decade. This trend is expected to continue as the per capita chicken consumption in the region, which lags that of other parts of Europe and the developed world, catches up. Trends supporting that growth include health and environment, preference over other meat, affluence, convenience and eating out.

Scandi Standard is the leading supplier of chicken products in Scandinavia being more than 2 times larger than its closest competitor. The Group is the largest producer in Sweden and Denmark and the second largest in Norway.

Growth in 2014 in the Scandinavian retail market is estimated at 3 percent in value, driven by increased volumes while prices were steady. The Norwegian and Swedish markets grew by approximately 4 percent and 3 percent respectively, while the Danish market showed a stable development compared to 2013.

The long-term trend is towards an increasing demand for chilled products, which are gaining market share from frozen products. This is driven by demand for more convenience and is associated with higher quality. This trend is most notable in Sweden where chilled products represent a lower portion of the market.

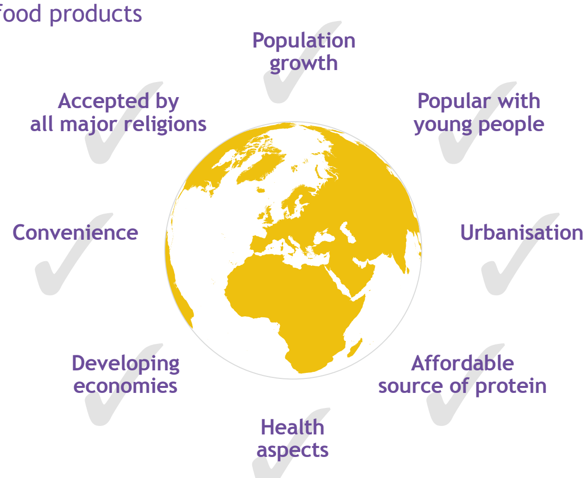
Market share – retail, Scandinavia



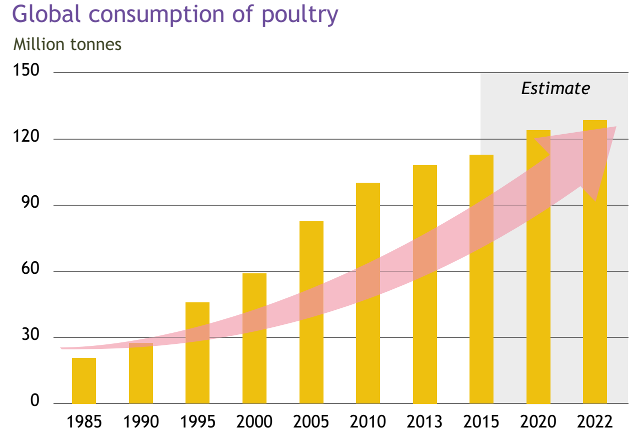
Source: Retail data from AC Nielsen.

Trends and drivers

Many trends support growth in chicken based food products



Global consumption of poultry



Source: OECD FAO, total meat defined as poultry, beef and pork

Factors supporting growth in demand for chicken

- *Increased health consciousness*
  Chicken is relatively low in calories, high in protein and is considered to be a healthier alternative than red meat.
- *Lower production costs*
  The short growing period of chicken implies a lower feed and energy usage in production than other meat categories.
- *Superior environmental profile*
  As a result of the low feed to meat conversion ratio, poultry is one of the most environmentally friendly sources of meat protein in terms of greenhouse gas emissions per kg weight of meat produced.
- *Strong demand for locally produced products*
  Scandinavian chicken is unusual in the world because there is no use of feed supplements such as growth hormones. Strict hygiene controls ensure a very low incidence of salmonella. Scandinavian consumers have a strong preference for these higher quality standards.
- *Demographic trends*
  Demand for chicken is higher among younger segments of the population and is expected to continue as these generations grow older. The increase of the convenience food market and an increasing trend of eating out also support chicken consumption.

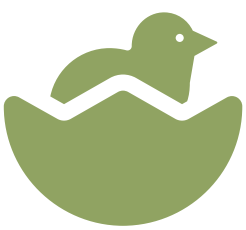
Strategy for profitable growth

Scandi Standard is well positioned to take advantage of the growth in the Scandinavian market for chicken-based food products based on its strengths:

- *Largest producer in the region, more than twice the size of the nearest competitor.*
- *Strong presence in all three local markets.*
- *Economies of scale with cost-efficient production facilities in each country.*
- *Broad portfolio of branded products complemented by private label offerings.*
- *Well-recognised brands.*
- *Preferred supplier to major food retailers and foodservice customers.*

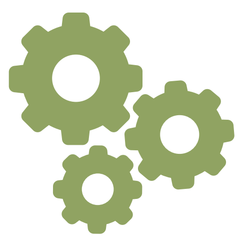
The Group is run in accordance with a well-defined strategy based on three pillars of growth:

1 Drive organic sales growth



- Increase efforts in product development and innovation.
- Take advantage of market trends for healthy and convenient food utilising Scandi Standard's strong brands.
- Develop the chicken category with retailers.
- Grow presence in the food service segment.
- Optimise export opportunities.

2 Improve production efficiency and reduce sourcing costs



- Continue investment in measures to improve productivity.
- Improve efficiency in the main plants by increasing productivity per employee and yield per bird.
- Improve productivity and competitiveness in sourcing.

3 Possibilities for strategic acquisitions and partnerships

- Build on strengths developed as a preferred supplier and form new collaborations and partnerships.
- Leverage acquisition of Bosarp-skyckling to grow in the premium organic segment.
- Further expand product offering.
- Enter new adjacent markets.

1 Drive organic sales growth

Product development is important to drive organic sales growth. The Group has a product development plan covering the next 18–36 months, which includes major releases two to three times per year in each country.

Major consumer trends include the increasing demand for healthy, fresh and easy to cook products that are locally produced. Product innovation can also come from innovation in production, such as new processes and equipment that enable production of products that were previously not possible.

The development process is generally conducted by local teams as taste and product preferences differ between the markets. There are also a number of ongoing projects in areas that are of interest to all three countries, such as bird feed, shelf life and convenience.

During 2014, the Group made a number of successful product launches. Minutfilé was launched in Sweden in the first quarter and in Denmark and Norway in the third quarter of 2014. It is a flattened chicken fillet, which offers greater tenderness and shorter cooking time than regular fillets. The strong sales development resulted in a market position as the fourth most sold chilled chicken product in Sweden.

Scandi Standard has together with the Max hamburger chain in Sweden developed chicken burgers and nuggets for the Max restaurants. In September these products were also launched in the retail market. The nuggets were the best-selling product in that category in the Swedish retail market.

Develop the chicken category together with retailers
The Group is the main supplier of chicken to a number of major retailers including ICA in Sweden, Coop in Norway, and Dansk Supermarked in Denmark.

The Group works actively with key retailers to ensure that the increasing demand for a wider product offering is facilitated in terms of store fixtures and reflected in terms of shelf space allocated.

Grow presence in food service segment
The food service segment includes fast food restaurant chains as well as hotels, restaurants and public services. Group sales to this segment have increased in recent years driven by the trend for eating out more and the fact that consumers regard chicken as more healthy than other types of meat, which extend the customer base of fast food retailers to more health conscious consumers. In addition, chicken is more affordable and considered more convenient to prepare than other types of meat.

Scandi Standard is for example one of only five suppliers to McDonalds in Europe. Based on its size and long experience as a key supplier, the Group is actively working to gain new and develop existing client relationships within this segment. The aim is to become an integrated part of the clients' sourcing of chicken products, to provide tailored solutions and to enhance end-consumers' experience by providing new tastes, seasonings and marinades as well as menus and recipes. Other important initiatives are to tailor cuts and sizes of portions as well as packaging solutions according to client demand.

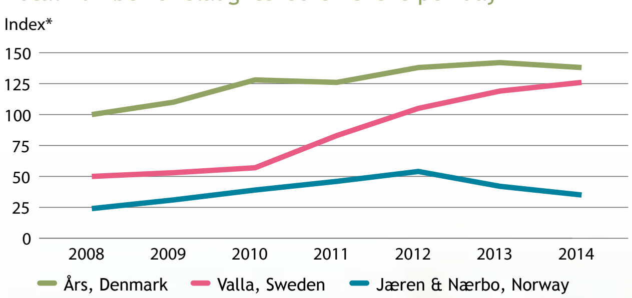
2 Improve production efficiency and reduce sourcing costs

The ongoing efforts to improve operational efficiency continued as planned during 2014. It is expected that efficiency levels can be further improved in the major facilities, mainly through investments in greater automation and optimisation of cutting techniques to increase production yield.

Capital expenditure in 2014 amounted to MSEK 141, of which approximately half related to productivity improvement projects. The payback period for planned projects is estimated to be less than three years on average.

We also work to improve efficiency and competitiveness in other parts of the value chain, including external sourcing.

Total number of slaughtered chickens per day



** Index rebased to 100=Års, Denmark level in 2008.*

3 Possibilities for strategic acquisitions and partnerships

Scandi Standard is continuously evaluating acquisitions and partnership opportunities aimed at expanding the product offering and growing into adjacent categories, entering new geographical markets and consolidating its position in existing markets.

In 2014 the Group acquired Bosarpskyckling AB, the only producer of organic chicken in Sweden. Bosarpskyckling is a good example of a complementary acquisition that offers synergies and opportunities for growth.

BOSARP EKOLOGISK KRAV

Bosarpskyckling produces ecological chickens that meet the Swedish KRAV standards.

Financial targets

Scandi Standard has the following medium-term financial targets, which were set at the time of the Initial Public Offering in June 2014.

Net sales growth in line with or above market growth

Annual average organic net sales growth over time should be in line with or above the growth of the underlying market.

OUTCOME

Period: 2011–2014*

Actual: Average growth rate (CAGR) of 4.7 percent

** Based on compiled figures for 2011 and 2012, pro forma figures for 2013 and actual figures 2014.*

EBITDA margin exceeding 10 percent

To reach an EBITDA margin exceeding 10 percent in the medium term.

OUTCOME

Period: 2014

Actual: Adjusted EBITDA margin of 8.9 percent

The adjusted EBITDA margin has increased from 6.3 to 8.9 percent, based on compiled figures for 2011 and actual figures 2014.

Net debt/EBITDA within the range of 2.0–2.5x LTM EBITDA

The capital structure shall provide for a high degree of financial flexibility to allow the Group to capture organic growth opportunities and pursue potential acquisitions. Net debt/EBITDA may temporarily exceed the above level.

OUTCOME

Period: December 2014

Actual: Net debt/EBITDA of 3.0x (2013: 3.3x)

Average pay-out ratio of 60 percent of net profit

The policy for the dividend is to distribute approximately 60 percent of adjusted income for the period on average over time. The pay-out ratio shall take into account the financial position and future growth opportunities.

OUTCOME

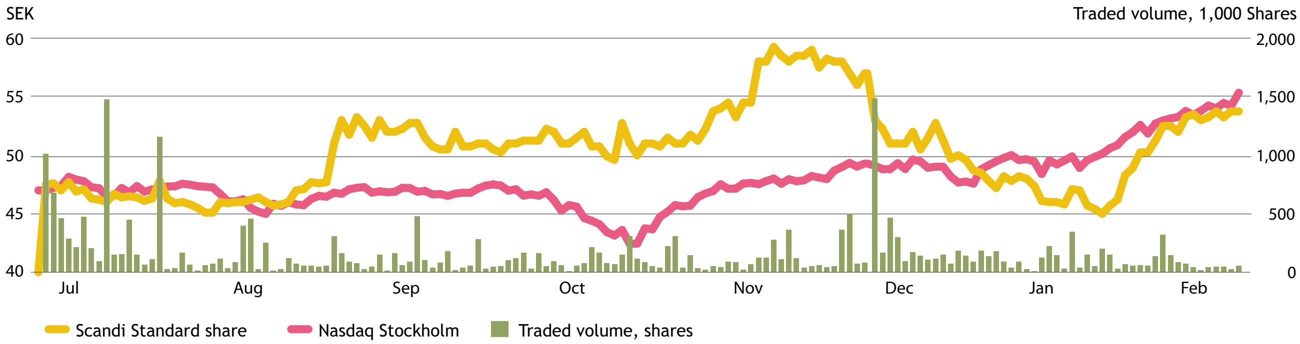
Period: 2014

Actual: Proposal to AGM 2015 is SEK 1.30 per share, equivalent to 54 percent of adjusted income for the period.

The Scandi Standard share

The Scandi Standard share was listed on Nasdaq Stockholm on June 27, 2014. The share price increased by more than 20 percent during the year and closed at SEK 48.20 per share on December 30, 2014.

Scandi Standard share price development, 2014



Initial Public Offering (IPO)

The Scandi Standard share was listed on Nasdaq Stockholm on June 27, 2014. The market value of all issued shares in the Company at the IPO price of SEK 40 was approximately MSEK 2,402. A total of 39,039,577 shares (after exercise of the over-allotment option), corresponding to 65 percent of all shares, were sold by Kansas Holding B.V (CapVest) and Lantmännen Kycklinginvest AB.

All individuals who had applied for shares within the offering to the general public were allocated shares. The shares are traded on Nasdaq under the shortname SCST.

Share price and average volumes

A total of 33.4 million shares were traded during the year and on the last day of trading the share price closed at SEK 48.20 per share, an increase of more than 20 percent since the IPO. The average daily volume in 2014, excluding the day of listing, was 171,697 shares per day.

Largest shareholders per December 30, 2014

Name	No. of shares	Capital, %
Kansas Holding B.V (CapVest)	9,038,396	15.0
Lantmännen Kycklinginvest AB	8,122,182	13.5
Carnegie Fonder	4,865,000	8.1
Swedbank Robur	2,669,897	4.4
Allianz	1,905,462	3.2
Artemis	1,668,368	2.8
Invesco A.M	1,380,000	2.3
Henderson Global Investors	1,355,240	2.3
Handelsbanken Fonder	1,268,392	2.1
Leif Bergvall Hansen	1,142,663	1.9
Other	26,645,290	44.4
Total	**60,060,890**	**100.0**

Source: Euroclear

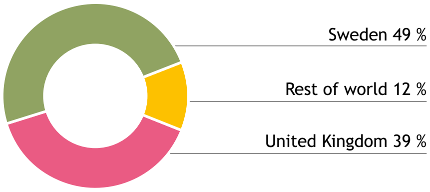
Ownership structure per December 30, 2014

Holding	No. of shareholders	No. of shares	Voting rights and Share capital, %
1 - 500	1,728	351,366	0.6 %
501 - 1,000	260	222,761	0.4 %
1,001 - 10,000	373	1,241,942	2.1 %
10,001 - 20,000	36	528,193	0.9 %
20,001 -	159	57,716,628	96.1 %
Total	**2,556**	**60,060,890**	**100 %**

Per share data, SEK	2014	Pro forma 2013
Adjusted earnings per share	2.63	1.78
Earnings per share	1.02	-0.60
Adjusted cash flow from operating activities, per share	7.29	3.51
Equity per share	14.76	8.64
Average no of shares[1]	55,238,260[2]	50,071,673[2]
Number of shares at the end of period[1]	60,060,890[2]	50,071,673[2]

[1] *No dilution effect in the number of shares.*
[2] *Adjusted for the reversed split.*

Geographic distribution, share capital per December 30, 2014



Changes in share capital

		Number of shares		Share capital		
Registered	Transaction	Change	After transaction	Quota value, SEK	Change	After transaction
Feb 1, 2013	Incorporation	50,000	50,000	1.000000	50,000	50,000
Jun 26, 2013	New share issue	500,716,726	500,766,726	0.000500	200,287	250,287
Jun 26, 2013	Reduction of share capital		500,766,726	0.000200	-150,215	100,072
Jun 26, 2013	Reduction of share capital	-50,000	500,716,726	0.000100	-50,000	50,072
May 19, 2014	Bonus issue		500,716,726	0.000999	449,928	500,000
May 19, 2014	Reclassification of shares		500,716,726	0.000999		500,000
May 20, 2014	New share issue	4,569,376	505,286,102	0.000999	4,563	504,563
Jun 27, 2014	Reclassification of shares		505,286,102	0.000999		504,563
Jun 27, 2014	Reversed split 1:10	-454,757,492	50,528,610	0.009986		504,563
Jun 27, 2014	New share issue	95,186	50,623,796	0.011847	95,186	599,749
Jun 27, 2014	Set-off of shareholder loans	9,437,094	60,060,890	0.009986		599,749

Contents

Financial statements pro forma

The Scandi Standard Group was established on June 3, 2013. The Group's financial statements for 2013 therefore comprise the financial development from this date to year-end and not for the full twelve-months period.

The purpose of the pro forma financial statements for 2013 is to show what the financial results could have been if the Group had been formed on January 1, 2013.

The pro forma financial statements have been created as an illustration of:

- Estimated financial results for the individual companies for the period January - May 2013.
- The actual financial results for the period June - December 2013.
- The Group's balance sheet of December 31, 2013 is considered to be the same as shown in the Company's annual accounts.

The pro forma financial statements for 2013 describe a hypothetical situation and have been produced solely for illustrative purposes. Potential synergies have not been taken into consideration and no further integration costs or transaction costs in addition to those described in the financial statements 2013 have been added. The pro forma financial statements for 2013 should not be regarded as an indication of the Group's future performance. All underlying financial information has been prepared according to IFRS as adopted by the EU. The pro forma financial statements for 2013 have also been prepared in accordance with the accounting principles as described in the Company's annual report for 2013.

Pro forma adjustments

According to IFRS, the fair value of acquired assets and liabilities are measured on the acquisition date (purchase price allocation). Acquired values that do not relate to identifiable assets and liabilities are recognised as goodwill. In Scandi Standard's purchase price allocation, parts of the value have been attributed to customer and supplier relations, which are amortised over 10 years. In the pro forma financial statements such amortisation has been made for the Full Year 2013 with the assumption that the value of the assets was the same as at actual acquisition date.

Adjustments in the financial statements according to IFRS have also been done regarding financial instruments (IAS39) and pensions (IAS19R) in accordance with applicable rules and practices.

As the financial situation of the Group changed significantly in conjunction with its establishment, adjustments for interest rates have been done in the financial statements. Therefore, adjustments have also been made for actual interest rates existing during the period up until June 2013 and which had not been the case in the intended pro forma environment.

Net sales and income

Net sales in 2014 increased by 1 percent to MSEK 5,267.2 (5,192.4 pro forma), and were flat at constant exchange rates compared to pro forma 2013. Excluding ICA Norway last year, net sales increased by 7 percent in local currency. The termination of the ICA Norway contract was effective as of April 1, 2014.

Net sales in Sweden increased by 9 percent, while net sales in local currency increased by 2 percent in Denmark and declined by 16 percent in Norway.

In terms of net sales by product category, chilled products increased by 1 percent while sales of frozen products were flat on the previous year pro forma at constant currency.

Operating income amounted to MSEK 238.5 (162.9 pro forma), including non-comparable items of MSEK –62.5 (–154.3 pro forma). For a description of non-comparable items, see table below. Adjusted for these items operating income was MSEK 301.0 (317.2 pro forma), corresponding to an adjusted operating margin of 5.7 (6.1 pro forma) percent with margin improvements in Sweden and Denmark partly offsetting weaker margins in Norway.

Adjusted income for the period increased to MSEK 145.1 (89.2 pro forma), benefitting from significantly lower finance expenses in the second half of the year after the refinancing of bank loans in July 2014 and lower taxes. Adjusted earnings per share were SEK 2.63 (1.78 pro forma).

Financial summary

MSEK	2014	Pro forma 2013
Net sales	5,267.2	5,192.4
Operating income	238.5	162.9
Income for the period	56.1	-30.0
Adjusted EBITDA[1]	470.2	479.0
Adjusted EBITDA margin[1], %	8.9	9.2
Adjusted operating income[1]	301.0	317.2
Adjusted operating margin[1], %	5.7	6.1
Adjusted income after finance net[1, 2]	189.8	166.3
Adjusted income for the period[1, 2, 3]	145.1	89.2
Adjusted EPS[1, 2, 3], SEK	2.63	1.78
Adjusted return on operating capital (ROC), %	13.6	-
Adjusted return on capital employed (ROCE), %	12.9	-

[1-3] see table below.

The ROC and ROCE figures for 2013 pro forma have not been prepared due to the complete change of the Group's capital structure.

Non-comparable items

Non-comparable items in EBITDA and operating income MSEK	2014	Pro forma 2013
IPO costs[a]	-36.5	-
Transition costs[b]	-13.9	-9.7
Monitoring fees[c]	-5.8	-1.8
Transaction costs[d]	-2.3	-150.8
Pension revaluation[e]	-4.0	8.0
[1]Total	**-62.5**	**-154.3**
Non-comparable items in finance net		
[2]Refinancing[f]	-51.0	-
[3]Tax effect on adjustments	24.5	35.1
Non-comparable items in income for the period	**-89.0**	**-119.2**

[a] *Non-recurring costs related to the IPO.*

[b] *Transition costs related to the carve-out of the Swedish and Danish operations from Lantmännen, e.g IS/IT costs, which is now complete.*

[c] *Monitoring fees charged by prior owners, which ceased at the time of the IPO.*

[d] *Revaluation of acquired stock and contracts (PPA) and deal fees following the acquisitions in 2013/2014 by Scandi Standard. These costs are non-recurring.*

[e] *Non-comparable items regarding pension revaluation arose from the closure of the defined benefit scheme. These are now complete.*

[f] *Non-recurring write-off arrangement fees related to the old credit facility.*

Cash flow

Adjusted operating cash flow increased to MSEK 438.1 (176.1 pro forma). The improvement was mainly due to a reduction of inventories of MSEK 91.6 compared to an increase in inventories of MSEK 155.3 in 2013 pro forma.

Working capital as of December 31, 2014 amounted to MSEK 349.9 (485.6), corresponding to 6.6 percent of net sales compared to 9.4 percent at year-end 2013.

Capital expenditure amounted to MSEK 141.3 (164.0 pro forma), of which approximately half referred to productivity improvement projects mostly in Sweden and Norway.

Financial position

Total equity increased to MSEK 886.2 from MSEK 432.4 as of December 31, 2013, mainly due to the conversion of shareholder loans in connection with the Initial Public Offering (IPO). The equity to assets ratio was 28.6 (13.3) percent at year-end.

Net interest-bearing debt as of December 31, 2014 amounted to MSEK 1,405.5 compared to MSEK 1,598.1 at year-end 2013 (excluding shareholders loans on which interest was accrued but not paid and which were converted to equity in connection with the IPO).

Net debt/EBITDA amounted to 3.0x (3.3x pro forma) adjusted EBITDA. Cash and cash equivalents amounted to MSEK 89.7 (71.8).

Adjusted operating cash flow

MSEK	2014	Pro forma 2013
Adjusted EBITDA[1]	470.2	479.0
Capital expenditure	-141.3	-164.0
Change in inventories	91.6	-155.3
Change in other working capital	17.6	14.4
Adjusted operating cash flow	**438.1**	**176.1**

[1] *For a description of adjustments, see page 16.*

Segment information

Sweden

Net sales for the Swedish operation increased by 9 percent to MSEK 2,055.2 (1,883.4 pro forma). The retail market* in Sweden grew by approximately 3 percent in value year over year driven by a growth of 11 percent in chilled products, while frozen products showed a decrease of 2 percent in value.

The market share* stayed constant at approximately 46 (46) percent. Branded products market share gains were achieved in both the chilled and the frozen segment.

The adjusted operating income rose by 52 percent to MSEK 113.8 (74.9 pro forma) and the adjusted operating margin improved to 5.5 (4.0 pro forma) percent. Profitability in 2014 was helped by significant investments in 2013 and 2014 to increase productivity. Furthermore, margins in the second half of 2013 were negatively affected by high inventory levels.

Denmark

Net sales for the Danish operation increased by 7 percent to MSEK 2,209.2 (2,066.5 pro forma) or 2 percent in local currency. The retail market* in Denmark was unchanged in value year over year. Chilled products decreased by 1 percent, while frozen increased by 3 percent in value. The market share* increased to 43 (42) percent. Sales of frozen chicken products benefitted from exports and campaigns during the year to reduce inventories, which were unusually high going into the year. By the end of 2014, inventories were at satisfactory levels.

The adjusted operating income rose by 9 percent to MSEK 104.3 (95.3 pro forma) or 4 percent in local currency, and the adjusted operating margin was stable at 4.7 (4.6 pro forma) percent.

* Retail Market, AC Nielsen.

Segment information compared to pro forma 2013

Net sales MSEK	2014	Pro forma 2013
Sweden	2,055.2	1,883.4
Denmark	2,209.2	2,066.5
Norway	1,270.0	1,538.6
Intra-Group eliminations	-267.2	-296.1
Total net sales	**5,267.2**	**5,192.4**

Adjusted operating income MSEK	2014	Pro forma 2013
Sweden	113.8	74.9
Denmark	104.3	95.3
Norway	119.8	162.7
Group	-17.8	2.7
Amortisation	-19.1	-18.4
Total	**301.0**	**317.2**

Adjustments to operating income (see Non-comparable items, page 16) MSEK	2014	Pro forma 2013
Sweden	-13.9	-5.6
Denmark	-1.4	-2.3
Norway	-0.7	-17.3
Group adjustments	-46.5	-129.1
Total	**-62.5**	**-154.3**

Operating income MSEK	2014	Pro forma 2013
Sweden	99.9	69.3
Denmark	102.9	93.0
Norway	119.1	145.4
Group	-64.3	-126.4
Amortisation	-19.1	-18.4
Total	**238.5**	**162.9**

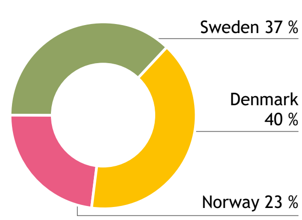
Norway

Net sales for the Norwegian operation decreased by 18 percent to MSEK 1,270.0 (1,538.6 pro forma) or 16 percent in local currency. The retail market* in Norway grew by approximately 4 percent in value driven by good growth within chilled chicken products up by 5 percent while frozen up by 1 percent. The market for eggs was up by 4 percent in 2014. The total market share* for Den Stolte Hane declined to 23 (27) percent as a result of the termination of the contract with ICA Norway effective April 1, 2014. The impact of the termination of this contract was partly offset by new sales and product listings with existing and new customers, although at a slow rate. Excluding ICA Norway, net sales increased by 12 percent in local currency during the year.

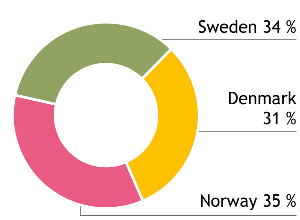
* Retail Market, AC Nielsen.

The adjusted operating income decreased by 26 percent to MSEK 119.8 (162.7 pro forma) or 25 percent in local currency, corresponding to an adjusted operating margin of 9.4 (10.6 pro forma) percent. The decrease in operating income and margin was attributable to the loss of the ICA Norway contract and the impact on production volumes and efficiency.

Net sales
by country, 2014



Adjusted operating income
by country, 2014



Segment information by quarter

Group MSEK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	1,353.4	1,281.7	1,302.9	1,290.2	1,358.9	1,313.7	1,252.0	1,306.8
Adjusted operating income[1]	78.6	74.3	76.3	90.3	66.5	75.5	79.6	77.0
Adjusted operating margin[1], %	5.8	5.8	5.9	7.0	4.9	5.7	6.4	5.9

Sweden MSEK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	498.5	486.9	524.9	449.3	543.8	473.7	488.0	473.5
Adjusted operating income[1]	19.5	24.5	30.6	21.9	29.8	11.6	33.9	16.9
Adjusted operating margin[1], %	3.9	5.0	5.8	4.9	5.5	2.4	6.9	3.6

Denmark MSEK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	547.0	500.7	523.0	516.9	584.9	535.4	554.3	513.5
Adjusted operating income[1]	23.9	17.5	23.7	28.0	24.4	26.4	32.3	23.4
Adjusted operating margin[1], %	4.4	3.5	4.5	5.4	4.2	4.9	5.8	4.6

Norway MSEK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	374.9	380.9	307.0	391.3	309.3	377.1	278.8	389.3
Adjusted operating income[1]	42.4	37.2	28.1	48.6	24.3	40.8	25.0	36.1
Adjusted operating margin[1], %	11.3	9.8	9.2	12.4	7.9	10.8	9.0	9.3

[1] *For a description of adjustments, see page 16.*

Local currency

Denmark MDKK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	460.8	439.4	431.3	450.1	473.1	459.9	445.2	432.3
Adjusted operating income	20.1	15.4	19.8	24.5	20.1	22.9	25.9	19.7
Adjusted operating margin, %	4.4	3.5	4.5	5.4	4.2	4.9	5.8	4.6

Norway MNOK	Q1 2014	Pro forma Q1 2013	Q2 2014	Pro forma Q2 2013	Q3 2014	Pro forma Q3 2013	Q4 2014	Pro forma Q4 2013
Net sales	353.5	332.9	277.3	347.4	277.0	345.2	257.9	361.3
Adjusted operating income	40.0	32.5	26.0	42.8	22.3	36.4	22.9	33.7
Adjusted operating margin, %	11.3	9.8	9.2	12.4	7.9	10.8	9.0	9.3

Consolidated income statement compared to pro forma 2013

MSEK	2014	Pro forma 2013
Net sales	5,267.2	5,192.4
Other operating revenues	19.0	18.8
Change in inventories of finished goods and work in progress	-100.8	72.2
Raw materials and consumables	-3,014.9	-3,239.8
Cost of personnel	-947.4	-872.7
Depreciation, amortisation and impairment	-171.5	-163.4
Other operating expenses	-815.3	-846.3
Share of income of associates	2.2	1.7
Operating income	**238.5**	**162.9**
Finance income	3.1	5.6
Finance expenses	-165.3	-156.4
Income after finance net	**76.3**	**12.1**
Income tax expense	-20.2	-42.1
Income for the period	**56.1**	**-30.0**
Whereof attributable to shareholders of the Parent Company	56.1	-30.0
Average number of shares[1]	55,238,260[2]	50,071,673[2]
Earnings per share, SEK	1.02	-0.60
Number of shares at the end of the period[1]	60,060,890[2]	50,071,673[2]

[1] *No dilution effect in number of shares*

[2] *Adjusted for the reversed split June 27, 2014*

Consolidated statement of comprehensive income compared to pro forma 2013

MSEK	2014	Pro forma 2013
Income for the period	**56.1**	**-30.0**
Other comprehensive income		
Items that will not be reclassified to the income statement		
Actuarial gains and losses in defined benefit pension plans	-19.2	24.1
Tax on actuarial gains and losses	4.2	-5.2
Total	**-15.0**	**18.9**
Items that will or may be reclassified to the income statement		
Cash flow hedges	-5.5	2.8
Currency effects from conversion of foreign operations	53.9	8.3
Income from currency hedging of foreign operations	-31.4	-9.9
Tax attributable to items that will be reclassified to the income statement	8.2	1.2
Total	**25.2**	**2.4**
Other comprehensive income for the period, net of tax	**10.2**	**21.3**
Total comprehensive income for the period	**66.3**	**-8.7**
Whereof attributable to shareholders of the Parent Company	66.3	-8.7

Report by the Board of Directors

The Report by the Board of Directors and the financial statements for the Group and the Parent Company of Scandi Standard AB (publ), Corporate Identity No. 556921–0627 are based on figures for the Full Year 2014 compared with the period June - December in 2013, as the Group was established on June 3, 2013.

Net sales and income

Net sales for the Full Year 2014 amounted to MSEK 5,267.2 as against MSEK 3,031.6 for the period June - December 2013. Net sales in Sweden amounted to MSEK 2,055.2, while net sales in Denmark and Norway amounted to MSEK 2,209.2 and MSEK 1,270.0 respectively. For comments on performance by segment, see the Pro forma financial information on pages 17-19 and note 3.

Operating income amounted to MSEK 238.5 (36.5), including non-comparable items of MSEK –62.5. For a description of non-comparable items, see table below

Income for the period amounted to MSEK 56.1 (–79.9), and earnings per share to SEK 1.02 (–1.78).

Key figures

MSEK	2014	Jun-Dec 2013
Net sales	5,267.2	3,031.6
Operating income	238.5	36.5
Income for the period	56.1	-79.9
Earnings per share	1.02	-1.78
Net interest-bearing debt	1,405.5	1,598.1
Capital expenditure	141.3	89.7
Average number of employees	1,660	1,677

Non-comparable items in EBITDA and operating income

MSEK	2014	Jun-Dec 2013
IPO costs[a]	-36.5	-
Transition costs[b]	-13.9	-9.7
Monitoring fees[c]	-5.8	-1.8
Transaction costs[d]	-2.3	-150.8
Pension revaluation[e]	-4.0	8.0
Total	**-62.5**	**-154.3**

[a] *Non-recurring costs related to the IPO.*

[b] *Transition costs related to the carve-out of the Swedish and Danish operations from Lantmännen, e.g IS/IT costs, which is now complete.*

[c] *Monitoring fees charged by prior owners, which ceased at the time of the IPO.*

[d] *Revaluation of acquired stock and contracts (PPA) and deal fees following the acquisitions in 2013/2014 by Scandi Standard. These costs are non-recurring.*

[e] *Non-comparable items regarding pension revaluation arose from the closure of payments to the defined benefit scheme. These are now complete.*

For further details on the non-comparable items, see page 16.

Cash flow

Cash flow from operating activities amounted to MSEK 386.7 (–12.5). Working capital as of December 31, 2014 amounted to MSEK 349.9 (485.6), corresponding to 6.6 percent of net sales compared to 9.4 percent at year-end 2013.

Capital expenditure in 2014 amounted to MSEK 141.3 (89.7), of which approximately half referred to productivity improvement projects mostly in Sweden and Norway.

Financial position

Total equity increased to MSEK 886.2 from MSEK 432.4 as of December 31, 2013, mainly due to the conversion of shareholder loans in connection with the IPO. The equity to assets ratio was 28.6 (13.3) percent.

Net interest-bearing debt as of December 31, 2014 amounted to MSEK 1,405.5 compared to MSEK 1,598.1 at year-end 2013 (excluding vendor loan notes and PIK notes to owners on which interest was accrued but not paid and which were converted to equity in connection with the IPO).

Net debt/EBITDA amounted to 3.0x (3.3x pro forma). Cash and cash equivalents amounted to MSEK 89.7 (71.8).

Refinancing

As of July 2, 2014, a new five-year loan arrangement with a coalition of banks was available consisting of a term loan of MSEK 750, a revolving credit facility of MSEK 750 and an overdraft facility of MSEK 400.

The average interest rate on the bank loans during 2014 was 2.7 percent compared to 6.5 percent in 2013.

IPO and listing on Nasdaq Stockholm

Scandi Standard's shares were listed on the Nasdaq Stockholm Mid Cap list on June 27, 2014. The share is traded under the symbol SCST.

The initial public offering (IPO) comprised 39,039,577 shares, including the exercise of the over-allotment option, corresponding to in aggregate 65 percent of the total number of shares outstanding in the Company. The final price was set at SEK 40 per share, corresponding to a total value of the offering of approximately MSEK 1,562 and a total market value of all shares in the Company of approximately MSEK 2,402.

The Group was established on June 3, 2013 when Lantmännen and CapVest Equity Partners formed Scandinavian Standard AB as a new jointly owned company. Through its wholly-owned subsidiary Scandi Standard AB, Scandinavian Standard AB acquired Kronfågel AB in Sweden (including SweHatch AB and AB Skånefågel), Cardinal Foods AS in Norway (later renamed Scandinavian Standard AS) and Danpo A/S in Denmark. During 2014, Scandinavian Standard AB changed it's name to Scandi Standard AB.

Acquisition of Bosarpskyckling AB

As of September 1, 2014, Scandi Standard acquired Bosarpskyckling AB in Sweden. The Company has anual sales of MSEK 25, and is the leading producer of organic chicken in the Swedish market. The acquisition complements Kronfågel's existing product range and will further strengthen the position in the premium segment. There will be synergy benefits and the acquisition was accretive to income from the outset. The purchase price amounted to MSEK 30, on a cash-free and debt-free basis. The goodwill related to the acquisition was MSEK 16.4.

Transactions with related parties

Scandi Standard has agreements with Lantmännen, a major shareholder, for the rental of the facilities in Valla and Åsljunga in Sweden. Rental costs in 2014 under these agreements were MSEK 12.3 (7.2).

In the beginning of 2015 Lantmännen sold the Valla premises to a third-party. The divestment has had no impact on the terms of the leasing contract which expires in 2026.

In 2014, monitoring fees in the amount of MSEK 5.8 (1.8) were paid to the previous owners CapVest and Lantmännen. The monitoring fees agreement ceased at the time of the IPO.

The Scandi Standard share

At year-end the share capital in Scandi Standard amounted to SEK 599,749 (50,072), comprising 60,060,890 shares. Each share carries one vote. All shares have equal rights to the Company's assets and profits.

There are no restrictions on the transfer of shares, voting rights or the right to participate in the AGM, nor is the Company party to any significant agreements which might be affected, changed or terminated if control of the Company were to change as a result of a public bid for acquisition of shares in the Company. The Company is not aware of any agreements between shareholders which might limit the right to transfer shares. In addition, there are no stipulations in the Articles of Association regarding appointment or dismissal of Board members or agreements between the Company and Board members or employees which require remuneration if such persons leave their posts, or if employment is terminated as a result of a public bid to acquire shares in the Company.

As of December 31, 2014, the two largest shareholders were CapVest and Lantmännen with 15.0 percent and 13.5 percent of the capital respectively. For information on major shareholders, see page 12.

CapVest, Lantmännen, Board members and Group management have agreements not to sell shares until June 27, 2015.

Environmental activities

Scandi Standard operates 8 production units, of which 3 in Sweden, 3 in Norway and 2 in Denmark. Permits and notification requirements in accordance with environmental legislation are required for all units. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste. There was no non-compliance reported in 2014.

Employees

The average number of employees (FTE) in 2014 was 1,660 (1,677), of which 661 (532) in Sweden, 705 (817) in Denmark and 294 (328) in Norway. 42 percent of the total workforce were women.

Extension of Group Management

Significant changes of the organization were implemented during 2014 as part of the final formation of the new Group prior to the IPO in June. Group Management was broadened to add further competences.

A more structured approach was also introduced to succession planning in the Group.

New country manager Norway

Fredrik Strømmen took up the position as country manager in Norway in March 2015. He succeeded Torfinn Higdem who left the Group. Fredrik Strømmen has almost 20 years of experience from various senior positions within branded convenience goods, and joined Scandi Standard from Orkla.

Education
A new leadership development program was initiated starting in Denmark in 2015, to be rolled out in Sweden and Norway.

Education to secure adequate competence within hygiene and animal welfare was in particular focus during the year.

Educational programmes were conducted throughout Scandinavia. For example a new, two-day programme was introduced in Denmark focusing on how to secure an efficient production environment. The ambition is that the same program will be implemented for employees in Sweden and Norway.

A programme was also initiated to reduce language barriers for non-Scandinavian speaking employees.

Code of Conduct
The Group has a Code of Conduct that defines high standards for all Group employees in all countries and business units. The equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees regardless of gender, age, ethnicity, religion, sexual orientation, disability or other individual differences.

Good Manufacturing Practices
The Group places great focus on safeguarding high standards for hygiene and safety in production and to ensure that all manufacturing processes, methods and equipment meet the Good Manufacturing Practices (GMP) requirements. GMP requirements regulate all aspects of the manufacturing, including quality control and quality assurance, manufacturing processes and documentation.

During 2014, the Group had 52 (59) reported accidents resulting in absence from work.

Annual General Meeting 2015

The Annual General Meeting (AGM) 2015 will be held on May 21, 2015 at 1 pm. For more information regarding the AGM and how to register attendance, see page 74 and http://investors.scandistandard.com/en/agm

Dividend for 2014

The Board of Directors proposes a dividend for 2014 of SEK 1.30 per share for a total dividend payment of MSEK 78.1 (-) based on the number of outstanding shares at the end of 2014. Monday May 25 is proposed as record date. The last day of trading in Scandi Standard shares including the right to dividend for 2014 is May 21, 2015. The proposed dividend corresponds to approximately 54 percent of adjusted income for the period.

Scandi Standard's policy for the dividend is to distribute approximately 60 percent of adjusted income for the period on average over time. The pay-out ratio shall take into account the financial position and future growth opportunities.

Proposal regarding guidelines for remuneration for senior management

The Board of Directors proposes that the AGM resolves to approve the following guidelines for remuneration for senior management, which shall apply until the AGM 2016. Senior management includes the Managing Director and CEO, members of Group Management and executives in the Company and other Group companies who, from time to time, are reporting to the Managing Director and CEO and who are also members of senior management, as well as members of the Board of Directors of the Company to the extent employment or consulting agreements are entered into.

Remuneration principles
Salaries and other terms and conditions of employment shall be sufficient for Scandi Standard to recruit and retain skilled senior managers at a reasonable cost to the Company. Remuneration shall be based on principles of performance, competitiveness and fairness, and consists of a fixed salary, variable salary, pension and other benefits.

Fixed and variable salary
All senior managers shall be offered a fixed salary in line with market conditions based on responsibility, expertise and performance. All senior managers may, from time to time, be offered variable salary (cash bonuses). The variable salary shall be based on a set of financial and personal objectives determined in advance by the Remuneration Committee. The variable salary may not amount to more than 70 percent of the fixed salary. In this context, fixed salary means cash salary earned during the year, excluding pension, supplements, benefits and similar.

To the extent a Director of the Board performs work for the Company, in addition to the Board work, a market-based consulting fee may be paid.

Long-term incentive programs
In addition, the AGM may resolve on long-term incentive programs such as share and share price-related incentive programs. These incentive programs shall be intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

Pensions
Agreements regarding pensions shall, where applicable, be premium based and shall be designed in accordance with the level and practice applicable in the country in which the member of senior management is employed.

Notice of termination and severance payment
Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed salary for two years. The total severance payment shall for all members of senior management be limited to the existing monthly salary for the remaining months up to the age of 65.

Individual remunerations and other terms of employment for all employees earning more than TEUR 100 per annum are approved by the Board of Directors.

Deviations from guidelines for remuneration for senior management
The Board of Directors may resolve to deviate from these guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.

Proposal for long-term incentive program 2015

The Board of Directors has decided to propose to the AGM a long-term incentive program 2015 ("LTIP 2015") for key employees, which is intended to contribute to long-term value growth and provide a shared interest in value growth between shareholders and employees.

The program comprises a maximum of 19 participants. Performance share rights shall be allotted free of charge to the participants in relation to a fixed percentage of their fixed salary.

After a three-year vesting period commencing in connection with the implementation of LTIP 2015 and provided that certain conditions are fulfilled, the participants may exercise their performance share rights through which they will be allotted shares in the Company free of charge. Each performance share right is entitled to allotment of up to one share.

In order for performance share rights to entitle to allotment of shares, it shall be required that the participant remains employed and has not given or been given notice of termination of employment within the Group during the vesting period.

Performance requirement
In addition, allotment of shares shall be conditional upon satisfaction of a financial target set by the Board of Directors, being the compound annual growth rate of earnings per share ("EPS CAGR").

The EPS CAGR shall be calculated on the basis of the Group's quarterly financial statements, which are adjusted for non-comparable items. EPS for the financial year 2014 shall be SEK 2.78, as agreed with the Remuneration Committee.

In order for full allotment of shares to occur, the average EPS CAGR during the period January 1, 2015 – December 31, 2017 must be at least 12.5 percent. If the average EPS CAGR during the period January 1, 2015 – December 31, 2017 is 5 percent, the participants shall be allotted shares for 25 percent of their performance share rights. If the average EPS CAGR during the period January 1, 2015 – December 31, 2017 is more than 5 percent but less than 12.5 percent, the participants shall receive linear allotment. If the average EPS CAGR during the period January 1, 2015 – December 31, 2017 is less than 5 percent, no shares shall be allotted.

Hedging of commitments according to LTIP 2015
In order to ensure the delivery of shares under LTIP 2015 and for the purpose of hedging social security charges under LTIP 2015, the Board of Directors proposes that the AGM authorize the Board to acquire a maximum of 448,712 shares in the Company on Nasdaq Stockholm. In addition, the Board of Directors proposes that the AGM resolve to transfer a maximum of 390,184 own shares to the participants in accordance with the terms of the program.

Value and estimated costs for LTIP 2015
Assuming 100 percent vesting, full fulfilment of the EPS requirement and a share price at the time of exercise of the performance share rights of SEK 52.63, LTIP 2015 will result in the allocation of 390,184 shares in the Company, representing a value of SEK 20,535,383.

The social security charges are expected to amount in average to approximately 16 percent of the market value of the shares allocated upon exercise of the performance share rights. The Board of Directors has proposed that the effect on cash flow that may arise as a result of social security charges payable when the performance share rights are exercised be hedged by way of acquisitions of own shares in the market.

In addition, the performance share rights will give rise to accounting costs in accordance with IFRS 2. These costs shall be determined on the allotment date and be allocated over the Vesting Period. In accordance with IFRS 2, the theoretical value of the performance share rights shall form the basis of the calculation of these costs. The theoretical value shall not be re-valued in subsequent reporting periods, although adjustments shall be made in conjunction with every financial report for the performance share rights that have not been vested. In this manner, the accumulated costs at the end of the vesting period will correspond to the number of performance share rights that fulfil the conditions.

Dilution and effects on key ratios

No new shares will be issued due to LTIP 2015. However, the Company will need to acquire 448,712 own shares, corresponding to approximately 0.7 percent of the outstanding shares and votes in order to secure delivery of shares and to secure and cover social security charges.

The costs for LTIP 2015 are expected to have a marginal effect on the Group's key ratios.

Scandi Standard has no other share related incentive programs. The intention is that a program similar to LTIP 2015 shall be proposed annually to the AGM in the coming years.

Full details of the program are included in the notice to the AGM 2015.

Risks and risk management

Scandi Standard's ability to reach its financial targets is dependant on a few fundamental factors such as maintaining its strong local market shares and brand positions, cost-efficient and flexible production, and the ability to continuously launch new and innovative products. As all business activities involve risks, effective risk management is required to realize the Group's potential and to protect its assets. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not managed correctly could result in damage and value destruction.

In early 2015 the Group initiated a risk-mapping process to identify high-level risks for the Group in a structured way. Operational and functional management participated in workshops and identified a Risk Heat Map, which was presented to the Board. The overall aim is to establish a formalised and proactive risk management process as an important part of the governance of the Company, with allocation of relevant roles and responsibilities.

Risks and uncertainty factors

Risks connected with Scandi Standard's operations can generally be divided into strategic risks, operational risks including reporting and compliance risks, and financial risks.

Some of the risks and uncertainty factors deemed to be of importance for the fulfilment of Scandi Standard's strategic objectives and future prospects, operations, financial results, financial position and cash flow are described below in no particular order of priority and without claiming to be exhaustive. Other risks and uncertainty factors presently unknown to the Company, or which the Company at present deems to be insignificant may in the future have a significant adverse impact on Scandi Standard.

Examples of major risks for Scandi Standard

Strategic risks

- Business development
- Dependence on few, large customers
- New laws and regulations
- Damage to brand value
- New food trends that could reduce demand for the products

Operational risks including reporting and compliance risks

- Fluctuations in demand
- Price competition
- Procurement costs
- Product quality and safety
- Disease outbreak
- Disruptions in production or in the supply chain
- Retail merchandising policies

Financial risks

- Changes in exchange rates
- Interest-rate fluctuations
- Currency and interest-rate hedging
- Funding and liquidity risks
- Credit and counterparty risks

Examples of management of risks

- Annual strategy process
- Meetings by Group Management every second week
- Policies, instructions and guidelines

- Code of Conduct
- Supplier Code of Conduct
- Frequent inspections of facilities for safety by internal and external experts
- Monitoring of sales and indications of results on a weekly basis
- Finance & Accounting Manual

- Finance policy
- Country risk policies

Strategic risks

Strategic risks are linked to business development and long-term planning, as well as brand value. The most significant strategic risks include dependency on a few large customers, the ability to adapt in the event of the introduction of new laws and regulations that change the conditions for operating the business, as well as the risk of damage to the Group's brands. Demand for the Group's products can be influenced by health, dietary, animal welfare and other trends that may also affect the cost of production.

Strategic risks are largely dealt with by the Board of Directors, and as part of the Group's annual strategy process. The Group's strategy process includes setting objectives and defining risks. Policies and actions are established to govern critical business decisions in the context of strategic risks.

Fast dissemination of appropriate information in the organisation is ensured through the Group's management structure with strong local management. Sales figures and results indications are reviewed by Group Management and other members of operational management on a weekly basis. Group Management holds video meetings every second week and meets once a month to review the monthly results, to update forecasts and plans and to discuss critical business issues.

Customer dependence

The Group's five largest customers represented approximately 45 percent of net sales in 2014, and the ten largest approximately 65 percent. This is partly due to the fact that the Scandinavian food retail market is consolidated with only a few major retailers in each country.

Retailers have significant influence on consumer demand as consumer behaviour is influenced by the way retailers present products for sale, position in store, shelf space and the quantity of promotional activity. The Group is the major supplier of chicken to a number of major retailers and works actively to ensure that demand for chicken products is facilitated in terms of store fixtures and shelf space allocated.

Loss of customers or volume with customers can have a substantial impact on the Group's sales and income.

Sensitivity analysis

A sensitivity analysis of important factors affecting the Group's financial results is shown below. The assessment is based on values as of December 31, 2014 and assumes all other factors remain unchanged.

- A change in the average sales price of +/–5 percent would have an approximate impact on operating income of MSEK +/–260.
- A change in the costs of goods sold of +/–5 percent would have an approximate impact on operating income of MSEK +/–157.
- A change by +/–5 percent in the NOK and DKK exchange rates in relation to SEK would impact operating income by approximately MSEK +/–6 and MSEK +/–5 respectively, on an annual basis.

New laws and regulations

The Scandinavian chicken markets are governed by extensive regulations and controls regarding hygiene, food safety and animal welfare. Changes in the legislative and fiscal framework can entail requirements for the Group to make new and significant investments in its operations that may negatively affect the financial results and financial position.

The Group's Swedish and Danish production facilities are certified according to the BRC (British Retail Consortium) global standards for food safety. BRC is the leading safety and quality certification program used for the food industry. The certification, which is carried out by Sai Global, covers everything from HACCP (Hazard Analysis Critical Control Point) systems, quality management and factory requirements to production control processes and human resources. HACCP systems are used to monitor the entire value chain.

Operational risks, including reporting and compliance risks

Operational risks arise in the course of the day-to-day running of the businesses and include among other things fluctuations in demand, price competition, changes of procurement costs, product quality and safety, outbreaks of livestock diseases, as well as disruptions in production or in the supply chain, or changes in retail merchandising policies. Operational risks also include risks regarding reporting in general and internal control over financial reporting in particular, as well as non-compliance with laws and regulations.

Risks in the reporting cover for example errors in the internal or external reporting. Read more on internal control over financial reporting in the Corporate governance report on page 67.

The Group tries to minimize the total costs of damages through insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies that purchase reinsurance in the international reinsurance market.

Fluctuations in demand

Scandi Standard has a consolidated factory infrastructure with two or three facilities in each market. Production costs have a substantial impact on the Group's financial results. The main cost items are personnel, distribution, energy and property costs. Maximising throughput in the least amount of time while minimising waste, downtime and overtime are important factors for the profitability of a facility.

In the event of a sudden increase or decline in demand the Group may not be able to make an immediate adjustment, which can result in the build-up of stocks with a negative impact on cash flow and margins. To a limited extent, order intake can be adapted for example by freezing products and selling them later as frozen products with longer shelf life.

Price competition and procurement costs

The domestic production of chicken-based food products in Scandinavia is consolidated to a few main competitors in each country. There is strong competition to maintain and strengthen positions within the retail and food service markets. Some competitors offer not only chicken products, and competition is therefore also related to other product categories.

Total external procurement costs in 2014 amounted to approximately SEK 3 billion, of which the major part referred to the purchase of live chickens. The chickens are largely sourced from third party growing farms in each local market.

Business ethics risks, supply chain and commodity risks are mainly managed through implementation of the Group's Code of Conduct and ethical guidelines, as well as applying the supplier Code of Conduct to all agreements and regular monitoring of compliance.

Disease outbreak

Scandi Standard is operating in the food business and deals with livestock. Careful handling of food safety and animal welfare are therefore of critical importance. Outbreaks of livestock diseases within the Group, its markets or other geographical markets or at competitors' facilities could have a negative impact on demand for chicken products.

Salmonella infection is a constant challenge for the entire poultry industry. Sweden has a track record in fighting salmonella and there are well-developed processes throughout the value chain, as well as restrictions on imports of chilled products to prevent any outbreaks. Scandinavian chicken products are generally regarded as being of the highest quality due to the strict standards applied on matters of animal health and welfare and the fact that neither antibiotics nor growth hormones are used in the feed process.

The greatest risk from a global perspective is a possible outbreak of bird flu or similar viruses. Historically such outbreaks or extensive media coverage regarding risks related to the consumption of chicken-based food products have led to short-term declines in chicken consumption, but demand has recovered relatively quickly after the outbreaks subsided.

Disruption in production or in the supply chain

Typically an order from a customer must be processed within one to three days. Even minor disturbances to production may make it difficult to fulfil obligations to customers, which could increase the risk of customers changing supplier. Customers may sometimes also be entitled to compensation.

A large proportion of the Group's products are sold as fresh food, which due to expiration dates must be distributed and sold to customers shortly after production.

Financial risks

The Group is by the nature of its operations exposed to various types of financial risks. These refer to fluctuations in the Group's financial results, financial position and cash flow due to changes in exchange rates, interest-rate fluctuations, and currency and interest-rate hedging. The Group is also exposed to funding and liquidity risks, and to credit and counterparty risks.

Management of financial risks is based on the Group's finance policy and the risk policies specified to each country. The finance policy is adopted by the Board of Directors.

The Group's currency risk includes both transaction and translation exposure. Transaction exposure relates mainly to export sales. Translation risk is the effect of changes in exchange rates when foreign subsidiaries' income statements in DKK and NOK respectively and statements of financial position are translated into SEK. The Group's currency risk is hedged to some extent by denominating some loans in local currencies. The Group's interest rate risk is hedged to some extent by the use of swaps.

Interest bearing liabilities expose the Group to interest rate risks. In July 2014, the Group entered into a new five-year loan agreement, which has led to substantially lower interest expense.

The Group's refinancing risk, liquidity risk and payment capacity include the risk of higher costs and limited financing opportunities when renewing loans and other credit arrangements and the risk of inability to meet payment obligations as a result of insufficient liquidity. The Group's credit and counterparty risk is the risk that a counterparty in a transaction will be unable to discharge its obligations. See note 20.

Consolidated financial statements

Consolidated income statement

MSEK	Note	2014	2013*
Net sales	4	**5,267.2**	**3,031.6**
Other operating revenues	4	19.0	9.2
Changes in inventories of finished goods and work in progress		-100.8	63.1
Raw materials and consumables		-3,014.9	-1,937.7
Cost of personnel	5	-947.4	-504.4
Depreciation, amortisation and impairment	6	-171.5	-96.2
Other operating expenses	7	-815.3	-530.6
Share of income of associates	13	2.2	1.5
Operating income		**238.5**	**36.5**
Finance income	8	3.1	5.6
Finance expenses	8	-165.3	-94.9
Income after finance net		**76.3**	**-52.8**
Income tax expense	10	-20.2	-27.1
Income for the period		**56.1**	**-79.9**
Whereof attributable to shareholder´s of the Parent Company		56.1	-79.9

Average number of shares [1]	55,238,260[2]	44,851,451[2]
Earnings per share, SEK	1.02	-1.78
Number of shares at the end of the period	60,060,890	50,071,673[2]

* *Relates to the period June 3, 2013 to December 31, 2013. Packaging revenue is netted in the income statement for 2014. The 2013 numbers have been updated to reflect this and is thus different than in the 2013 Annual Report. The effect on net sales is MSEK 88.4.*

[1] *No dilution effect in number of shares*

[2] *Adjusted for the reversed split 27 June 2014*

Consolidated statement of comprehensive income

MSEK	Note	2014	2013*
Income for the period		**56.1**	**-79.9**
Other comprehensive income			
Items that will not be reclassified to the income statement			
Actuarial gains and losses in defined benefit pension plans	21	-19.2	9.0
Tax on actuarial gains and losses		4.2	-1.9
Total		**-15.0**	**7.1**
Items that will or may be reclassified to the income statement			
Cash flow hedges		-5.5	2.9
Currency effects from conversion of foreign operations		53.9	10.0
Income from currency hedging of foreign operations		-31.4	-10.0
Tax attributable to items that will be reclassified to the income statement		8.2	1.6
Total		**25.2**	**4.5**
Other comprehensive income for the period, net of tax		**10.2**	**11.6**
Total comprehensive income for the period		**66.3**	**-68.3**
Whereof attributable to shareholder´s of the Parent Company		66.3	-68.3

* *Relates to the period June 3, 2013 to December 31, 2013.*

Consolidated statement of financial position

MSEK	Note	2014 Dec 31	2013 Dec 31
ASSETS			
Non-current assets			
Goodwill	12	611.3	589.7
Other intangible assets	12	528.7	528.2
Property plant and equipment	11	809.9	797.8
Participations in associated companies	13	42.7	38.7
Financial assets	14	1.8	6.7
Surplus in funded pension plans	21	-	4.9
Deferred tax assets	10	45.3	89.8
Other fixed assets		0.5	0.2
Total non-current assets		**2,040.2**	**2,056.0**
Current assets			
Inventory	15	546.6	624.4
Trade receivables and other receivables	16	417.4	496.2
Short term investments	17	1.4	1.0
Cash and cash equivalents	17	89.7	71.8
Total current assets		**1,055.1**	**1,193.4**
TOTAL ASSETS		**3,095.3**	**3,249.4**

MSEK	Note	2014 Dec 31	2013 Dec 31
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		0.6	0.0
Other contributed equity		888.1	500.7
Reserves		29.7	4.5
Retained earnings		-32.2	-72.8
Total equity	18	**886.2**	**432.4**
Liabilities			
Non-current liabilities			
Non-current interest bearing liabilities	19, 20	1,460.2	1,423.7
Shareholder loans		-	348.3
Provisions for pensions	21	20.4	2.4
Deferred tax liabilities	10	75.5	139.0
Other non-current provisions	22	-	2.6
Non-interest bearing liabilities		-	23.0
Total non-current liabilities		**1,556.1**	**1,939.0**
Current liabilities			
Current interest bearing liabilities	19, 20	38.9	243.0
Trade payables and other current liabilities	23	589.8	595.0
Tax payables	10	24.3	40.0
Total current liabilities		**653.0**	**878.0**
TOTAL EQUITY AND LIABILITIES		**3,095.3**	**3,249.4**

Pledged assets and contingent liabilities, see note 28.

Consolidated statement of changes in equity

MSEK	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Total equity
Opening balance, June 3, 2013	18	**0.0**	**500.7**	**-**	**-**	**500.7**
Income for the period		-	-	-	-79.9	-79.9
Other comprehensive income, net after tax		-	-	4.5	7.1	11.6
Total comprehensive income		-	-	4.5	-72.8	-68.3
Transactions with the owners		-	-	-	-	-
Closing balance, December 31, 2013	18	**0.0**	**500.7**	**4.5**	**-72.8**	**432.4**
Opening balance, January 1, 2014	18	**0.0**	**500.7**	**4.5**	**-72.8**	**432.4**
Income for the period		-	-	-	56.1	56.1
Other comprehensive income, net after tax		-	-	25.2	-15.0	10.2
Total comprehensive income		-	-	25.2	41.1	66.3
Bonus issue		0.5	-	-	-0.5	0.0
New shares issue		-	6.2	-	-	6.2
Set off of shareholders' loans		0.1	381.2	-	-	381.3
Transactions with the owners		0.6	387.4	-	-0.5	387.5
Closing balance December 31, 2014	18	**0.6**	**888.1**	**29.7**	**-32.2**	**886.2**

Consolidated statement of cash flows

MSEK	Note	2014	2013*
OPERATING ACTIVITIES			
Operating income		238.5	36.5
Adjustment for non-cash items		180.0	153.0
Paid finance items net	29:1	-97.0	-73.0
Paid current income tax		-44.0	-24.9
Cash flows from operating activities before changes in operating capital		**277.5**	**91.6**
Change in inventories		91.6	-115.1
Change in operating receivables		45.0	-117.0
Changes in operating payables		-27.4	128.0
Cash flows from operating activities		**386.7**	**-12.5**
INVESTING ACTIVITIES			
Business combinations	29:2	-30.7	-1 948.0
Investment in property, plant and equipment		-142.3	-91.0
Sales of fixed assets		1.0	1.3
Cash flows used in investing activities		**-172.0**	**-2 037.7**
FINANCING ACTIVITIES			
New share issue		6.2	500.7
Net change in external loans		-207.9	1 621.3
Cash flow in financing activities		**-201.7**	**2 122.0**
CASH FLOWS FOR THE PERIOD		**13.0**	**71.8**
Cash and cash equivalents at beginning of the period		**71.8**	**0.0**
Currency effect in cash and cash equivalents		4.9	0.0
Cash flows for the period		13.0	71.8
Cash and cash equivalents at end of the period	29:3	**89.7**	**71.8**

* *Relates to the period June 3, 2013 to December 31, 2013.*

Parent Company financial statements

The Parent Company Scandi Standard AB (publ.) owns shares in the subsidiaries in which operations are conducted. These operations are shown in the section that describes the Group. No operations are conducted in the Parent Company and there are no employees.

Parent Company income statement

MSEK	Note	2014	2013*
Net sales		**17.4**	**-**
Operating expenses	31	-56.8	-2.0
Operating income		**-39.4**	**-2.0**
Finance net		21.7	3.0
Income after finance net		**-17.7**	**1.0**
Tax expenses	32	2.3	-2.0
Income for the period		**-15.4**	**-1.0**

** Relates to the period February 1, 2013 to December 31, 2013.*

Parent Company statement of comprehensive income

MSEK	2014	2013*
Income for the period	-15.4	-1.0
Other comprehensive income	-	-
Total comprehensive income for the period	**-15.4**	**-1.0**

** Relates to the period February 1, 2013 to December 31, 2013.*

Parent Company statement of financial position

MSEK	Note	2014 Dec 31	2013 Dec 31
ASSETS			
Non-current assets			
Investments in subsidiaries	33	532.7	532.7
Receivables from Group entities	35	358.7	477.7
Deferred tax assets	32	2.3	-
Total non-current assets		**893.7**	**1,010.4**
Current assets			
Receivables from Group entities		14.3	-
Cash and cash equivalents		-	-
Total current assets		**14.3**	**-**
TOTAL ASSETS		**908.0**	**1,010.4**

MSEK	Note	2014 Dec 31	2013 Dec 31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		0.6	0.0
Non-restricted equity			
Share premium account		888.1	501.2
Retained earnings		-1.0	-
Income for the period		-15.4	-1.0
Total equity		**872.3**	**500.2**
Non-current liabilities			
Non-current interest-bearing liabilities	35	-	483.3
Total non-current liabilities		**-**	**483.3**
Current liabilities			
Tax liabilities	32	2.2	2.2
Liabilities to Group entities		33.5	-
Accrued expenses	34	-	24.7
Total current liabilities		**35.7**	**26.9**
TOTAL EQUITY AND LIABILITIES		**908.0**	**1,010.4**
Pledged assets		**-**	**-**
Contingent liabilities		**-**	**-**

Parent Company statement of changes in equity

MSEK	Share capital*	Share premium account	Retained earnings	Total equity
Equity, February 1, 2013	**0,0**	**501.2**	**-**	**501.2**
Income for the period			-1.0	-1.0
Equity, December 31, 2013	**0,0**	**501.2**	**-1.0**	**500.2**
Equity, January 1, 2014	**0,0**	**501.2**	**-1.0**	**500.2**
Income for the period	-	-	-15.4	-15.4
Bonus issue	0.5	-	-0.5	0.0
New share issue	-	6.2	-	6.2
Set-off of shareholders' loans	0.1	381.2	-	381.3
Equity, December 31, 2014	**0.6**	**888.6**	**-16.9**	**872.3**

* The share capital in Scandi Standard AB amounted to SEK 50,072 in 2013 and beginning of 2014.
For more information about the equity and the share, see note 18.

Parent Company statement of cash flows

MSEK	2014	2013*
OPERATING ACTIVITIES		
Operating income	-39.4	-2.0
Paid finance items net	21.7	-
Paid current income tax	-	-
Cash flows from operating activities before changes in operating capital	**-17.7**	**-2.0**
Changes in operating payables	25.8	2.0
Cash flows from operating activities	**8.1**	**-**
INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	-533.0
Lending to subsidiaries	-14.3	-451.3
Cash flows used in investing activities	**-14.3**	**-984.3**
FINANCING ACTIVITIES		
New share issue	6.2	501.0
Borrowing	-	483.3
Cash flows from financing activities	**6.2**	**984.3**
CASH FLOWS FOR THE PERIOD	**-**	**-**
Cash and cash equivalents at beginning of the period	-	-
Cash flows for the period	-	-
Cash and cash equivalents at end of the period	**-**	**-**

* *Relates to the period February 1, 2013 to December 31, 2013.*

Notes to the consolidated financial statements

Amounts in MSEK unless otherwise stated.
The Board of Directors of Scandi Standard AB (publ.) is domiciled in Stockholm, Sweden.
The address of the main office is Franzéngatan 5. The corporate identity number is 556921-0627.
The Group's operations are described in the Board of Directors' report and in note 3, Segment reporting.
The Group's and Parent Company's financial statements for 2014 will be presented for adoption by the AGM, on May 21, 2015.

Note 1 Accounting policies

The principal accounting policies applied in preparing this annual report are summarized in this note. The same policies are normally applied for both the Parent Company and the Group. Parent Company policies that differ from those of the Group are described under separate headings.

BASIS OF PREPARATION
Scandi Standard's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. IFRS includes international Accounting Standards (IAS) and interpretations of standards (IFRIC and SIC). In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company's annual financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities.

Scandi Standard applies the cost method for measuring assets and liabilities, except for derivative instruments and the categories 'available for-sale financial assets' and 'financial assets and liabilities measured at fair value through profit or loss'. These financial assets and liabilities are not measured at fair value in the Parent Company. Non-current assets and non-current liabilities essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the closing date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months reckoned from the closing date.

Standards, amendments and interpretations that have been adopted by the EU entered into force in 2014, and are applied by the Group

IFRS 11 Joint Arrangements and the amended IAS 28 Investments in Associates and Joint Ventures
IFRS 11 and the amendment to IAS 28 are effective from 2014.

IFRS 11 addresses accounting for joint arrangements, defined as an arrangement of which two or more parties have joint control. IFRS 11 supersedes IAS 31 and SIC 13.

Joint arrangements are divided into two categories - joint operations and joint ventures. In joint operations, each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint arrangement. Joint ventures, where each joint venturer owns an interest in the Company's net assets, are accounted for using the equity method. Use of proportional consolidation is prohibited.

The standard does not have any impact on the Group's financial reporting in the current situation.

IAS 32 Financial Instruments: Classification – amendment
The amended IAS 32 is effective from 2014.

The amendment clarifies the definition of certain terms regarding offsetting of financial assets and financial liabilities.

The amendment is not expected to have any impact on the Group's reporting in the current situation.

IAS 36 Impairment – amendment
The amendment requires additional disclosures about fair value when the recoverable amount of an impaired asset is based on fair value less costs to sell, and harmonization of disclosure requirements with what applies when the recoverable amount is calculated based on value in use.

IAS 39 Financial Instruments: Recognition and Measurement – amendment
The amended IAS 39 is effective from 2014.

The amendment provides relief from discontinuing hedge accounting when an entity is forced to change the immediate counterparty of a hedging instrument to achieve clearing with a central counterparty.

The amendment is not expected to have any impact on the Group's reporting in the current situation.

Other standards, amendments and interpretations that are effective for the financial year beginning on January 1, 2014 are not material to the Group.

Standards, amendments and interpretations not yet adopted by the Group

IFRS 9, Financial Instruments: Recognition and Measurement
This standard is part of a project to replace the existing standard IAS 39. A complete version of the standard was issued in 2014 and the standard will be effective in 2018. The Group has not yet assessed the impact of the new standard.

IFRS 15, Revenue from contracts with customers
This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective from 2018. The Group is assessing the impact of IFRS 15.

Note 1 continued

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

Changes to the Parent Company's accounting policies

The Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities has been amended by the introduction of new guidelines for reporting Group contributions. The guidelines are effective from 2013. Scandi Standard has chosen to apply the alternative rule in the guidelines, which means that both Group contributions received and Group contributions made are reported as an appropriation.

ASSUMPTIONS AND ACCOUNTING ESTIMATES

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made which affect reported assets and liabilities and income and expenses, as well as other information disclosed. The actual outcome may differ from these estimates. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in note 2.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial statements comprise the financial statements for the Parent Company and all Group entities in accordance with the definitions below.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements are prepared according to the purchase method. The cost of an investment in a subsidiary is the cash amount and the fair value of any non-cash consideration paid for the investment. The value of the acquired net asset, the equity in the Company, is determined by measuring acquired assets and liabilities and contingent liabilities at their fair value on the date of acquisition. Those fair values constitute the Group's cost. If the cost of an investment in a subsidiary exceeds the fair value of the acquired Company's identifiable net assets, the difference is recognised as consolidated goodwill.

Whether a minority's share of goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets the difference is recognised directly in the income statement. Acquisition-related costs are recognised in profit and loss as they arise.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

Associates

Associates are companies over which Scandi Standard has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries and the carrying amount includes any goodwill and other Group adjustments. The Group's share of the associate's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on a line in the income statement and is included in operating income. The share of income is calculated on the basis of Scandi Standard's share of equity in the associate. The equity method means that the consolidated carrying amount of investments in associates corresponds to the Group's share of the equity of associates plus the residual value of fair value adjustments.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

The Group does not have any joint arrangements reported according to IFRS 11.

Translation of foreign Group entities

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate on each reporting date reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognised as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognised in the statement of comprehensive income. When a foreign operation is disposed of, the cumulative translation differences and exchange differences for any financial instruments held for hedging the net investment in the Company are recognised as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated according to the same principles as the entity.

Parent

The Parent Company recognises all investments in Group entities at cost, adjusted where applicable by accumulated impairment losses.

FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

The various entities within the Group present their reports in the currency of the primary economic environment in which they operate (the functional currency).

The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date.

Foreign currency receivables and liabilities are remeasured at closing date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognised in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognised in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are reported as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognised in other comprehensive income in the same way as translation differences relating to investments in foreign subsidiaries.

SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting submitted to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. At Scandi Standard, this role is assumed by the Managing Director & CEO, who, on behalf of the Board, takes charge of day-to-day management and governance.

Note 1 continued

The business segments are consistent with the Group's operational structure in which activities are divided into Regions. The Regions, which are based on geographical areas, are Denmark, Norway and Sweden. Activities not included in a Region and corporate functions are reported as Other operations. A further description of the operating segments is provided in note 3.

The Regions are responsible for their operating income and the assets and liabilities used in their own operations, the operating capital. Financial items and taxes do not fall within the Regions' responsibility; these are reported centrally for the Group. The same accounting policies are used for the Regions as for the Group, apart from pensions (IAS 19 only at Group level), financial instruments (IAS 39 only at Group level).

Transactions between Regions and other operations are carried out on commercial terms.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to its predetermined condition are included in the cost. For major investments, where the total investment value is at least MSEK 100 and the investment period lasts at least 12 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset, is depreciated separately.

The assets' residual values and useful lives are tested at least annually and adjusted as necessary.

The following depreciation schedules are applied:

Buildings	25–30 years
Property fixtures	10–25 years
Plant and machinery	5–20 years
Equipment, tools	5–15 years
Vehicles	5–10 years
Office equipment	5–10 years

INTANGIBLE ASSETS

An intangible asset is recognised when the asset is identifiable, the Group controls the asset, and it is expected to yield future economic benefits. Intangible assets such as goodwill, trademarks and customer and supplier relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognised in the income statement as an expense when they are incurred.

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the net assets acquired by the Group in a business combination. The value of the goodwill is allocated to the operating segment's cash generating units which are expected to benefit from the acquisition that gave rise to the goodwill item. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Goodwill impairment is not reversed.

Goodwill arising on acquisition of associates is included in the carrying amount of the associate and is tested for impairment as part of the value of the total investment in the associate.

Net gains or losses on the disposal of Group entities include the remaining carrying amount of the goodwill attributable to the divested entity.

Trademarks

The value of trademarks is carried at cost less any accumulated amortisation and impairment losses. Trademarks with an indefinite useful life are not amortised but are tested annually for impairment in the same way as goodwill. Trademarks that Scandi Standard intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The relief from royalty method is used to measure trademarks identified in a business combination.

As all of the Group's trademarks have indefinite useful lives, no estimated useful lives have been defined.

Customer and supplier relationships

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the multi-period excess earning method, together with any other relevant information, and is carried at cost less accumulated amortisation and impairment losses.

At present, existing customer relationships are considered to have a useful life of 10 or 20 years and existing supplier relationships a useful life of 5 or 10 years.

Research and development

No research is conducted within the Group. Expenditure on development is recognised as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits, the cost of the asset can be measured reliably and the development is substantial. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IS/IT-systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortised on a straight-line basis over the estimated useful life of 5 to 10 years.

IMPAIRMENT LOSSES

Intangible assets with an indefinite useful life are not amortised but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortised are regularly tested. At the end of each reporting period, an assessment is made as to whether there is any indication that the assets are impaired and need to be written down. The recoverable amount is estimated for these assets and for assets with indefinite useful lives. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised if the recoverable amount is less than the carrying amount. A previously recognised impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the amount that would have been determined had no impairment loss been recognised in prior years. Impairment of goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the goodwill.

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use,

Note 1 continued

future cash flows are discounted at an interest rate before tax that takes into account a market assessment of risk-free interest rates and risk involved with the specific asset.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO (first in/first out) method or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

All financial instruments are recognised in the statement of financial position. Financial assets include cash and cash equivalents, trade receivables, shares, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments consist of forward contracts and swaps, which are used to cover risks of exchange rate fluctuations and exposure to interest-rate risks. Derivative instruments are recognised in the statement of financial position when the agreements are made. Trade receivables are recognised in the statement of financial position when the invoice is issued. Trade payables are recognised when an invoice is received. Other financial assets and financial liabilities are recognised in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognised on the settlement date or when it expires. A financial liability or part of a financial liability is derecognised on the settlement date or when it is extinguished in another manner

Classification of financial assets and liabilities

Measurement of financial assets and liabilities is based on how a particular financial instrument is classified. Classification takes place at the time the transaction is conducted. Scandi Standard classifies its financial instruments in the following categories:

Financial assets measured at fair value through profit or loss

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Changes in value in this category are recognised in profit or loss.

Loans and receivables

This category comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortised cost and are subject to impairment testing.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected.

Available-for-sale financial assets

Financial assets that have not been classified in any of the above categories and are not a derivative instruments, e.g. unlisted shares, are included in this category. Financial assets are carried at fair value, and the change in value is recognised in OCI and accumulated in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss before then.

Financial liabilities measured at fair value through profit or loss

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognised in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortised cost.

Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with the description in the section on Derivative instruments and hedge accounting.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets. Listed equities are categorized as "available-for-sale financial assets".

Short-term investments

Short-term investments are mainly short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable. Short-term investments are included in the "loans and receivables" category.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the "loans and receivables" category.

Interest-bearing liabilities

Interest-bearing liabilities are mainly loans from credit institutions. Interest-bearing loans are initially recognised at cost corresponding to the fair value of the performance received. Transaction costs are allocated by adding to the value of the loans and recognised as an interest expense over these loan terms in line with the effective interest method.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate swaps, interest rate caps and currency forward contracts.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness.

Financial instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction.

IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Scandi Standard currently only applies cash flow hedging and hedging of net investments.

Cash flow hedges

A cash flow hedge is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognised in other comprehensive income and accumulated in equity, while any ineffective portion is recognised in profit or loss. When the hedged position is recognised in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Cash flow hedging is applied for currency risks in commercial flows and for interest rate risks in the debt portfolio.

Hedging of net investments

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognised in other comprehensive income and accumulated in equity. The result is reclassified from equity to profit or loss upon disposal of the foreign operation. Net investments are currently hedged by borrowing.

Currency risk
Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Scandi Standard's earnings and financial position.

Interest rate risk
Interest rate derivatives are used for the purpose of changing the fixed rate interest period of underlying financial assets and liabilities. Interest rate swaps and interest rate caps are used to hedge against interest rate risks.

Parent
In the Parent Company, financial instruments are accounted for using the cost method. As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

DETERMINATION OF FAIR VALUE
For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted valuation techniques, whereby the Group makes assumptions based on market conditions prevailing at the reporting date. The fair value of forward exchange contracts is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. Market rates and current credit margins form the basis for determining the fair value of long-term borrowings.

For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of equity instruments cannot be determined, they are reported at cost adjusted for any impairment.

PROVISIONS
Provisions are recognised when Scandi Standard has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision recognised is the best estimate of the expenditure required to settle the obligation at the reporting date. For long-term material amounts, provisions are measured at the present value of the expenditure required to settle the obligation, taking into account the time value of money. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

EMPLOYEE BENEFITS
Pensions
Scandi Standard has both defined contribution and defined benefit pension plans, most of which are funded.

With defined contribution plans, the Company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk associated with paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognised in the statement of financial position consists of the net of the estimated present value of the defined benefit obligation and the fair value of the plan assets associated with the obligation at the reporting date, either in a pension fund or in some other arrangement.

Pension costs and pension obligations for defined benefit plans are calculated according to the projected unit credit method. This method allocates the costs for pensions as the employees carry out services for the Company that increase their entitlement to future benefits. The Company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans, which represent the vast majority of the defined benefit plans. These bonds are considered equivalent to corporate bonds as they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the actuarial assumption changes. These actuarial gains and losses are recognised in Other comprehensive income.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is included in the recognised pension liability. The present value of the provision is not calculated. The change in the provision is recognised in OCI to the extent that it relates to actuarial gains or losses.

Termination benefits
A provision for costs in connection with termination of personnel is recognised only if the Company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognised as a provision when a detailed plan for the measure is presented.

Variable salary
Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

INCOME TAX
The Group's tax expense consists of current tax and deferred tax. Taxes are recognised in the income statement, except when the underlying transaction is recognised in OCI, in which case the related tax effect is also recognised in OCI. Current tax is the tax payable or receivable for the current year. Current tax also includes adjustments to current tax attributable to prior periods.

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is measured at the nominal amount and is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the reporting date. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and associates are not recognised, as, in each case, Scandi Standard is able to control the date for their reversal and it is not considered probable that any such reversal will occur in the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognised only to the extent that it is considered probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the companies in question have a legally enforceable right to offset current tax assets against current taxation liabilities.

Note 1 continued

REVENUE

Revenue is recognised net of value added taxes and, where relevant, the value of discounts provided.

Revenue from the sale of goods and services is recognised on delivery to the customer and in accordance with the terms of the sale, i.e., when the significant risks and rewards of ownership have been transferred to the customer. Interest income is recognised on a time-proportion basis using the effective interest method.

Royalties and similar revenues are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognised when the right to receive a dividend has been established. Other revenue includes compensation for sales outside the Group's ordinary activities, such as insurance payments, external rental income and income from the sale of non-current assets.

LEASING

The Group acts only as a lessee. Leases are classified in the consolidated financial statements as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

The lessee recognises a finance lease as a non-current asset and a corresponding interest-bearing liability in the statement of financial position at an amount equal to the value of the leased asset. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The lease payments are apportioned between interest and amortisation of the initially recognised liability.

The lessee does not recognise an operating lease as asset in the statement of financial position. The total lease payments are recognised as an expense on a straight-line basis over the lease term.

GOVERNMENT GRANTS

Government grants are recognised in the statement of financial position and the income statement when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. Grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, it is recognised as other income.

BORROWING COSTS

Borrowing costs attributable to investments in assets that take more than 12 months to complete, and for which the investment amount is at least MSEK 100, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

BIOLOGICAL ASSETS

Biological assets are measured and carried at fair value less cost of sales in accordance with IAS 41. Scandi Standard has biological assets in the form of broiler parent stock within the operations of rearing day-old chicks as well as broilers kept at some contract broiler producers in Denmark. The lifespan of the parent stock is approximately one year and the lifespan of the broilers is about 30 days. Previously, the Group estimated that the difference between fair value less cost of sales and historical cost for these was not material and the assets were carried at cost. For 2014, the estimate have been revised and the decision has been made to measure the assets of broiler parent stock at fair value less cost of sales.

The stock has been valued using cash flow projections from expected sales of day old chicks and the direct and indirect costs of keeping the stock. For costs, estimates have been made based on past experience. There is an observable market price for the day-old chicks and for number of chicks produced, the breeder norms for the variety kept have been used.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Scandi Standard only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 5.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Parent Company

The Swedish Financial Reporting Board has introduced rules for reporting Group contributions in its recommendation RFR 2 Accounting for legal Entities. Scandi Standard is applying the alternative rule, which means that both Group contributions received and Group contributions made are reported as an appropriation.

The issuer capitalizes the shareholder contribution in shares and interests to the extent that impairment is not required. The recipient recognises the shareholder contribution directly in equity.

RELATED PARTIES

By virtue of its control, the Parent Company has a related party relationship with its subsidiaries and sub-subsidiaries. By virtue of their significant influence, the Group and Parent Company have a related party relationship with their associates, which include directly and indirectly owned companies.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" is a post-employment benefit plan for employees of certain companies in the Group as such, the fund is considered to be a related party.

Intra-Group purchases and sales of goods and services are conducted at market prices.

By virtue of their right to participate in the decisions concerning the Group's strategies, members of the Group's Operational Board have significant influence over the Parent Company and Group are therefore considered to be related parties.

The Group's main currencies in addition to SEK, 2014:

SEK	Average rate	Closing rate
DKK	1.22	1.28
NOK	1.09	1.05

Note 2 Significant judgements, accounting estimates and assumptions

Preparation of annual financial statements in accordance with IFRS in many cases requires management to make judgments and use of accounting estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are considered reasonable and realistic in the current circumstances. The actual outcome may differ from the accounting estimates and assumptions.

The estimates and underlying assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognised in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

A general description of the accounting policies where management's accounting estimates and assumptions are expected to have a material effect on Scandi Standard Group's financial position and financial statements is provided below. The carrying amounts at the reporting date can be found in the statement of financial position and associated notes.

Impairment of goodwill and other assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or whenever there are indications of possible impairment - in situations such as a changed business environment, a divestment decision or closure of operations. The Group's goodwill and other intangible assets amounted to MSEK 1,140 at the end of the year, which corresponds to 37 percent of the Group's total assets. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

In most cases, an asset's value in use is estimated by reference to the present value of the future cash flows the Group expects to derive from the asset. The cash flow projection is based on assumptions that represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset, and are based on the latest financial plan. An impairment loss is recognised if the estimated value in use is lower than the carrying amount.

The discount rates used to calculate the present value of the expected future cash flows are estimated from the current weighted average cost of capital established within the Group for the markets in which the cash-generating units are active.

Other estimates regarding expected future results and the discount rates used can give different values of assets from those applied. Impairment is described in more detail in note 6.

Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities. Deferred tax assets are recognised as an asset when it is considered likely that they can be utilized and offset against future taxable profits. Other assumptions regarding the outcome of these future taxable profits, as well as changes in tax rates and rules can result in significant differences in the measurement of deferred taxes.

More detailed information about amounts can be found in note 10.

Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's obligations. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate would change the pension obligation by approximately MSEK 6.

More detailed information about amounts can be found in note 21.

Biological assets

The Group has biological assets in the form of broiler parent stock in the rearing of day old chicks as well as broilers kept at some contract broiler producers in Denmark. These assets are valued at fair value less cost of sales according to IAS 41. The value of those assets are dependent on assumptions. For broiler parent stock, the market price for day-old chicks as well as operational expenses for keeping the stock impacts the value of the assets. A 1 percent change in the price of day-old chicks impacts the value of the assets by about MSEK 2.

Previously, it was estimated that historical cost was a reasonable approximation for fair value less cost of sales, and these assets was thus carried at historical cost. From 2014, this judgment has been revised and the assets are now carried at fair value less cost of sales. Detailed information about the amounts and changes can be found in note 30.

Note 3 Segment reporting

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2014, Jan 1 - Dec 31 MSEK	Region Sweden	Region Denmark	Region Norway	Group-wide [1]	Eliminations	Total Group
Net sales						
External sales	1,941.2	2,056.0	1,270.0	0.0	0.0	5,267.2
Internal sales	114.0	153.2		37.6	-304.8	0.0
Total net sales	**2,055.2**	**2,209.2**	**1,270.0**	**37.6**	**-304.8**	**5,267.2**
Operating income	**99.9**	**102.9**	**119.1**	**-83.4**	**-**	**238.5**
Of which share of income of associates	-	2.2	-	-	-	2.2
Finance income	-	-	-	-	-	3.1
Finance expenses	-	-	-	-	-	-165.3
Income tax expenses	-	-	-	-	-	-20.2
Income for the period						**56.1**
Other disclosures						
Assets	911.7	1,094.4	919.6	64.4	-76.1	2,914.0
Holdings in associates		26.0	16.7			42.7
Unallocated assets						138.6
Total assets	**911.7**	**1,120.4**	**936.2**	**64.4**	**-76.1**	**3,095.3**
Liabilities	247.3	260.3	149.1	9.0	-76.1	589.6
Unallocated liabilities						1,619.5
Equity						886.2
Total liabilities and equity	**247.3**	**260.3**	**149.1**	**9.0**	**-76.1**	**3,095.3**
Investments	55.6	35.4	49.9	0.4		141.3
Depreciation, amortisation and impairment	66.7	61.8	23.8	19.2		171.5

Financial year 2013, Jun 3 - Dec 31 MSEK	Region Sweden	Region Denmark	Region Norway	Group-wide [1]	Eliminations	Total Group
Net sales						
External sales	1,030.8	1,097.2	903.6	-	-	3,031.6
Internal sales	44.8	104.5	0.0	-	-149.3	0.0
Total net sales	**1,075.6**	**1,201.7**	**903.6**	**0.0**	**-149.3**	**3,031.6**
Operating income	**32.0**	**31.0**	**54.0**	**-80.5**	**-**	**36.5**
Of which share of income of associates		*1.5*	*0.0*			*1.5*
Finance income	-	-	-	-	-	5.6
Finance expenses	-	-	-	-	-	-94.9
Income tax expenses	-	-	-	-	-	-27.1
Income for the year						**-79.9**
Other disclosures						
Assets	1,028.0	1,164.0	913.0	76.0	-146.0	3,035.0
Holdings in associates	-	22.0	16.7	-	-	38.7
Unallocated assets	-	-	-	-	-	175.3
Total assets	**1,028.0**	**1,186.0**	**930.0**	**76.0**	**-146.0**	**3,249.0**
Liabilities	286.0	219.0	147.0	92.0	-146.0	598.0
Unallocated liabilities	-	-	-	-	-	2,218.6
Equity	-	-	-	-	-	432.4
Total liabilities and equity	**286.0**	**219.0**	**147.0**	**92.0**	**-146.0**	**3,249.0**
Investments	58.7	20.0	11.0	-	-	89.7
Depreciation, amortisation and impairment	35.0	37.2	24.0	-	-	96.2

[1] *EBIT reported under Group-wide includes transaction costs of MSEK -73 from the year's company acquisitions and central corporate costs of MSEK -7. Group-wide assets includes assets and liabilities relating to central functions.*

Note 3 continued

INFORMATION ABOUT GEOGRAPHIC AREAS, BASED ON CUSTOMER LOCATION

MSEK	External sales 2014	External sales 2013
Sweden	2,007.1	1,085.2
Norway	1,280.3	910.9
Denmark	1,209.2	641.7
Germany	284.8	116.5
United Kingdom	206.2	111.2
Russia	68.4	49.5
Rest of Europe	119.6	63.4
Rest of world	91.6	53.2
Total	**5,267.2**	**3,031.6**

One of Scandi Standard's customers accounts for more than 10 percent of the Group's total sales. The sales amount on a Full Year basis is MSEK 819.7 (814.0) and the location is Region Sweden.

Scandi Standard's business is operationally divided into the countries of Sweden, Denmark and Norway
Internal reporting to Group Management and the Board corresponds with the Group's operational structure. The division is based on the Group's operations from a geographic perspective. Those countries where business is operated equals the Group segments. The segments are managed on the basis of the operating result (EBIT) and operating capital.

The responsibility for the Group's financial assets and liabilities, provisions for taxes and pensions, gains and losses on the remeasurement of financial instruments (IAS 39) and pension obligations (IAS 19R) are dealt with by the corporate functions and are not allocated to each segment. All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment, is included in the segments' investments.

Segment Sweden comprises the companies Kronfågel AB, SweHatch AB, Bosarpskyckling AB and AB Skånefågel. SweHatch engages in the rearing, production and hatching of day-old chicks for Kronfågel AB's contract broiler producers and other small players in the Swedish market. Kronfågel AB is the segment's largest business engaged in slaughtering, production and development of chilled and frozen chicken products, mainly for the Swedish market.

AB Skånefågel slaughters and sells chicken for the Swedish market and export.

Segment Denmark comprises Danpo A/S and the associate Farmfood A/S. Danpo slaughters, produces, develops and processes chicken products with heat treatment for both the Danish market and exports within Europe and to Asia. Farmfood processes slaughterhouse byproducts from the Group's different segments, mainly for use in pet food sold in the international markets.

Segment Norway comprises Den Stolte Hane Jæren AS, Den Stolte Hane Egg AS, Scandi Standard Norway AS and the associate Nærbo Kyllingslakt AS. The segment consists of two parts - the production, processing and sale of chicken products and the packing of eggs in the segment's own egg packing facility. Both types of product are sold in the Norwegian market. The segment also handles and sells small quantities of turkey and duck.

Note 4 Breakdown of revenue

MSEK	2014	2013*
Net sales		
Sales of goods	5,267.2	3,031.6
Total	**5,267.2**	**3,031.6**
Other operating income		
Capital gains	2.7	-
Government grants	0.3	0.7
Royalty	2.5	-
Insurance compensation	0.3	3.0
Other	13.2	5.5
Total	**19.0**	**9.2**

* *Relates to the period June 3, 2013 - December 31, 2013.*

Note 5 Employees and employee benefits expenses

Average number of employees	2014	of which women	2013	of which women
Group				
Sweden	661	42 %	532	43 %
Denmark	705	36 %	817	38 %
Norway	294	55 %	328	55 %
Total, Group	**1,660**	**42 %**	**1,677**	**43 %**

The Parent Company has no employees.
2013 relates to the period June 3, 2013 - December 31, 2013.

Employee benefits MSEK	Group 2014	Group 2013
Salaries and benefits, Board of Directors and MDs	16.7	5.0
- of which variable salary	0.5	-
Salaries and benefits, other employees	755.1	409.3
Social security expenses	102.1	57.0
Pension expenses[1]	46.9	17.1
Other staff costs	26.6	16.0
Total	**947.4**	**504.4**

[1] *MSEK 2.6 (0.4) of the Group's pension costs relate to boards and Managing Directors. There are no outstanding pension obligations for these individuals.*

Gender representation in executive management

Female representation, %	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Board of Directors	4.4	14.0	28.6	28.6
Other senior executives	-	-	-	-

REMUNERATION OF SENIOR MANAGEMENT
Senior managers
Senior managers as referred to in this note are Scandi Standard's Group Management which consists of the Managing Director and CEO, the CFO, the COO, the Director, Group Live Operations and Country Managers in Sweden, Denmark and Norway.

Members of the Group Management team are employees of the different Group companies, although none of them are employees of the Parent Company.

Note 5 continued

Guidelines

Remuneration principles have been approved by the Board of Directors in accordance with guidelines for remuneration for senior management.

Remuneration principles

The objective of Scandi Standard's remuneration principles is to offer compensation that reflects the Company's commitment to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Scandi Standard receive market-based compensation that makes it possible to recruit and retain capable employees in line with Scandi Standard's common values of open dialogue, challenge and 'acting now'.
- offer a salary structure that is based on individual performance, duties, qualifications, experience and position, and is therefore neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure

Scandi Standard's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension
- Termination and other benefits

Fixed salary

Members of Scandi Standard's senior management undergo an annual salary review on January 1. The review considers individual performance, market salary growth, changed areas of responsibility, Company performance and local agreements and regulations.

Variable salary

Scandi Standard has an overall variable salary program for a defined target group. The target group consists of Group Management, and senior management in the countries and other key personnel. The variable salary program may consist of both quantitative and qualitative targets. Decisions about target groups and guidelines for variable salary schemes are made annually by Scandi Standard's Board. Variable compensation is accrued for in line with expected pay-out.

Pension

Scandi Standard offers its employees occupational pensions unless otherwise regulated in local agreements or other regulations. The Managing Director and CEO is entitled to a defined contribution pension scheme, with a premium of 15 percent of the pensionable salary, and has a retirement age of 65 years.

In *Sweden,* the majority of employees are covered by defined benefit pension plans (ITP) through PRI Pensionsgaranti. There are currently two different pension guidelines for Scandi Standard's senior management: occupational pension accrual in accordance with the ITP agreement, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement, and a defined contribution pension scheme, with a premium equal to 25-30 percent of the pensionable salary where the individual employee decides on the split between old-age, survivor and sickness benefits.

In *Denmark,* the pension contribution corresponds to 10 or 15 percent of the pensionable salary.

In *Norway, the* pension contributions is based on individual defined contribution pension agreements with contributions of between 5 and 12 percent of the pensionable salary

Termination and other benefits

Termination benefits/notice

The Managing Director and CEO has a notice period of six months for termination of employment at the Company's request and six months for termination at his own request. If employment is terminated at the Company's request, termination benefits corresponding to 12 months' salary (including fixed and variable salary, pension and other benefits) is payable after the notice period with a full deduction of any salary from a new employer.

Other senior managers have notice periods of between six and 12 months for termination of employment at the Company's request and between three and six months for termination at their own request. Certain senior managers have non-competition clauses with financial compensation to be paid to the Group if breached corresponding to between three and 12 months remuneration.

Other benefits

In addition to fixed and variable salaries and pensions, Scandi Standard offers occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, senior managers are entitled to private health insurance, telephone and car benefits.

Note 5 continued

Salaries and remuneration of senior management 2014 TSEK	Directors' fees	Fixed salary [3]	Variable salary [4]	Pension [3]	Other benefits [5]	Total 2014
Board members, specified below	2,390					2,390
Managing Director and CEO Leif Bergvall Hansen		2,891		434	119	3,444
Group Management, other[2]		10,281	782	715	560	12,338
	2,390	**13,172**	**782**	**1,149**	**679**	**18,172**

Salaries and remuneration of senior management 2013 TSEK	Directors' fees [1]	Fixed salary [3]	Variable salary [4]	Pension [3]	Other benefits [5]	Total 2013
Board members, specified below						
Managing Director and CEO Leif Bergvall Hansen		1,833		275	84	2,192
Group Management, other[2]		8,866		1,143	527	10,536
	0	**10,699**	**0**	**1,418**	**611**	**12,728**

[1] *No remuneration was paid to members of the Board of Directors in 2013.*
[2] *Group management consists of seven individuals that are members of the Group management of the Scandi Standard Group.*
[3] *Certain members of Group management is entitled to exchange fixed salary for pension contribution within the framework of current tax legislation.*
[4] *Variable salary is based on Group financial performance and individual targets.*
[5] *Mainly car, phone and health insurance benefits.*
[6] *In addition a consultancy fee of TSEK 131 was decided by the Remuneration Committee.*

Board of Directors' Fees TSEK	2014	2013
Per Harkjaer, Chairman	465	-
Kate Briant	375	-
Ulf Gundemark	350	-
Michael Parker	275	-
Karsten Slotte	275	-
Heléne Vibbleus[6]	375	-
Alexander Walsh	275	-
Total	**2,390**	**0**

Note 6 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

MSEK	2014	2013*
Depreciation and amortisation		
Land and buildings	13.9	7.8
Plant and machinery	105.7	66.7
Equipment, tools, fixtures and fittings	32.7	10.5
Intangible assets	19.2	11.2
Total	**171.5**	**96.2**

Impairment
The Group tests intangible assets with indefinite useful lives for impairment annually. The intangible assets are allocated to the cash generating units in which they generated cash flow.

* *Relates to the period June 3, 2013 - December 31, 2013.*

The cash generating units are the Groups operating segments. Cash flow expectations for the segments are based on business plans agreed by group management for the next five years and on 2 percent organic growth thereafter. The cash flows are discounted by a calculated WACC at 8.0 percent based on the estimated return requirement for the segments.

For the testing at the end of 2014, all cash generating units are expected to perform in line with the market with the exception of Norway which is expected to show a weaker development during 2015. EBITDA is expected to improve slightly over the forecasting period towards the Group's medium term target of 10 percent.

The test as of the end of the year show no impairment. Sensitivity analysis have been performed to test the value if profit is reduced by 2 percent for each of the five forecasted years, or if the WACC would have been 2 percent higher. Neither case show any need for impairment.

Note 7 Fees and reimbursement to auditors

MSEK	2014	2013*
Öhrlings PricewaterhouseCoopers AB		
Audit services	3.1	2.0
Audit related services [1]	5.2	2.0
Tax services	3.3	-
Other services	0.3	-
Total	**11.9**	**4.0**

[1] *Principally related to the IPO.*
* *Relates to the period June 3, 2013 - December 31, 2013.*

Annual audit includes the audit of the financial statements of the Parent Company and the Group, the accounting records and the administration of the Board of Directors and the Managing Director. It also includes other duties incumbent on the auditor of the Company as well as advice and other assistance arising from observations made while performing the audit or carrying out such other duties.

Note 8 Finance income and finance expenses

MSEK	2014 Income	2014 Expenses	2014 Total	2013* Income	2013* Expenses	2013* Total
Financial assets at fair value through profit or loss						
Other income			0.0		2.0	2.0
			0.0			**2.0**
Loans and receivables						
Other interest income	3.1		3.1	5.6		5.6
			3.1			**5.6**
Derivatives used in hedging						
Interest and currency swaps		-0.2	-0.2			0.0
			-0.2			**0.0**
Other financial liabilities						
Interest expense, pension plans		**0.3**	**0.3**			**0.0**
Interest expense, borrowing		**-87.6**	**-87.6**		**-79.2**	**-79.2**
Other borrowing expenses		**-62.2**	**-62.2**		**-7.7**	**-7.7**
Other interest expenses		**-7.8**	**-7.8**		**-9.0**	**-9.0**
Currency effects		**-7.8**	**-7.8**		**-1.0**	**-1.0**
			-165.1			**-91.7**
Total	**3.1**	**-165.3**	**-162.2**	**5.6**	**-94.9**	**-89.3**

* *Relates to the period June 3, 2013 - December 31, 2013.*

Note 9 Exchange differences affecting income

MSEK	2014	2013*
Exchange differences affecting operating income	1.0	-1.0
Exchange differences, financial items	-4.5	-1.8
Total	**-3.5**	**-2.8**

Exchange differences in operating income are included in:	2014	2013*
Other operating income/expense	1.0	-1.0
Total	**1.0**	**-1.0**

* *Relates to the period June 3, 2013 - December 31, 2013.*

Note 10 Taxes

Tax on income for the period, MSEK	2014	2013*
Current tax expense (-) / tax income (+)		
Tax expense / income for the year	-26.9	-14.8
Adjustment of tax attributable to prior years	-4.4	-
Total current tax	**-31.3**	**-14.8**
Deferred tax expense (-) / tax income (+)		
Deferred tax from changes in temporary differences	-5.5	-29.8
Deferred tax income in capitalized losses carry forward	16.6	17.5
Total deferred tax	**11.1**	**-12.3**
Total recognised tax expense	**-20.2**	**-27.1**

Note 10 continued

Reconciliation of effective tax	2014 %	2014 MSEK	2013* %	2013* MSEK
Income after finance net		76.3		-52.8
Anticipated tax according to enacted Swedish tax rate	22.0%	-16.8	22.0 %	11.6
Effect of other tax rates for foreign subsidiaries	4.1%	-3.1	-10.3%	-5.4
Non-deductable expenses	2.6%	-2.0	-34.3%	-18.0
Non-taxable income	-0.4%	0.3	-	-
Capitalization of previously not capitalized tax loss carryforward	-0.7%	0.5	-	-
Effect of changed tax rates	-	-	-17.5%	-9.2
Reversal of income of associates	-0.7%	0.5	0.8%	0.4
Other	-0.5%	0.4	-12.4%	-6.5
Recognised effective tax	**26.5%**	**-20.2**	**-51.7%**	**-27.1**

* *Relates to the period June 3, 2013 - December 31, 2013.*

Note 10 continued

Tax items recognised in equity through other comprehensive income, MSEK	2014	2013*
Actuarial gains and losses on defined benefit pension plans	4.2	-1.9
Cash flow hedges	1.3	-0.6
Hedges of net investments	6.9	2.2
Total tax effects in other comprehensive income	**12.4**	**-0.3**

* *Relates to the period June 3, 2013 - December 31, 2013.*

Deferred tax assets/tax liabilities	December 31, 2014			December 31, 2013		
MSEK	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Buildings	39.5	-	39.5	35.4	-	35.4
Machinery and equipment	29.7	18.4	11.3	36.4	13.1	23.3
Intangible assets	-	120.1	-120.1	-	120.6	-120.6
Other assets	-	3.6	-3.6	-	4.3	-4.3
Pension provisions	4.0	-	4.0	-	1.0	-1.0
Other liabilities	2.3	-	2.3	0.5	-	0.5
Losses carry forward	36.4	-	36.4	17.5	-	17.5
Total	**111.9**	**142.1**	**-30.2**	**89.8**	**139.0**	**-49.2**
Netting of offsettable assets/liabilities by jurisdiction	-66.6	-66.6	0.0	-	-	0.0
Total net deferred tax liability	**45.3**	**75.5**	**-30.2**	**89.8**	**139.0**	**-49.2**

Deferred tax assets and liabilities nettable within the same jurisdiction was netted in 2014

Change in deferred tax in temporary differences and loss carryforwards 2014

Group, MSEK	Amount at beginning of period	Recognised in income statement	Recognised in OCI	Changes in acquisition/ divestment of companies	Translation differences	Amount at end of period
Buildings	35.4	1.7	-	-	2.4	39.5
Machinery and equipment	23.3	-12.8	-	-	0.8	11.3
Intangible assets	-120.6	4.2	-	-3.3	-0.4	-120.1
Other assets	-4.3	0.3	-	-	0.4	-3.6
Pension provisions	-1.0	0.8	4.2	-	-	4.0
Other liabilities	0.5	0.3	1.3	-	0.2	2.3
Losses carry forward	17.5	16.6	-	-	2.3	36.4
Other	0.0	-	-	-	-	-
Total	**-49.2**	**11.1**	**5.5**	**-3.3**	**5.7**	**-30.2**

Change in deferred tax in temporary differences and loss carryforwards 2013

Group, MSEK	Amount at beginning of period	Recognised in income statement	Recognised in OCI	Changes in acquisition/ divestment of companies	Translation differences	Amount at end of period
Buildings	-	-7.4	-	41.5	1.3	35.4
Machinery and equipment	-	-33.0	-	55.3	1.0	23.3
Intangible assets	-	2.7	-	-135.1	11.8	-120.6
Other assets	-	11.2	-	-15.5	-	-4.3
Pension provisions	-	-2.9	-2.1	4.0	-	-1.0
Other liabilities	-	-0.4	-0.7	1.6	-	0.5
Losses carry forward	-	17.5	-	-	-	17.5
Other	-	-	-	-	-	-
Total	**-**	**-12.3**	**-2.8**	**-48.2**	**14.1**	**-49.2**

Loss carry forward

At the end of the year, the Group had losses carry forward of MSEK 165.4 (79.5), all of which were recognised as deferred tax assets.
All tax losses have indefinite lives.

Note 11 Property, plant and equipment

MSEK	Land and land improvements 2014	Land and land improvements 2013*	Buildings 2014	Buildings 2013*	Plant and machinery 2014	Plant and machinery 2013*	Equipment, tools, fixtures and fittings 2014	Equipment, tools, fixtures and fittings 2013*	Construction in progress 2014	Construction in progress 2013*	Total property, plant and equipment 2014	Total property, plant and equipment 2013*
Accumulated cost	10.7	9.3	440.3	409.9	1,474.6	1,456.1	309.1	147.4	62.0	91.1	2,296.7	2,113.8
Accumulated depreciation	-4.7	-4.3	-201.2	-177.0	-915.2	-860.7	-174.3	-90.9	-	-	-1,295.4	-1,132.9
Accumulated impairment			-65.6	-61.5	-124.9	-120.9	-0.9	-0.9	-	-	-191.4	-183.3
Carrying amount	**6.0**	**5.0**	**173.5**	**171.4**	**434.5**	**474.5**	**133.9**	**55.6**	**62.0**	**91.1**	**809.9**	**797.6**
Balance at beginning of the period	5.0	0.0	171.4	0.0	474.5	0.0	55.6	0.0	91.1	0.0	797.6	0.0
Expenditure [1]	-	0.0	0.2	0.3	1.9	10.5	49.6	0.5	90.7	78.7	142.4	90.0
Additions	-	4.5	-	167.9		477.0	-	61.2	-	72.0	0.0	782.6
Sales and disposals	-	-	-	-	-1.0	-1.1	-	-	-	-	-1.0	-1.1
Depreciation for the period	-0.2	-0.1	-13.6	-7.7	-105.7	-66.7	-32.7	-10.5	-	-	-152.2	-85.0
Reclassifications	1.2	0.6	6.2	5.2	51.2	51.0	63.2	3.9	-121.8	-60.7	0.0	0.0
Translation differences	0.0	0.0	9.3	5.7	13.6	3.8	-1.8	0.5	2.0	1.1	23.1	11.1
Book value	**6.0**	**5.0**	**173.5**	**171.4**	**434.5**	**474.5**	**133.9**	**55.6**	**62.0**	**91.1**	**809.9**	**797.6**
Leases, MSEK												
Carrying amount of assets held under finance leases	-	-	0.6	-	4.5	6.2	-	-	-	-	5.1	6.2

[1] *Expenditure does not include any capitalized interest*

* *Relates to the period June 3, 2013 - December 31, 2013.*

No government grants affecting investment values were received in 2014 or 2013. At the end of the year there were contractual obligations related to expenditure for property, plant and equipment in the amount of MSEK 10.1.

For further information about depreciation, amortisation and impairment, see note 6. For further information about leases, see note 24.

Note 12 Intangible assets

MSEK	Goodwill 2014	Goodwill 2013	Other intangible assets: Brands 2014	Brands 2013	Customer and supplier relationships 2014	Customer and supplier relationships 2013	Capitalized expenditure on internal development work 2014	Capitalized expenditure on internal development work 2013	Total other intangible assets 2014	Total other intangible assets 2013
Accumulated cost	611.3	589.7	322.9	318.3	208.9	194.1	26.4	26.4	558.2	538.8
Accumulated amortisation	-	-	-	-	-29.0	-10.6	-0.5	-	-29.5	-10.6
Carrying amount	**611.3**	**589.7**	**322.9**	**318.3**	**179.9**	**183.5**	**25.9**	**26.4**	**528.7**	**528.2**
Balance at beginning of year	589.7	0.0	318.3	0.0	183.5	0.0	26.4	0.0	528.2	0.0
Expenditure	-	-	-	-	-	-	-	1.3	0.0	1.3
Additions	16.4	613.1	-	324.5	14.6	204.3	-	25.1	14.6	553.9
Amortisation for the year	-	-	-	-	-18.7	-11.2	-0.5	-	-19.2	-11.2
Translation differences	5.2	-23.4	4.6	-6.2	0.5	-9.6	-	-	5.1	-15.8
Book value	**611.3**	**589.7**	**322.9**	**318.3**	**179.9**	**183.5**	**25.9**	**26.4**	**528.7**	**528.2**
Allocation of goodwill, brands and customer/supplier relationships										
Sweden	120.7	104.4	144.0[1]	144.0[1]	29.1	15.9				
Denmark	126.3	118.5	82.1[2]	77.0[2]	17.7	18.1				
Norway	364.3	366.8	96.8[3]	97.3[3]	133.1	149.5				
Total	**611.3**	**589.7**	**322.9**	**318.3**	**179.9**	**183.5**				

[1] *Brands with indefinite useful life (Kronfågel, Ivars, Vitafågeln)*

[2] *Brands with indefinite useful life (Danpo, BornholmerHanen)*

[3] *Brands with indefinite useful life (Den Stolte Hane)*

Further information about amortisation, impairment and impairment testing, please see note 6.

Note 13 Participations in associated companies

Group, MSEK	Dec 31, 2014	Dec 31, 2013
Balance at the beginning of the year	38.7	0.0
Acquisitions	-	37.4
Share of income in associates	2.2	1.5
Translation difference	1.8	-0.2
Carrying amount	**42.7**	**38.7**

Information on associates in 2014

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	198.5	120.4	27.6	6.6
Nærbø Kyllingslakt AS	29.4	18.9	54.8	-1.3

Information on associates in 2013

MSEK	Assets	Liabilities	Net sales	Income for the period
Farmfood A/S	176.9	110.1	23.1	4.5
Nærbø Kyllingslakt AS	24.2	12.4	57.6	0.5

Any impairment and reversal of impairment is recognised in the income statement classified as Share of income of associates.

Group holdings in associates, December 31, 2014

Company name	Company name	Corporate identity no.	Domicile	Number of shares	Share of capital. %	Carrying amount in Group, MSEK
Associates in the Group:						
Denmark	Farmfood A/S	27 121 977	Loegstoer	10,000	33.3	26.0
Norway	Nærbø Kyllingslakt AS	985 228 175	Nærbø, Hå	3,875	50.0	16.7
Total						**42.7**

Note 14 Non-current financial assets

Group, MSEK	Dec 31, 2014	Dec 31, 2013
Receivables from associates	1.2	1.2
Other shares and interests	0.6	0.8
Derivative instruments	-	2.2
Other financial receivables	-	2.5
Total	**1.8**	**6.7**

Note 15 Inventory

MSEK	Dec 31, 2014	Dec 31, 2013
Raw materials and consumables	78.8	51.5
Goods in progress	44.2	45.9
Finished goods and merchandise	421.3	512.5
Advances to suppliers	2.3	14.7
Total	**546.6**	**624.6**

MSEK 32.9 (0.3) of inventories this year were measured at net realizable value. Impairment losses of MSEK 17.4 (7.1) were recognised during the year, while previous impairment of MSEK 2.5 (7.5) were reversed. During the year, appreciations of MSEK 8.5 (-) has been recognised.

Note 16 Trade receivables and other receivables

MSEK	Dec 31, 2014	Dec 31, 2013
Trade receivables	336.7	370.7
Other current receivables	26.2	28.2
Prepayments and accrued income	54.5	97.3
Total	**417.4**	**496.2**

Age analysis of trade receivables

MSEK	Dec 31, 2014	Dec 31, 2013
Receivables, not yet due	317.9	325.7
Receivables, past due		
< 31 days	16.1	38.3
31-60 days	0.3	6.2
61-90 days	0.0	0.0
> 90 days	2.4	0.5
Total	**336.7**	**370.7**
Provision for doubtful debts	0.0	0.0
Total	**336.7**	**370.7**

For information of assessment of trade receivables, see note 20.

Prepayments and accrued income

MSEK	Dec 31, 2014	Dec 31, 2013
Prepaid rent	3.5	5.6
Prepaid insurance	2.0	8.1
Prepayments to contract broiler producers	16.1	17.3
Up front fee, financing	10.7	56.3
Other prepaid expenses	17.7	7.9
Other accrued income	4.5	2.1
Total	**54.5**	**97.3**

Note 17 Current interest-bearing assets and cash and cash equivalents

MSEK	Dec 31, 2014	Dec 31, 2013
Interest-bearing receivables	1.4	1.0
Total	**1.4**	**1.0**

Cash and cash equivalents

MSEK	2014	2013
Cash and bank balances	89.7	71.8
Short-term investments < 3 months	-	-
Total	**89.7**	**71.8**

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognised as current interest-bearing assets.

Note 18 Equity

MSEK	Share capital*	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings	**Equity attributable to owners of the parent**
Total equity, opening balance June 3, 2013	**0.0**	**500.7**				**500.7**
Income for the period					-79.9	**-79.9**
Actuarial gains and losses on pension plans					9.0	**9.0**
Cash flow hedges - remeasurement for the year			2.9			**2.9**
Exchange differences on translation of foreign operations				10.0		**10.0**
Net gain on hedge of net investments in foreign operations			-10.0			**-10.0**
Tax relating to components of other comprehensive income			1.6		-1.9	**-0.3**
Other comprehensive income for the period, net of tax	-	-	-5.5	10.0	7.1	**11.6**
Total comprehensive income	**-**	**-**	**-5.5**	**10.0**	**-72.8**	**-68.3**
Total equity, closing balance December 31, 2013	**0.0**	**500.7**	**-5.5**	**10.0**	**-72.8**	**432.4**

MSEK	Share capital*	Other contributed equity	Hedge reserve	Translation reserve	Retained earnings	**Equity attributable to owners of the parent**
Total equity, opening balance January 1, 2014	**0.0**	**500.7**	**-5.5**	**10.0**	**-72.8**	**432.4**
Income for the period					56.1	**56.1**
Actuarial gains and losses on pension plans					-19.2	**-19.2**
Cash flow hedges						
- remeasurement for the year			-5.5			**-5.5**
- reclassified to income statement			0.0			**0.0**
Exchange differences on translation of foreign operations				53.9		**53.9**
Net gain on hedge of net investments in foreign operations			-31.4			**-31.4**
Tax relating to components of other comprehensive income			8.2		4.2	**12.4**
Other comprehensive income for the period, net of tax	-	-	-28.7	53.9	-15.0	**10.2**
Total comprehensive income	**-**	**-**	**-28.7**	**53.9**	**41.1**	**66.3**
Transactions with owners						
Bonus issue	0.5				-0.5	
New shares issue		6.2				**6.2**
Set-off of shareholder loans	0.1	381.2				**381.3**
Total equity, closing balance December 31, 2014	**0.6**	**888.1**	**-34.2**	**63.9**	**-32.2**	**886.2**

* The share capital in Scandi Standard AB amounted to SEK 50,072.

Note 18 continued

During 2014, Vendor Loan Notes held by the owners were repaid and PIK notes held by the owners (including accrued interest) were converted to equity in conjunction with the public offering. Other contributed equity includes premiums paid by owners of the Parent Company in relation to issues.

For cash flow hedges where the hedged transaction has not yet occurred, the hedge reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The cumulative gain or loss recognised in the hedge reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's presentation currency (SEK). Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve and recognised there after deduction of tax.

Share capital

	2013	
Share capital, total	Number of shares	SEK
Opening balance, Jun 3, 2013	500,716,726	50,072
Change during year	-	-
Closing balance	**500,716,726**	**50,072**

	2014	
Share capital, total	Number of shares	SEK
Opening balance, Jan 1, 2014	500,716,726	50,072
Change during year	-440,655,736	549,677
Closing balance	**60,060,890**	**599,749**

According to the articles of association for Scandi Standard AB, the share capital shall amount to a minimum of SEK 500,000 and a maximum of SEK 2,000,000. The quota value of the share is SEK 0.009986.

Earnings per share	2014	2013*
Income for the period, MSEK	56.1	-79.9
Earnings per share, SEK	**1.02**	**1.78**
Average number of shares, million	**55.2**	**44.9**
Equity per share, SEK	**14.76**	**8.64**

** Relates to the period June 3, 2013 - December 31, 2013.*

Note 19 Interest-bearing liabilities

Non-current interest-bearing liabilities

MSEK	Note	Dec 31, 2014	Dec 31, 2013
Non-current liabilities to credit institutions	20	1,448.5	1,281.0
Vendor Loan Notes		-	135.0
PIK Notes		-	348.3
Derivative instruments		5.6	2.7
Financial liabilities, leases	24	3.6	5.0
Other interest-bearing liabilities		2.5	-
Total		**1,460.2**	**1,772.0**

Current interest-bearing liabilities

MSEK	Note	2014	2013
Current liabilities to credit institutions	20	32.9	223.0
Other current interest-bearing liabilities		-	18.0
Accrued interest expenses		3.9	-
Financial liabilities, leases	24	2.1	2.0
Total		**38.9**	**243.0**

Note 20 Financial instruments and financial risk management

Scandi Standard is exposed to different types of financial risk in the course of its international operations. Financial risk is the risk of fluctuations in the Group's financial results and position as a result of changes in exchange rates, interest rates and refinancing, and also includes credit and counterparty risks.

CURRENCY RISK

In the course of its operations, Scandi Standard is exposed to currency risk, in the form of exchange rate fluctuations affecting the Group's financial results and position.

The Group's currency exposure includes both transaction exposure and translation exposure. The Group's currency risk management is aimed at minimizing the short-term effect of exchange rate fluctuations and their adverse impact on the Group's financial results and position.

Transaction exposure

Scandi Standard's goal is to avoid exposure to exchange rate fluctuations within Europe and worldwide in export trading.

Distribution of trade receivables by currency, December 31, 2014

MSEK	Group
SEK	64.9
DKK	141.9
NOK	59.8
EUR	47.2
Other currencies	22.9
Total	**336.7**

Distribution of trade receivables by currency, December 31, 2013

MSEK	Group
SEK	88.2
DKK	112.1
NOK	91.8
EUR	58.0
Other currencies	20.6
Total	**370.7**

Distribution of trade payables by currency, December 31, 2014

MSEK	Group
SEK	128.1
DKK	109.2
NOK	75.0
EUR	39.9
Other currencies	0.0
Total	**352.2**

Distribution of trade payables by currency, December 31, 2013

MSEK	Group
SEK	146.1
DKK	99.8
NOK	96.4
EUR	12.7
Other currencies	0.2
Total	**355.2**

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's presentation currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill on consolidation) is managed by means of loans in the subsidiaries' currencies, and is referred to as the equity hedge. These loans are recognised at the closing rate on the reporting date. In the Parent Company, exchange differences attributable to these loans (net of tax) and translation differences from the net assets of subsidiaries are recognised in other comprehensive income and accumulated in consolidated equity. At present, net investments in DKK and NOK are hedged.

If the Swedish krona strengthened against other currencies by 10 percent, equity would decrease by MSEK 119.9, not taking into account the equity hedge. If the equity hedge is taken into account, equity would decrease by MSEK 21.9, all other things being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. As this translation is not hedged, the translation difference is exposed to currency risk and as such is included in the sensitivity analysis below.

Foreign-exchange sensitivity in transaction and translation exposure

Scandi Standard is primarily exposed to the DKK, NOK and EUR. The different currencies represent both inflows and outflows against the Swedish krona.

If, on translation of operating income, the Swedish krona were to weaken against subsidiaries' currencies by 10 percent, this would have an adverse impact of MSEK -18.7 on operating income, all other things being equal. The impact is broken down as follows: DKK/SEK 9.4 MSEK and NOK/SEK 9.3 MSEK. The calculation does not take into account any changes in prices and customer behavior caused by the exchange rate movements.

INTEREST RATE RISK

Interest-bearing borrowing means that the Group is exposed to interest rate risk. Interest rate risk is the risk that changes in market interest rates will have an adverse effect on the Group's financial results and cash flows. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period.

At December 31, 2014, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 28 months.

A +/–1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding on the closing date, which in turn would affect operating income by MSEK +/–0.1 and equity by MSEK +/–0.7.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT CAPACITY

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk that the Group will encounter difficulty in discharging payment obligations. Scandi Standard limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans with credit institutions at the end of the year was 4.1 years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. Payment capacity, i.e. cash and cash equivalents and unused credit facilities, at December 31, 2014 was MSEK 489.7.

Note 20 continued

Maturity structure of liabilities to credit institutions by currency

MSEK	2015	2016	2017	2018	2019-	Total
EUR	0.1	0.1	0.1	0.1	17.6	0.3
DKK	29.6	29.6	279.6	29.6	179.6	547.8
NOK	36.0	36.0	286.0	36.0	186.0	579.9
SEK	29.9	29.9	279.9	29.9	179.9	549.7
Total	**95.5**	**95.5**	**845.5**	**95.5**	**563.1**	**1,695.3**
Of which interest	35.5	35.5	35.5	35.5	35.5	177.7

Maturity structure of derivative instruments, nominal amounts December 31, 2014

MSEK	2015	2016	2017	2018-	Fair value
Currency derivatives	31.4	2.2	-	-	-2.2
Interest rate derivatives	-	-	-	1,013.5	-8.3
Total	**31.4**	**2.2**	**0.0**	**1,013.5**	**-10.5**

Maturity structure of derivative instruments, nominal amounts December 31, 2013

MSEK	2014	2015	2016	2017-	Fair value
Currency derivatives	17.6	-	-	-	-1.0
Interest rate derivatives	20.1	0.6	443.7	21.0	-0.7
Total	**37.7**	**0.6**	**443.7**	**21.0**	**-1.7**

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk is the risk that the counterparty in a transaction will be unable to discharge its obligations, thereby causing a financial loss for Scandi Standard. Counterparty risk is limited by only accepting counterparties with high credit-worthiness.

Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Scandi Standard has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies.

Some of the trade receivables are sold to Nordea Finans AB and Nordea Finans Danmark A/S without recourse. At the end of the year, receivables sold amounted to MSEK 113.3 (117.0).

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2014

	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	-	-	-	-
Other financial assets measured at fair value	-	-	-	-
Total assets	**-**	**-**	**-**	**-**
Liabilities, MSEK				
Derivatives with negative fair value	-	8.3	-	8.3
Other financial liabilities measured at fair value	-	-	-	-
Total liabilities	**-**	**8.3**	**-**	**8.3**

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2013

	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	-	2.0	-	2.0
Other financial assets measured at fair value	-	3.0	-	3.0
Total assets	**-**	**5.0**	**-**	**5.0**
Liabilities, MSEK				
Derivatives with negative fair value	-	3.7	-	3.7
Other financial liabilities measured at fair value	-	-	-	-
Total liabilities	**-**	**3.7**	**-**	**3.7**

Fair value hierarchy with information on inputs used to measure fair value

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom. Derivative instruments in this level are interest rate swaps, interest rate caps, forward exchange rates and restricted placements.

Level 3: Unobservable inputs for measurement of the asset or liability.

Note 20 continued

Financial assets and liabilities by measurement category 2014

December 31, 2014, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
ASSETS						
Other non-current financial assets	-	1.8	-	-	1.8	1.8
Other non-current financial assets	-	336.7	-	-	336.7	336.7
Current interest bearing receivables	-	1.4	-	-	1.4	1.4
Cash and cash equivalents	-	89.7	-	-	89.7	89.7
Total financial assets	**-**	**429.6**	**-**	**-**	**429.6**	**429.6**
LIABILITIES						
Non-current interest bearing liabilities	-	-	5.6	1,454.6	1,460.2	1,460.2
Current interest bearing liabilities	-	-	-	38.9	38.9	38.9
Trade and other payables	-	-	2.9	352.2	355.1	355.1
Total financial liabilities	**-**	**-**	**8.5**	**1,845.7**	**1,854.2**	**1,854.2**

Financial assets and liabilities by measurement category 2013

December 31, 2013, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
ASSETS						
Other shares and interests	0.8	-	-	-	0.8	0.8
Other non-current financial assets	2.5	1.2	2.2	-	5.9	5.9
Other non-current financial assets	-	370.6	-	-	370.6	370.6
Current interest bearing receivables	-	1.3	-	-	1.3	1.3
Cash and cash equivalents	-	71.8	-	-	71.8	71.8
Total financial assets	**3.3**	**444.9**	**2.2**	**0.0**	**450.4**	**450.4**
LIABILITIES						
Non-current interest bearing liabilities [1)]	-	-	2.7	1,769.3	1,772.0	1,754.0
Current interest bearing liabilities	-	-		243.0	243.0	243.0
Trade and other payables	-	-	1.0	355.2	356.2	356.2
Total financial liabilities	**-**	**-**	**3.7**	**2,367.5**	**2,371.2**	**2,353.2**

[1)] Fair value measurement has been carried out for vendor loan notes and PIK notes. Other borrowings pertain to relatively recently agreed loans with credit institutions and, accordingly, fair values essentially agree with the carrying amounts. The measurement of vendor loan notes and PIK notes was based on a level 3 valuation, which means the utilization of market data for comparable companies and the yields on bonds issued by companies supported by venture capital companies in the Nordic region. The fair value of vendor loan notes was according to the valuation MSEK 140 compared with the carrying amount of MSEK 135 and the fair value of PIK notes was MSEK 325 compared with the carrying amount of MSEK 348.

Note 21 Pensions

Scandi Standard has both defined contribution and defined benefit pension plans. The defined benefit plans, as reported in the consolidated statement of financial position, are mainly funded and relate to PRI pensions in Sweden. These plans are funded in Lantmännen's 'Gemensamma Pensionsstiftelse Grodden' pension fund, which enables a number of companies that are part of, or have been part of, Lantmännen Group to safeguard their pension obligations. Each company has its own part of the fund's assets. There is no obligation for the companies in the fund to make additional contributions to the fund. The obligations are also credit insured via PRI Pensionsgaranti. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when reported in the statement of financial position. Kronfågel AB and SweHatch AB are connected to the fund with regard to obligations accrued up to the end of May 2013. After this date, all new pension earnings within the Group are financed by direct charges.

Pension plans with surpluses are recognised as an asset in the statement of financial position under "Surplus in funded pension plans". Other pension plans that are unfunded or partially funded are recognised under "Provisions for pensions"

Defined benefit obligations and value of plan assets in the Group:

Defined benefit plans

MSEK	Dec 31, 2014	Dec 31, 2013
Funded plans		
Defined benefit obligations under Swedish PRI pensionsgaranti plans	173.9	145.8
Fair value of plan assets	-155.3	-150.3
Total net value of funded plans	**18.6**	**-4.5**
Surplus in pension plan reported as asset		-4.9
Partially funded plan reported as liability	18.6	0.4
Unfunded plans		
Other unfunded obligations	1.8	2.0
Total unfunded plans	**1.8**	**2.0**
Provision for pensions, net value	**20.4**	**-2.5**

All defined benefit pension plans are in Sweden.

Pension cost in the income statement

MSEK	2014	2013*
Defined benefit plans		
Incurred pension expense during the year	1.6	1.5
Interest income / expenses	0.3	0.0
Curtailments and settlements	-	14.4
Cost of defined benefit plans	**1.9**	**15.9**
Cost of defined contribution plans	-48.5	-33.0
Total pension cost	**-46.6**	**-17.1**
The cost is recognised in the following lines in the income statement		
Employee benefits expenses, note 5	-46.9	-17.1
Finance expenses, note 8	0.3	0.0
Total pension cost	*-46.6*	*-17.1*

Pension-related charges in other comprehensive income

MSEK	2014	2013*
Defined benefit plans		
Return on plan assets in excess of what is recognised as interest income in the income statement	11.5	2.9
Experience based adjustment of obligation	-0.3	1.2
Effect of changes in demographic assumptions	-8.5	-
Effects of changes in financial assumptions	-21.9	4.9
Total actuarial gains (+) and losses (-)	**-19.2**	**9.0**
Tax in gain / loss	4.2	-1.9
Total recognised in other comprehensive income	-15.0	7.1

** Relates to the period June 3, 2013 - December 31, 2013.*

Changes in obligations, assets and net amount:

	Dec 31, 2014			Dec 31, 2013		
MSEK	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	147.9	-150.3	-2.4	-	-	-
From acquired operations	-	-	-	171.3	-150.6	20.7
Service cost	-1.6	-	-1.6	-1.5	-	-1.5
Interest recognised in income statement	5.7	-6.0	-0.3	3.3	-3.3	-
Payment of pension benefits	-7.0	-	-7.0	-4.3	-	-4.3
Compensation received [1)]	-	12.5	12.5	-	6.5	6.5
Curtailments and settlements	-	-	-	-14.4	-	-14.4
Return in plan assets in excess of recognised interest	-	-11.5	-11.5	-	-2.9	-2.9
Remeasurement of pension obligations recognised in other comprehensive income	30.7	-	30.7	-6.6	-	-6.6
Closing balance, pension liability	**175.7**	**-155.3**	**20.4**	**147.8**	**-150.3**	**-2.5**
Of which funded plans	-	-	18.6	-	-	-4.5
Of which unfunded plans	-	-	1.8	-	-	2.0

1) Both Kronfågel AB and Swehatch AB have received compensation from the pension in 2014 and 2013 (in 2013 for pensions paid in 2012).

Note 21 continued

Fair value of plan asset categories and share of total plan assets

	2014		2013	
	MSEK	%	MSEK	%
Property	90.3	58.1	82.8	55.1
Fixed-interest investments	14.1	9.1	11.6	7.7
Structured products	5.6	3.6	5.4	3.6
Equity investments	25.4	16.4	15.5	10.3
Hedge funds	14.3	9.2	15.9	10.6
Cash and cash equivalents	5.6	3.6	19.1	12.7
Total	**155.3**	**100.0**	**150.3**	**100.0**

Equity investments are all listed equity.

Actuarial assumptions	2014	2013
Discount rate	2.75 %	4.00 %
Future pension increase	1.50 %	2.00 %
Inflation	1.50 %	2.00 %
Mortality table	DUS14	DUS06

A reduction of the discount rate by 0.25 percent would increase the pension obligation by MSEK 6.6 while an increase would reduce the obligation by MSEK 6.2. A change in the expected life span of one year would change the obligation by MSEK 6.4. A change of the inflation rate of 0.25 percentage points would change the obligation by about MSEK 6.3 The pension fund's return was 6 percent and a change of 1 percentage point would change the value of plan assets by about MSEK 1.4.

Funded plans cover to 64 percent paid-up policy holders and to 36 percent retired persons. Duration is 16 years.

Expected payments under defined benefit pension plans in 2015 are MSEK 6.7.

For certain employees in Sweden insurance premiums are paid to Alecta under the ITP plan (individual supplementary pension). The plan is a multi employer defined benefit plan. Alecta is currently unable to disclose the information required to recognise the plans as a defined benefit pension plan. Consequently, pension plans under Alecta are recognised as defined contribution plans. MSEK 3.7 of total pension cost of MSEK 48.5 (33.0) for defined contribution plans are related to Alecta premiums for ITP plans. Alecta may distribute its surplus to policy holders and/or the insured. At the end of the year, Alecta's surplus defined as collective funding ratio was 143 percent (148). The collective funding ratio reflects the market value of the Assets of Alecta as a percentage of its pension obligations, calculated with Alecta's Actuarial assumptions, which do not follow IAS19

Note 22 Other provisions

The entire provision recognised in December 2014 is for the additional long term contingent consideration related to the acquisition of Cardinal Foods during 2013.

In corporate groups the size of Scandi Standard, there are normally a number of ongoing disputes. Scandi Standard assesses the most likely outcome of the disputes currently at issue, and where an outflow of financial resources is probable, a corresponding amount is recognised as a provision.

Note 23 Trade payables and other current liabilities

MSEK	Dec 31, 2014	Dec 31, 2013
Trade payables	352.2	355.2
Operating liabilities to associates	3.5	0.0
Other current liabilities	110.8	94.1
Derivative instruments	2.9	1.0
Accruals and deferred income	120.4	144.7
Total	**589.8**	**595.0**

Accruals and deferred income

MSEK	2014	2013
Accrued personnel-related costs	73.5	89.3
Bonuses and discounts	21.4	25.3
Other accruals	17.8	18.6
Deferred income	7.7	11.5
Total	**120.4**	**144.7**

Note 24 Leases

The Group's leases are mainly operating leases. Finance leases are used to a limited extent.

Operating leases are mainly property leases, representing the majority of reported minimum lease obligations.

Operating leases
Recognised cost of operating leases

MSEK	2014	2013*
Minimum lease payments	62.5	31.6
Contingent rents	-	-
Total	**62.5**	**31.6**

Future committed lease obligations are disclosed below

Minimum lease payments due

MSEK	Dec 31, 2014	Dec 31, 2013
Within one year	55.6	46.8
Between one and five years	184.8	154.2
Beyond five years	177.6	216.0
Total	**418.0**	**417.0**

Companies in the Group are tenants i properties owned by Lantmännen ek för. The annual rent for these amounted to MSEK 13.1 (7.2). The majority of the leases run until 2026 and payments under these leases are included above.

Finance leases
Liabilities under finance leases are recognised as interest-bearing liabilities in the consolidated statement of financial position. Payments due within one year are recognised as current financial liabilities while payments due beyond one year are recognised as non-current financial liabilities.

Note 24 continued

Recognised costs and payment of finance leases

MSEK	2014	2013*
Minimum lease payments		
- reported as interest	0.5	0.3
- reported as repayment of liability	1.3	2.1
Contingent rents	-	-
Total payments under finance leases	**1.8**	**2.4**

* *Relates to the period June 3, 2013 - December 31, 2013.*

The carrying amount of the leased assets at the reporting date is disclosed in note 11.

Future minimum lease payments by period

	Dec 31, 2014		
	Payment	Interest	Total charge
Within one year	2.1	0.3	2.4
Between one and five years	3.6	0.5	4.1
Total	**5.7**	**0.8**	**6.5**

	Dec 31, 2013		
	Payment	Interest	Total charge
Within one year	2.0	0.3	2.3
Between one and five years	5.0	0.8	5.8
Total	**7.0**	**1.1**	**8.1**

Note 25 Related party transactions

Salaries and benefits received by senior management are reported in note 5. No dividends from subsidiaries or associates have been received during the year.

Receivables from and liabilities to associates are shown in notes 14 and 23. Further information about associated companies can be found in note 13

Owner transactions

MSEK	2014	2013*
Loan from Lantmännen ek för, Vendor Loan Note	-	95.0
PIK Notes		
Kansas Holding B.V (CapVest)	-	178.1
Lantmännen ek för	-	163.1
Management	-	7.1
Accrued interest		
Kansas Holding B.V (CapVest)	-	8.5
Lantmännen ek för	-	14.2
Management	-	0.3
Paid rentals to Lantmännen	13.1	7.2

Monitoring fees

MSEK	2014	2013*
Kansas Holding B.V (CapVest)	4.1	1.3
Lantmännen ek för	1.7	0.5

Other related party transactions	2014	2013*
Intra-group purchases, share of total purchases, %	9	8
Intra-group sales, share of total sales, %	7	5
Purchases of goods and services from associates, MSEK	51.9	62.9
Sales of goods and services to associates, MSEK	51.5	54.4
Loans from Lantmännen's Grodden pension fund, Vendor Loan Note, MSEK	-	40.0
Accrued interest pension fund, MSEK	-	-
Transfer of capital from pension fund, credited, MSEK	12.6	6.6

* *Relates to the period June 3, 2013 - December 31, 2013.*

In connection to the initial public offering of Scandi Standard, Vendor Loan Notes were canceled and interest accrued were paid. At the same time, PIK notes, including accrued interest, were converted to shares through a set-off issue. For more information, see note 18 and note 20.

Note 26 Government grants

MSEK	2014	2013*
Grants recognised as revenue	0.3	0.7
Grants that reduced expenses	-	-
Total	**0.3**	**0.7**
Grants during the year that reduced the value of non-current assets	-	-
Grants recognised as deferred income at the reporting date	-	-

* *Relates to the period June 3, 2013 - December 31, 2013.*

Note 27 Acquired operations

During 2014, 100 percent of shares and voting rights of Bosarpskyckling AB was acquired for MSEK 33.3. A definite purchase price allocation has not been prepared yet as valuation of intangible assets is not completed. In the preliminary purchase price allocation, supplier relations has been attributed value.

Bosarpskyckling AB is Sweden's leading producer of organic chicken under the Bosarp brand. The Company was founded in 1999 by Birgitta and Claes Alwén at Bosarp Farm in Skåne. Full Year turnover for 2013 was approximately SEK 25 million, and the Company is expected to make a positive contribution towards Scandi Standard's results from the outset. The average compound annual growth rate (CAGR) has been twelve percent since 2010. The acquisition will give Kronfågel AB an expanded customer offering, helping to meet the ever stronger demand for organic food.

Supplier relations have been valued at MSEK 14.0 in the preliminary purchase price allocation. Supplier relations will be amortised over 5 years. Goodwill in the amount of MSEK 16.4 has indefinite life and will be tested for impairment within the cash generating unit Sweden.

After the end of the period, MSEK 1.5 was paid in additional consideration. At the balance sheet it was not estimated that any additional consideration would be paid, and no liability was recognised.

The acquired operation contributed to the sales of the Group by MSEK 10.9 and to operating profit by MSEK 0.9.

Note 27 continued

2014, MSEK	Bosarpskyckling AB
Acquisition price	
Cash payment	33.3
Contingent consideration, recognised liability	0.0
Total	**33.3**
Acquired assets and liabilities at fair value	
Other intangible assets	14.0
Inventories	0.2
Trade receivables	2.0
Other current and non current assets	0.7
Trade payables	-0.4
Other liabilities	-2.2
Net assets acquired, total	**14.3**
Cash and bank balances	2.6
Borrowing	0.0
Net debt, acquired	**2.6**
Goodwill	**16.4**
Total	**33.3**

The above values include fair value adjustments made to assets and liabilities in the acquired companies. Those adjustments are specified below.

MSEK	Bosarpskyckling AB
Cash impact from acquisition	
Cash paid for acquired companies	33.3
Cash and cash equivalents in acquired companies	-2.6
Total	**30.7**

2013, MSEK	Cardinal Foods Group	Kronfågel Holding Group	Other acquisitions	Total
Consideration				
Cash payment	761.1	1,249.8	27.0	2,037.9
Contingent consideration, recognised liability	2.0	-	-	2.0
Total consideration	**763.1**	**1,249.8**	**27.0**	**2,039.9**
Acquired assets and liabilities at fair value				
Property, plant and equipment	91.9	623.0	67.5	782.4
Other intangible assets	272.9	281.0	-	553.9
Inventories	107.6	415.4	42.4	565.4
Trade receivables	120.1	236.7	24.6	381.4
Other current and non-current assets	83.6	172.7	3.2	259.5
Trade payables	-104.5	-221.1	-10.0	-335.6
Other liabilities	-192.4	-272.5	-24.5	-489.4
Net assets acquired, total	**379.2**	**1,235.2**	**103.2**	**1,717.6**
Cash and bank balances	87.5	1.6	0.0	89.1
Borrowing	-93.9	-209.9	-76.2	-380.0
Net debt, acquired	**-6.4**	**-208.3**	**-76.2**	**-290.9**
Goodwill	**390.3**	**222.9**	**-**	**613.2**
Total	**763.1**	**1,249.8**	**27.0**	**2,039.9**

The above values include fair value adjustments made to assets and liabilities in the acquired companies.
Those adjustments are specified below.

MSEK	Cardinal Foods Group	Kronfågel Holding Group	Other acquisitions	Total
Other intangible assets	265.0	256.0	-	521.0
Inventories	14.6	45.0	-	59.6
Other debts [1)]	-75.5	-83.0	-	-158.5
Impact of acquired assets on cash				
Cash paid for acquired companies	761.1	1,249.8	27.0	2,037.9
Cash and cash equivalents in acquired companies	-87.5	-1.6	-	-89.1
Total	**673.6**	**1,248.2**	**27.0**	**1,948.8**

1) Minor items pertaining to pension liabilities and derivative instruments. The majority pertains to deferred tax on Other intangible assets and Inventory.

Note 28 Pledged assets and contingent liabilities

Pledged assets	For own liabilities	
MSEK	Dec 31, 2014	Dec 31, 2013
Real estate mortgages	19.8	112.7
Chattel mortgages	-	493.9
Shares in subsidiaries	-	3,835.0
Total	**19.8**	**4,441.6**

Contingent liabilities

MSEK	Dec 31, 2014	Dec 31, 2013
Rent guarantee	63.3	-
Guarantees for contract broiler producers	57.8	43.1
Capital adequacy guarantee	7.9	-
Other contingent liabilities	3.8	28.0
Total	**132.8**	**71.1**

Note 29 Notes to the statement of cash flows

1) Paid finance items net, MSEK	2014	2013*
Interest received	2.9	-65.0
Interest paid	-91.1	-8.0
Other paid financial items	-8.8	0.0
Total	**-97.0**	**-73.0**

2) Business combinations	2014	2013*
Acquired assets and liabilities		
Property, plant and equipment	-	782.4
Intangible assets	30.8	1,167.1
Inventories	0.2	565.4
Trade and other receivables	2.7	640.9
Cash and cash equivalents	2.6	89.1
	36.3	**3,244.9**
Operating liabilities	-3.0	-825.0
Loans in acquired business combination	-	-380.0
Loans to prior shareholders	-	-2.0
Paid consideration	**33.3**	**2,037.9**
Cash and cash equivalents in acquired business combination	-2.6	-89.1
Cash flow effect	**30.7**	**1,948.8**

3) Cash and cash equivalents, MSEK	2014	2013*
Cash and bank deposits	89.7	71.8
Short term investments, maturity less than 3 months	-	-
Total	**89.7**	**71.8**

* *Relates to the period June 3, 2013 - December 31, 2013.*

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, amounted to MSEK 489.7 (123.0) at the end of the year.

Note 30 Biological assets

MSEK	2014	2013
Balance at beginning of the period	26.7	29.4
Change to due to change of estimate	10.2	-
Change in number of hens	0.2	-
Change in revenue per hen	-6.9	-
Change in production cost	5.8	-
Other	0.2	-2.7
Balance at end of the period	36.2	26.7

The biological assets consists primarily of parent broiler stock that produces day-old chicks sold to contract broiler producers.

The lifespan of the parent broilers is about 60 weeks and the main source of revenue is sales of the day-old chicks that they produce. Each hen produces about 129 chicks between week 25 and week 60.

Production costs include direct costs such as feed, rent and energy used. At the beginning of the year, the parent broiler stock was valued at cost as an approximation of fair value less cost of sales. This estimate was changed in 2014. The effect of the change in accounting estimate was MSEK 10.2.

At the end of the year there were about 488 thousand hens in stock with a total fair value less cost of sales of MSEK 36.2.

Notes to the Parent Company financial statements

Note 31 Fees and reimbursements to auditors

MSEK	2014	2013
Öhrlings PricewaterhouseCoopers AB		
Annual audit	0.4	-
Total	**0.4**	**-**

Note 32 Taxes

Tax on income for the period

MSEK	2014	2013
Current tax expense (-)/tax income (+)		
Tax expense for the period	-	-2.0
Total current tax	**-**	**-2.0**
Deferred tax expense (-) / revenue (+)		
Deferred tax related to losses carried forward recognised during the period	2.3	-
Total deferred tax	**2.3**	**-**
Total recognised tax expense	**2.3**	**-2.0**

Changes in deferred tax asset, MSEK	2014 Amount at the beginning of the year	2014 Recognised in the profit and loss	2014 Amount at the end of the year
Losses carried forward	-	2.3	2.3
Total deferred tax asset	**-**	**2.3**	**2.3**

Loss carry forward

At the end of the year, the Group had losses carry forward of MSEK 10.6, all of which were taken into account in the computation of deferred tax. All tax losses have indefinite lives.

	2014		2013	
Reconciliation of effective tax	%	MSEK	%	MSEK
Income before tax		-17.7		1.0
Anticipated tax according to enacted Swedish tax rate	22.0	3.9	22.0	-0.2
Non-deductable expenses	-9.1	-1.6	180.0	-1.8
Recognised effective tax	**12.9**	**2.3**	**202.0**	**-2.0**

Note 33 Investments in subsidiaries

MSEK	2014	2013
Accumulated cost of acquisition	532.7	532.7
Carrying amount	**532.7**	**532.7**

MSEK	2014	2013
Balance at the beginning of the period	532.7	0.0
Acquisitions	-	532.7
Carrying amount	**532.7**	**532.7**

Any impairment is recognised in the income statement under Income from investments in Group companies

Parent Company and Group holdings of interests in Group companies, December 31, 2014
The table includes directly-owned subsidiaries and indirectly-owned companies.

Company name	Corporate identity no.	Domicile	Share, %	Carrying amount, MSEK
Scandinavian Standard Nordic AB	556921-0619	Stockholm	100.0	532.7
Scandi Standard ApS	25 710 029	Farre, Denmark	100.0	
AB Skånefågel	556056-1457	Örkelljunga, Sweden	100.0	
SweHatch AB	556033-3386	Flyinge, Sweden	100.0	
Kronfågel Holding AB	556529-6372	Stockholm	100.0	
Kronfågel AB	556145-4223	Stockholm	100.0	
Danpo A/S	31 241 316	Farre, Denmark	100.0	
Bosarpskyckling AB	556673-6608	Stockholm	100.0	
Scandinavian Standard Norway AS (former Cardinal Foods Norway AS)	911 561 077	Oslo	100.0	
Scandi Standard Norway AS	977 228 820	Oslo	100.0	
Den Stolte Hane Egg AS	913 945 603	Ski, Norway	100.0	
Den Stolte Hane Jæren AS	980 403 715	Jæren, Norway	100.0	
Total, Parent Company				**532.7**

Note 34 Accrued expenses and deferred income

MSEK	Dec 31, 2014	dec 31, 2013
Deferred interest income	-	23.0
Other accrued expenses	-	1.7
Total	**-**	**24.7**

Note 35 Financial instruments

MSEK	Dec 31, 2014	Dec 31, 2013
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	358.7	477.7
Total	**358.7**	**477.7**
Financial liabilities measured at amortised cost		
Non-current interest-bearing liabilities		
PIK Notes	-	348.3
Vendor Loan Notes (VLN)	-	135.0
Total	**-**	**483.3**

There are no derivative instruments in the Parent Company.
See note 20 for information on interest-bearing liabilities.

Proposed appropriation of earnings
Scandi Standard AB (publ.)

The following earnings are at the disposal of the Annual General Meeting

	SEK
Share premium reserve	888,105,766
Accumulated deficit	-1,087,847
Income for the year	-15,340,150
Total	**871,677,769**

	SEK
Dividend to shareholders of SEK 1.30 per share	78,079,157
To be carried forward	793,598,612
Total	**871,677,769**

The Board of Directors and the Managing Director and CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, April 9, 2015

Per Harkjær
Chairman of the Board

Ulf Anders Gundemark
Board member

Heléne Vibbleus
Board member

Penelope Kate Briant
Board member

Karsten Slotte
Board member

Michael Parker
Board member

Alexander Walsh
Board member

Leif Bergvall Hansen
Managing Director and CEO

The Group's and Parent Company's annual financial statements will be presented for adoption by the Annual General Meeting on May 21, 2015.

Our audit report was submitted on April 9, 2015
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Scandi Standard AB (publ), corporate identity number 556921-0627

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Scandi Standard AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 21-60.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Scandi Standard AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year

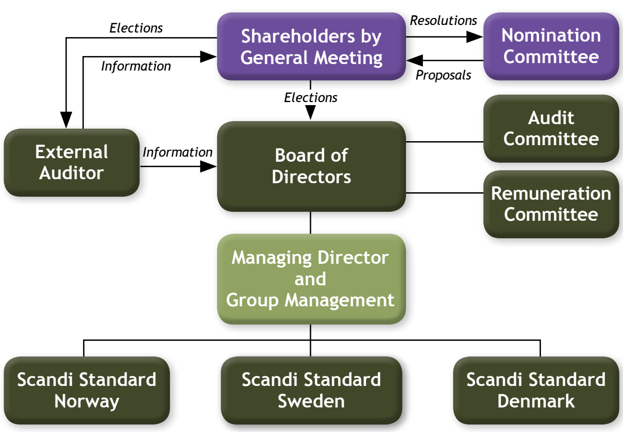
Stockholm April 9 2015
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

Corporate governance report 2014

Scandi Standard is a Swedish Public Limited Liability Company with its registered office in Stockholm, and with operations in Sweden, Denmark and Norway. The Company's shares were listed on the Nasdaq Stockholm Exchange on June 27, 2014. This report was prepared by the Board of Directors and is a part of the Annual Report for 2014. No deviations from the Swedish Corporate Governance Code are reported. The report has been examined by the Company's auditor.

Since the listing Scandi Standard complies with the rules of the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's Articles of Association, the Nasdaq Stockholm Rule Book for Issuers, the Swedish Corporate Governance Code, as well as other Swedish and foreign laws and regulations as applicable.



Major external laws and regulations

- Swedish Companies Act.
- Swedish Annual Accounts Act.
- Nasdaq Stockholm Rule Book for Issuers.
- Swedish Corporate Governance Code.
- Other Swedish and foreign laws and regulations.

Major internal steering documents

- Articles of Association.
- Procedure for the Board of Directors, Instruction for the Managing Director, Instruction regarding financial reporting etc.
- Code of Conduct.
- Policies, instructions, manuals etc.

Scandi Standard AB (publ) is registered with the Swedish Companies Registration office under the number 556921-0627. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the head office is Franzengatan 5, 104 25 Stockholm, Sweden.

Responsibility for the management and control of the Company is distributed between the shareholders at the general meetings, the Board of Directors with appointed committees, and the Managing Director, pursuant to the applicable laws and regulations, the Company's Articles of Association, as well as internal codes, policies, instructions, manuals etc.

Share capital and shareholders

At year-end 2014, the share capital amounted to SEK 599,749, represented by 60,060,890 shares with a quota value of SEK 0.009986 per share. Each share carries one vote. All shares have equal rights to the Company's assets and profits. The total number of shareholders at year-end was 2,556. Approximately 56 percent of the share capital was owned by foreigners.

CapVest, through Kansas Holding B.V., and Lantmännen, through Lantmännen Kycklinginvest AB, were the principle owners prior to the Initial Public Offering (IPO), and were the two largest shareholders at year-end with 15.0 percent and 13.5 percent respectively of the capital. Carnegie Fonder is the third largest shareholder with 8.1 percent of the capital. For more information on the share and shareholders, see pages 12-13.

General Meetings of shareholders

The General Meeting of shareholders is the Company's highest decision-making body through which shareholders exercise their voting rights.

The Annual General Meeting (AGM) in Scandi Standard is to be held in Stockholm, Sweden, within six months from the end of the financial year. Besides the AGM, extraordinary General Meetings may be convened.

Participation in the decision-making at the General Meetings requires the shareholder's presence at the meeting, either in person or through proxy. In addition, the shareholders must be registered directly in the share register kept by Euroclear five business days prior to the General Meeting, and must provide notice of participation at the latest by the date specified in the convening letter.

Shareholders who wish to have a matter considered at the General Meeting must submit a written request in that regard to the Board of Directors, normally at least seven weeks prior to the meeting, by email to corporategovernance@scandistandard.com.

Annual General Meeting 2014

The Annual General Meeting (AGM) 2014 was held in Stockholm, Sweden, on April 28 prior to the IPO and listing. Decisions by the AGM included:

- Re-election of Kate Briant, Ulf Gundemark, Per Harkjaer, Michael Parker, Karsten Slotte, Heléne Vibbleus and Alexander Walsh as Board members.
- Election of Per Harkjaer as Chairman of the Board.
- Total fees to the Board to be paid for the period until the next AGM should amount to SEK 2,390,000, of which SEK 440,000 to the Chairman, SEK 275,000 each to the six other members, additional SEK 100,000 to the Chairman of the Audit Committee and SEK 50,000 each to the other two members of this Committee, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 each to the other two members of this Committee.
- Re-election of Öhrlings PricewaterhouseCoopers AB as the Company's external auditor until the end of the AGM 2015.

Annual General Meeting 2015

The AGM 2015 will be held on, May 21 at 1 pm. For more information regarding the AGM see page 74 and http://investors.scandistandard.com/en/agm

Nomination committee

The Nomination Committee represents the Company's shareholders and nominates Chairman of the AGM, Board members, Chairman of the Board and external auditor, and proposes remuneration to be paid to Board members, Chairman of the Board and the external auditor.

The Nomination Committee prepares proposal regarding the establishment of a Nomination Committee and instructions for its work. The proposals of the Nomination Committee are publicly announced no later than on the date of notification of the AGM.

Matters to be resolved by the AGM include:

- Adoption of the Annual report and the consolidated financial statements.
- Dividend.
- Election of Board members, Chairman of the Board and external auditor.
- Determination of fees for the Board members, the Chairman of the Board and the external auditor.
- Guidelines for remuneration for senior management.
- Other important matters.

Nomination Committee for the AGM 2015

Based on the ownership structure as of October 24, 2014, the following representatives of the three largest shareholders in terms of voting rights were appointed as representatives of the Committee:

- Kate Briant, representing CapVest, and Chairman of the Committee, who was replaced by Seamus FitzPatrick as of March 12, 2015.
- Per Olof Nyman, representing Lantmännen.
- Hans Hedström, representing Carnegie Fonder.

The names of the representatives were announced in a press release on October 27, 2014 and updated in a press release on March 12, 2015.

Proposal by the Nomination Committee to the AGM 2015

The Nomination Committee's proposals includes the following:

- Election of Sven Unger, Senior Counsel, Mannheimer Swartling, as Chairman of the AGM.
- Unchanged number of Board members (7).
- Re-election of Kate Briant, Ulf Gundemark, Per Harkjaer, Michael Parker, Karsten Slotte and Heléne Vibbleus as Board members.
- Election of Asbjørn Reinkind as new Board member.
- Re-election of Per Harkjaer as Chairman of the Board.
- Total fees to the Board to be paid for the period until the next AGM shall amount to SEK 2,600,000, including an increase of the fee to the Chairman from SEK 440,000 to SEK 550,000 and unchanged fees of SEK 275,000 to each of the non-employed Board members. Total fees to committees of the Board to be paid for the period until the next AGM shall amount to SEK 400,000 including an increase of the fee to the Chairman of the Audit Committee from SEK 100,000 to SEK 200,000 and unchanged fees of SEK 50,000 each to the other two members of this Committee, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 each to the other two members of this Committee.

- Re-election of Öhrlings PricewaterhouseCoopers AB as the Company's external auditor until the end of the AGM 2016.
- Guidelines for remuneration for senior management.
- Proposal for long-term incentive program 2015.
- Instruction for the Nomination Committee.

The full proposal by the Nomination Committee can be found on the Company's website at http://investors.scandistandard.com/en/agm

Shareholders who wish to submit proposals to the Nomination Committee should send an email to corporategovernance@scandistandard.com.

Board of Directors

According to Scandi Standard's Articles of Association, the Board of Directors shall consist of not less than three and not more than eight members, without deputy directors. The AGM elects the Chairman of the Board.

In 2014, Scandi Standard's Board comprised seven ordinary members, elected by the AGM 2014 prior to the IPO, with no deputies and no employee representatives. All members are non-executive members. For more information on the Board of Directors, see pages 70-71.

In addition to the inaugural board meeting held in conjunction with the AGM, the Board shall meet at least 10 times a year.

Independence

The Board is considered to be in compliance with the independence requirements of the Swedish Corporate Governance Code in that the majority of the Board members are independent in relation to Scandi Standard and management, and that at least two of these members are also independent in relation to the major shareholders. See table below.

The Board's tasks and responsibilities

The Board of Directors is responsible for the organisation and management of Scandi Standard's affairs. The Board's responsibility and work is governed by laws and regulations including the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm Rule Book for Issuers, the Swedish Corporate Governance Code, directions given by the AGM, the Company's Articles of Association, and the Procedure for the Board of Directors of Scandi Standard AB (publ) adopted by the Board.

The Procedure for the Board of Directors, which is reviewed annually, describes the Board's tasks and responsibilities, the work of the Board with responsibility for the Chairman as well as responsibilities delegated to Committees appointed by the Board, Board meetings and information and reporting to the Board. The Board has established an Instruction for the Managing Director, including specifications of issues requiring the Board's approval and an Instruction regarding financial reporting to the Board.

Evaluation of the Board's work

The Chairman is responsible for evaluating the Board's work with the aim of developing the Board's working methods and efficiency. The evaluation will be performed annually and the results are reported to the Nomination Committee.

Board activities in 2014

In 2014, the Board held 26 meetings of which ten per capsulam, one meeting was held by telephone, one in

Board of Directors

				Attendance 2014				
Name		Nationality	Independence [1]	Board meetings	Audit Committee Meetings	Remuneration Committee Meetings	Authorized fees, SEK [2]	Shareholdings no. of shares [3]
Per Harkjaer	Chairman	Danish	Yes/Yes	22/23		3/4	465,000	68,496
Kate Briant	Committee Chairman	British	Yes/No	26/26	6/6	4/4	375,000	0
Ulf Gundemark	Committee member	Swedish	Yes/No	26/26	6/6	4/4	350,000	31,779
Michael Parker		British	Yes/Yes	22/23			275,000	16,000
Karsten Slotte		Finnish	Yes/Yes	20/23			275,000	13,698
Heléne Vibbleus	Committee Chairman	Swedish	Yes/Yes	23/23	6/6		375,000 [4]	6,250
Alexander Walsh		British	Yes/No	25/26			275,000	0
Total					**6**	**4**	**2,390,000**	**136,223**

[1] Refers to independence in relation to the Company and management, and to major shareholders respectively.
[2] Fees exclude travel allowances.
[3] As of December 31, 2014.
[4] In addition a consultancy fee of TSEK 131 was decided by the Remuneration Committee.

connection with a visit to the Danish subsidiary Danpo and one in connection with a visit to the Swedish subsidiary Swehatch. 18 of the meetings were held before the IPO and listing.

Apart from reviews of the overall business environment, strategy and financial and operational performance as well as business plan and budget for 2014, the Board's work during the first half of the year was largely focused on issues related to the formation of the new Group and preparations for the listing. This included among other things the formation of the Board with new members, the establishment of steering documents, approval of the Annual Report 2013 and the Interim Report for the first quarter 2014, approval of the prospectus, as well as of a Group presentation and a new website. See below for agenda items after the IPO and listing.

Board tasks and responsibilities include:

- Continuous assessment of objectives, strategy and the financial situation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, including evaluation of operational management.
- Appointment of, and if necessary, dismissal of the Managing Director.
- Overall responsibility for establishing an effective system of internal control and risk management.
- Ensuring that the external communication is characterised by openness and is accurate, reliable and relevant.
- Important steering documents.

Board Committees

The Board has established an Audit Committee and a Remuneration Committee. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision making authority to the Committees on specific matters. The Committees are subordinated to the Board and do not discharge the Board members from their obligations and general responsibilities. The issues considered at the Committee meetings shall be recorded in minutes and reported to the following Board meeting.

Audit Committee

The main task of the Audit Committee is to monitor Scandi Standard's financial reporting and in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management. The main task is also to keep itself informed regarding the external audit of the Annual Report and Group accounts.

The Audit Committee is also tasked to review and monitor the impartiality and independence of the external auditor and to assist in preparation of the proposal to the General Meeting regarding election of the external auditor.

The Audit Committee of Scandi Standard shall consist of no less than three Board members. The majority of the members are to be independent of the Company and its executive management. At least one of the members who is independent of the Company and its executive management is also to be independent of the Company's major shareholders. At least one of the independent members must have accounting or auditing proficiency.

Major Board agenda items 2014 after IPO and listing

July
- Financial and operational review.
- Review of capex projects.
- Refinancing of debt.
- Update on shareholder structure after IPO.

August
- Financial and operational review.
- Approval of capex projects.
- Approval of acquisition of Bosarpskyckling AB.
- Report from Audit Committee.
- Approval of Q2 Interim Report.
- Visit to the Danish subsidiary Danpo.

September
- Financial and operational review.
- Review of capex projects.
- Interest rate hedging.
- Update on acquisition of Bosarpskyckling AB after completion.
- Update on key recruitment.

October
- Financial and operational review.
- Update on capex projects.
- Update on key recruitment.
- Update on markets and operations in Norway.
- Discussions on long-term incentive program.
- Visit to the Swedish subsidiary Swehatch

November
- Financial and operational review.
- Review of capex projects.
- Presentation of long-term incentive program.
- Report from Audit Committee.
- Approval of Q3 Interim Report.

December
- Financial and operational review.
- Update on markets and operations in Norway.
- Final recommendation on long-term incentive program.
- Budget for 2015.

The Audit Committee is comprised of the three Board members Heléne Vibbleus (Chairman), Kate Briant and Ulf Gundemark. The CFO and the external auditor attend meetings with the Audit Committee.

In 2014, the Audit Committee held 6 meetings. The work was largely focused on critical accounting issues and matters related to the formation of the new Group that had an impact on the financial reporting, reviews of the prospectus and other documents related to the IPO, the Annual Report 2013 and the Interim Reports. Activities to establish a plan for the continued work on improving the internal control over financial reporting were also initiated by the Committee.

Remuneration Committee

The main task of the Remuneration Committee is to prepare the Board's decisions on issues concerning principles for remuneration, remuneration and other terms of employment for executive management. The main task is also to monitor and evaluate programs for variable remuneration for executive management and to monitor and evaluate the application of the guidelines for remuneration that the AGM has established as well as the current remuneration structures and levels in the Company.

The Remuneration Committee of Scandi Standard consists of three Board members. The Chairman of the Board may chair the Committee. The other members are to be independent of the Company and its executive management.

The Remuneration Committee is comprised of the three Board members Kate Briant (Chairman), Per Harkjaer and Ulf Gundemark.

The Committee held 4 meetings during 2014. Matters dealt with include salary review processes for remuneration to executive management, including bonus schemes, as well as preparation of proposal for a new long-term incentive program to be proposed to the AGM 2015.

Guidelines for remuneration for senior management

Salaries and other terms and conditions of employment shall be sufficient for Scandi Standard to recruit and retain skilled senior managers at a reasonable cost to the Company. Remuneration shall be based on principles of performance, competitiveness and fairness and consist of a fixed salary, variable salary, pension and other benefits.

All senior managers shall be offered fixed salary in line with market conditions based on responsibility, expertise and performance. All senior managers may from time to time be offered variable salary (cash bonuses). The variable salary shall be based on a set of financial and personal objectives determined in advance by the Remuneration Committee. The variable salary may not amount to more than 70 percent of the fixed salary. In this context fixed salary means cash salary earned during the year, excluding pension supplements, benefits and similar.

To the extent a Director of the Board performs work for the Company, in addition to the Board work, a market-based consulting fee may be paid.

In addition, the AGM may resolve on long-term incentive programs such as share and share-price related incentive programs. These incentive programs shall be intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees.

Agreements regarding pensions shall, where applicable, be premium based and shall be designed in accordance with the level and practice applicable in the country in which the member of senior management is employed.

The Board decides on remuneration principles for senior management based on guidelines for remuneration for senior management established by the AGM.

Remuneration and other terms of employment for all employees earning more than TEUR 100 per annum are approved by the Board.

Agenda items 2014 – Audit Committee

April

- Report by the CFO on the results, critical accounting issues and the quality of the financial report.
- Annual Report 2013.
- Audit report regarding Annual Report 2013 from external auditor.
- Q1 Interim Report.
- Review report regarding Q1 Interim Report from external auditor.

May

- Q1 Interim Report.
- Verification of data in prospectus.

August

- Report by the CFO on the results, critical accounting issues and the quality of the financial reports.
- Q2 Interim Report.
- Review report regarding Q2 Interim Report from external auditor.

November

- Report by the CFO on the results, critical accounting issues and the quality of the financial report.
- Q3 Interim Report.
- Review report regarding Q3 Interim Report from external auditor.
- Time table for Q4 Interim Report, Annual Report 2014 and AGM 2015.
- Internal Control Plan.

For information about salaries and benefits for senior management comprising the Managing Director and CEO, members of Group Management and executives in the Company and other Group companies who from time to time are reporting to the Managing Director and CEO and who are also members of senior management, as well as members of the Board of Directors of the Company to the extent employment or consulting agreements are entered into, see note 5.

External auditor

The Company's external auditor is Öhrlings PricewaterhouseCoopers AB (PwC), elected at the 2014 AGM until the AGM 2015. Bo Lagerström, Authorised Public Accountant, is Auditor in charge. For remuneration to the external auditor, see note 7.

Internal control over financial reporting

The Board is responsible for internal control and risk management in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code. Below is the Board's report on internal control and risk management over financial reporting.

The description of Scandi Standard's system of internal control and risk management with regards to financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework comprises five components; the control environment, risk assessment, control activities, information and communication, and monitoring, and 17 fundamental principles related to the five components. The description below is limited to internal control and risk management over financial reporting.

Internal control over financial reporting aims to provide reasonable assurance of the reliability of external financial reporting in the form of interim reports, Full Year reports and annual reports, and to ensure that external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements on listed companies.

Control environment

Internal control over financial reporting is based on the overall control environment. The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the Company. The Board and Group Management establish the tone at the top regarding the importance of internal control including expected standards of conduct. This involves the integrity and ethical values, the parameters enabling the Board to carry out its oversight responsibilities, the organizational structure and assignment of authority and responsibility, the process for attracting, developing, and retaining competent individuals, and the rigor around performance measures, incentives and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of Internal control and risk management. This is communicated in the form of internal steering documents such as Articles of Association, Procedure for the Board of Directors, Instruction for the Managing Director, Instruction regarding financial reporting, Code of Conduct, other policies, instructions and manuals. The control environment is also based on external laws and regulations.

The Board has established a Procedure for its work and the work of the Audit Committee and the Remuneration Committee. The main task of the Audit Committee is to monitor Scandi Standard's financial reporting, and, in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management. The main task is also to keep itself informed regarding the external audit of the Annual Report and Group accounts. The activities of the Audit Committee during the year are described on page 66.

Responsibility for implementing the Board's internal steering documents regarding internal control and risk management over financial reporting, maintaining an effective control environment as well as the day-to-day work on internal control and risk management over financial reporting is delegated to the Managing Director and CEO. This responsibility is in turn delegated to managers within their specific areas of responsibility at various levels in the Company.

Agenda items 2014 – Remuneration Committee

June
- 2014 salary review proposal.
- Salary review process.
- Benchmarking review.
- Bonus schemes.
- Managing Director salary review.
- Board remuneration for 2014.

November
- Review of proposal for long-term incentive program.

December
- Final recommendation of long-term incentive program.
- 2015 process for salary review.

Authority and responsibility are defined by the Board, among other things, in internal steering documents such as Instruction for the Managing Director stipulating resolutions that are subject to decision by the Board or the General Meeting of shareholders, Authority to Sign for the Company, and Delegated Authorities. The Board also approves, among other things, the following internal steering document's Instruction regarding financial reporting, Code of Conduct, Information Policy, Insider Policy, Information Security Policy and Finance Policy. The Managing Director and CEO approves the Finance and Accounting Manual, which is available to all personnel in finance and accounting. Based on the Board's internal steering documents, the Managing Director, the CFO and other managers establish instructions and manuals to be implemented within their specific areas of responsibility.

These internal steering documents are reviewed and updated regularly with reference to e.g. changes in legislation, accounting standards, listing requirements and internal risk assessment, and were last updated prior to the IPO and listing.

Efforts to streamline and improve the financial reporting processes, as well as the process for preparation of the external financial reports continued during the year.

Risk assessment

In early 2015 the Group initiated a risk-mapping process to identify high-level risks for the Group in a structured way, including the risks related to internal control over financial reporting. Operational and functional management participated in workshops and identified a Risk Heat Map, which was presented to the Board. The overall aim is to establish a formalised and proactive risk management process for the Group including a plan for the continued work on improving the internal control in the Group. The plan includes activities to move from an informal to a standardized control environment for internal control over financial reporting with documented processes and internal controls to ensure operational effectiveness.

Control activities

Risks over financial reporting are mitigated through control activities to ensure that the aims for internal control over financial reporting are met.

Control activities are performed at different levels of the Company and its processes including processes for the closing of financial statements and financial reporting, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities, such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities.

Information and communication

The Group maintains information and communication processes to ensure adequate internal financial reporting, for monitoring of performance and as decision support, as well as for providing relevant and correct external financial reporting to the financial markets.

Internal information and communication

The internal steering documents relevant to internal control over financial reporting, such as the Information policy and the Finance and Accounting Manual, are updated when necessary. The documents can be accessed on the Group's intranet by all relevant personnel.

The CFO reports to the Audit Committee on the results, critical accounting issues and the quality of the financial reports at the Audit Committee meetings where the Interim Reports, Full Year Report and Annual Report are dealt with. The Chairman of the Audit Committee reports on the results of the Committee's work to the Board in the form of observations, recommendations and proposed decisions at the Board meeting following the Committee meetings.

Internal financial reporting for monitoring of performance and decision support is submitted to Group Management and the Board on a regular basis.

External information and communication

The Group's process for external information and communication aim at providing the financial markets with relevant and correct information regarding the development of the Group and its financial results and financial position in a timely manner.

The Group has an information policy meeting the requirements of a listed company.

Financial information is issued regularly in the form of:

- Interim Reports and Full Year Report published as press releases.
- The Annual Report.
- Press releases on all matters that could materially affect the share price.
- Presentations and telephone conferences on the day of publication of Interim Reports and Full Year Report that are also webcasted.
- Meetings with financial analysts and investors in Sweden and abroad.

Interim Reports, Full Year Report and Annual Report are to be found on the Company's website at www.scandistandard.com, as well as relevant internal steering documents, press releases and presentations.

Monitoring

Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control is present and functioning. Ongoing evaluations are performed day-to-day by management at different levels of the Group and separate evaluations are conducted as deemed necessary.

Financial reporting

Financial data is reported every month by the reporting units, being a business unit operating within a subsidiary of the Parent Company, in accordance with the routine stipulated in the Finance and Accounting Manual. All financial consolidation is centralised to the Group Finance function. All financial reports are stored in a central database from which data is retrieved for analysis and monitoring.

Efforts to streamline and improve the financial reporting processes as well as the process for preparation of the external financial reports continued during the year after the IPO, and will continue in 2015.

Controller

Each business unit operating within a subsidiary of the Parent Company has a controller whose responsibilities include to ensure adequate internal control over financial reporting and to comply with the Group's internal steering documents such as the Finance and Accounting Manual. The responsibility also includes reporting complete, accurate and timely financial information to the Parent Company.

Country Managers

A Country Manager is appointed in each country where the Group operates subsidiaries of the Parent Company. The Country Manager's duties include to ensure adequate internal control over financial reporting and to comply with the Group's internal steering documents as well as to identify and report risks that can have an impact on the financial reporting and review the financial information for reasonableness.

Group Finance

The central Group Finance function is responsible for the consolidation of the Group's financial statements and to ensure adequate internal control over financial reporting and that the reporting by the business units and the Group are made in accordance with the Finance and Accounting Manual.

Group Management

Group Management, which includes the Managing Director and CEO, the CFO, the COO, the Director, Group Live Operations and the three Country Managers, receives sales figures and results indications on a weekly basis. Group Management holds video meetings every second week and meets once a month to review the monthly results, to update forecasts and plans and to discuss critical business issues. Group Management is responsible for implementing the strategic plan and budget for the Group.

Internal audit

Scandi Standard did not have a separate internal audit function during 2014. The decision has been taken to establish such a function during 2015.

Stockholm, April 9, 2015

Scandi Standard AB (publ)
The Board of Directors

Auditor's Report on the corporate governance statement

To the annual meeting of the shareholders of Scandi Standard AB (publ), corporate identity number 556921-0627

Engagement and responsibility

We have audited the corporate governance statement for the year 2014 on pages 62-69. It is the board of directors who is responsible for the corporate governance statement and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance statement based on our audit.

The scope of the audit

We conducted our audit in accordance with Fars auditing standard RevU 16 The auditor's examination of the corporate governance statement. That standard require that we have planned and performed the audit to obtain reasonable assurance that the corporate governance statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance statement. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

Opinion

In our opinion, the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts.

Stockholm April 9, 2015
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

Board of Directors

Per Harkjær

Chairman

Born 1957. Bachelor's degree in International Marketing, Copenhagen Business School, Denmark.

Elected 2014. Member of the Remunerations Committee.

Other major assignments: Chairman of Make-A-Wish Foundation. Board member Partner in Pet Foods.

Previous assignments: Group CEO of United Coffee, Findus Group and Toms Confectionery Group.

Holdings in Scandi Standard: 68,496 shares.

Kate Briant

Board member

Born 1971. Bachelor of Commerce and Accounting Honours, University of Cape town, South Africa. Chartered Accountant.

Elected 2013. Chairman of the Remuneration Committee.

Main occupation: Partner and investment committee member of funds advised by CapVest. Board member RenoNorden ASA, Mater Private and Valeo Foods.

Previous assignments: Auditor, Board member Vaasan & Vaasan.

Holdings in Scandi Standard: 0 shares.

Ulf Gundemark

Board member

Born 1951. Master of Science in Electrical Engineering, Chalmers University of Technology, Sweden.

Elected 2013. Member of the Audit Committee and the Remuneration Committee.

Main occupation: Chairman of Ripasso Energy AB. Board member AQ Group AB, Constructor Group AS, Lantmännen, Papyrus Holding AB, Solar AS. Board member and owner of Gumaco AB.

Previous assignments: CEO of Elektroskandia/Hagemeyer Nordics, General Manager, IBM, various positions at ASEA/ABB. Chairman Lindab International, Bridge to China AB and Lönne International AS.

Holdings in Scandi Standard: 31,779 shares.

Michael Parker

Board member

Born 1953. Bachelor of Science hons in Business Administration, University of Bath, UK, and a Booker Senior Management Certificate from INSEAD. (European Institute of Business Administration).

Elected 2014.

Main occupation: Board member Marine Harvest, Brookes Parker and Lodestone (Oxford) Ltd.

Previous assignments: Deputy CEO of Young's Bluecrest Seafood (now Findus Group). Various positions at Blue Crest Foods and Ross Foods.

Holdings in Scandi Standard: 16,000 shares.

Karsten Slotte

Board member

Born 1953. Bachelor of Science (econ), Hanken School of Economics, Finland.

Elected 2014.

Main occupation: Chairman of Onninen Oy. Board member Fiskars Oyj Abp, Onvest Oy, Royal Unibrew A/S, Finnish-Swedish Chamber of Commerce.

Previous assignments: President and CEO, Fazer Group, various leading position at Cloetta/Fazer. Board member of Oriola-KD Corporation.

Holdings in Scandi Standard: 13,698 shares.

Heléne Vibbleus

Board member

Born 1958. Bachelor of Science in Business Administration, Economics and Statistics, University of Linköping, Sweden.

Elected 2014. Chairman of the Audit Committee.

Main occupation: Chief Audit Executive, Elekta AB. Board member of Marine Harvest ASA, Nordic Growth Market NGM AB, Trelleborg AB and Tyrens AB.

Previous assignments: Board member of Orio AB, Renewable Energy Corporation ASA and Tradedoubler AB. Board member and Vice Chairman of Sida. Senior Vice President, Group Controller, AB Electrolux. Authorized Public Accountant and Partner PwC.

Holdings in Scandi Standard: 6,250 shares.

Alexander Walsh

Board member

Born 1981. Masters Degree, University of St. Andrews, UK.

Elected 2013.

Main occupation: Board member RenoNorden ASA.
Co-founder and Board member of House of Botany Ltd,.

Previous assignments: Principal, CapVest.
Board member United Coffee and Scandza.

Holdings in Scandi Standard: 0 shares.

External auditor

Öhrlings PricewaterhouseCoopers AB, with Bo Lagerström, born 1966, as chief auditor.

Holdings in Scandi Standard: 0 shares.

Group Management

Leif Bergvall Hansen

Managing Director and Chief Executive Officer

In Group Management since 2013.

Born 1966. Master of Science, Copenhagen Business School, Denmark, including a period at Stanford Business School, USA.

Previous assignments: Head of division, Nestle. CEO of Bisca A/S.

Holdings in Scandi Standard: 1,142,663 shares.

Magnus Lagergren

Country Manager, Sweden

In Group Management since 2014.

Born 1960. Master of Science in Economics and Technology, University of Agriculture, Sweden.

Other major assignments: Board member Svenska Retursystem AB and Dagligvaruleverantörernas Förbund (DLF).

Previous assignments: Chairman and Managing Director, Dalsjöfors Holding AB. Managing Director, Swedish Meats cooperative/Scan AB/HKScan. Management positions within Swedish Meats and Scan AB.

Holdings in Scandi Standard: 204,522 shares.

Jonathan Mason

Chief Financial Officer

In Group Management since 2014.

Born 1964. Bachelor of Science hons in Engineering, University of Manchester, UK, ACCA Chartered Accountant from Chartered Association of Certified Accountants, MBA, INSEAD.

Previous assignments: Chief Financial Officer, Odeon Cinemas. Finance Director, J Sainsbury Plc. Chief Financial Officer, SATS.

Holdings in Scandi Standard: 385,922 shares.

Jes Bjerregaard

Country Manager, Denmark

In Group Management since 2014.

Born 1958. Diploma in Marketing Management, Copenhagen Business School, Denmark.

Other major assignments: Board member DKI A/S and Farmfood A/S.

Previous assignments: General Manager Denmark and Export, Findus D/K. General Manager, Valloe Saft A/S. General Manager, Denmark, Abba Seafood A/S. Sales & Marketing Director, Denmark and Norway, Mars Inc.

Holdings in Scandi Standard: 291,169 shares.

Per Alan Jensen

Chief Operating Officer

In Group Management since 2013.

Born 1962. Bachelor of Science in Technology, University of Odense, Denmark.

Other major assignments: Board member Farm Food A/S.

Previous assignments: Factory manager Rose Poultry A/S.

Holdings in Scandi Standard: 432,266 shares.

Fredrik Strømmen

Country Manager, Norway

In Group Management since 2015.

Born 1974. Master of Science, Norwegian School of Economics, Norway.

Previous assignments: Director, Orkla Commercial Excellence ASA. Country manager, Sætre AS. Management positions within Sætre AS and KiMs AS.

Holdings in Scandi Standard: 5,000 shares.

Tommi Saksala

Director, Group Live Operations

In Group Management since 2014.

Born 1969. Master of Science in Agricultural Economics & Management, University of Helsinki, Finland.

Previous assignments: International broiler industry supply chain management consultant, Pomicon Oy Ltd.
Director, poultry meat supply chain live operations, A-Touttajat Oy (Atria Group plc)

Holdings in Scandi Standard: 61,690 shares.

Annual General Meeting 2015

The Annual General Meeting of Scandi Standard 2015 will be held on Thursday, May 21, 2015 at 1 pm. For more information, see http://investors.scandistandard.com/en/agm

Participation

Shareholders who intend to participate in the Annual General Meeting must:

- Be registered in the share register kept by the Swedish central securities depositary, Euroclear Sweden AB, on Friday, May 15, 2015.
- Give notice of intent to participate to Scandi Standard no later than 4 pm on Friday, May 15, 2015.

Notice of participation

Notice of intent to participate can be given:

- on the Group's website; http://investors.scandistandard.com/en/agm
- by telephone at +46 8 402 90 55.
- by mail to Scandi Standard AB, c/o Euroclear Sweden AB, P.O Box 191, SE–101 23 Stockholm, Sweden.

Notice should include the shareholder's name, personal or company registration number, if any, address and telephone number, and the number of assistants attending, if any.

Shareholders may vote by proxy, in which case a power of attorney should be submitted to Scandi Standard well in advance of the AGM.

Shares registered by nominees

Shareholders who have their shares registered in the name of nominees must have their shares temporarily registered in their own name on Friday May 15, 2015, in order to participate in the AGM. To ensure that such registration is made prior to Friday, May 15, 2015, shareholders must inform the nominee well in advance of that date.

Dividend

The Board of Directors has proposed a dividend of SEK 1.30 per share, and Monday, May 25, 2015 as record date. With this record date, it is expected that dividends will be paid from Euroclear on Thursday, May 28, 2015. The last day for trading in Scandi Standard's shares with right to dividend for 2014 is Thursday, May 21, 2015.

Definitions

Net sales
Net sales is gross sales less sales discounts and joint marketing allowances.

Other operating revenues
Other operating revenue is revenue not related to sales of chicken, such as rent of excess land/ buildings to other uses and payment by non-employees for use of the Company's canteens.

Raw materials and consumables
Costs of raw materials and other consumables include the purchase costs of live chicken and other raw materials such as packaging etc.

Other operating expenses
Other operating expenses include marketing, Group personnel and other administrative costs.

EBITDA
Operating income before depreciation and amortisation.

Adjusted EBITDA
EBITDA adjusted for non-recurring items.

EBIT
Operating income.

Adjusted EBIT
Operating income adjusted for non-recurring items.

EBITDA margin
EBITDA as percent of net sales.

Adjusted EBITDA margin
Adjusted EBITDA as percent of net sales.

EBIT margin
Operating income (EBIT) as percent of net sales.

Adjusted EBIT margin
Adjusted operating income (adjusted EBIT) as percent of net sales.

Production Wildeco & Scandi Standard

Scandi Standard

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