Scandi Standard

Interim report, second quarter 2015

28 August 2015

- Net sales increased by 3 percent to MSEK 1,341.3 (1,302.9), and by 2 percent at constant exchange rates. Net sales increased by 8 percent in Sweden, 6 percent in Denmark and decreased by 7 percent in Norway at constant exchange rates.
- Adjusted operating income increased by 1 percent to MSEK 77.0 (76.3) corresponding to an adjusted operating margin of 5.7 (5.9) percent.
- Income for the period amounted to MSEK 45.7 (-48.2) and earnings per share was SEK 0.76 (-0.95).
- Adjusted operating cash flow amounted to MSEK 136.0 (186.6) with a reduction of working capital but not as much as last year.
- Deliveries to Coop Norway under the new supply agreement, which also includes the stores acquired from ICA Norway, started as of August.
- The acquisition of Huttulan Kukko Oy's (Huttulan) factory and business in Finland was completed on 25 May.
- An agreement was signed on 15 June to acquire Lagerbergs, the third largest producer of chicken products in Sweden, pending approval of the Swedish Competition Authority.

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	1 341.3	1 302.9	3%	2 650.9	2 656.3	0%
Operating income	72.8	36.9	97%	140.4	107.3	31%
Income for the period	45.7	-48.2	-	87.3	-18.9	-
EPS	0.76	-0.95	-	1.45	-0.38	-
Adjusted* EBITDA	123.8	119.3	4%	237.8	239.4	-1%
Adjusted* operating income	77.0	76.3	1%	144.6	154.9	-7%
Adjusted* operating margin	5.7%	5.9%	-	5.5%	5.8%	-
Adjusted* income for the period	49.0	22.2	121%	90.6	57.9	56%
Adjusted* EPS	0.82	0.44	86%	1.51	1.15	31%
Adjusted* operating cash flow	136.0	186.6	-27%	236.3	307.5	-23%

*) Adjusted for non-comparable items in the quarter of MSEK -4.2 (-39.4) in EBITDA and operating income and MSEK -3.3 (-70.5) in income for the period, as well as MSEK -4.2 (-47.6) in EBITDA and operating income and MSEK -3.3 (-76.9) in income for the period for the first half. See page 3.

Scandi Standard is the largest producer of chicken-based food products in the Nordic region with leading positions in Sweden, Denmark and Norway. The company produces, markets and sells chilled and frozen products to private labels and under the brands Kronfågel, Danpo, Den Stolte Hane, Vestfold Fugl, Ivars, Chicky World and Naapurin Maalaiskana. In Norway, eggs are also packed and sold to private labels and under the brand Den Stolte Hane. For more information, see www.scandistandard.com

CEO Statement

Trends in sales and operating income in the quarter were similar to those in the first quarter with good sales growth and improved adjusted operating income and margins in Sweden and Denmark compensating for a weak performance in Norway. Overall, Group net sales grew by 2 percent at constant exchange rates and the adjusted operating income increased slightly from the previous year.

Sales in Sweden benefitted from good market demand, strong performance of recently launched innovative products and higher sales of chilled products over frozen leading to an improved mix. The adjusted operating income and margin improved substantially, with further improvements in operating efficiencies.

Sales and adjusted operating income in Denmark were positively impacted by higher export volumes at firmer prices. The margin also benefited from further cost savings in operations. The domestic Danish market was characterised by continued pressure on pricing.

The Norwegian retail market for chicken products continued to be weak and declined by 4 percent* compared to the second quarter last year. This was an improvement from the first quarter when the market declined by 13 percent*. Stock levels were high across the industry. Operating margin for the Norwegian operation was negatively impacted by promotional activity and a higher proportion of sales of frozen products. We continue to believe that the market will recover but timing is uncertain. Deliveries to Coop Norway under the new supply agreement, which also includes the stores acquired from ICA Norway, started as of August. Deliveries will be phased in gradually as the newly acquired stores are absorbed into Coop.

On 25 May we finalised the acquisition of Huttulan's factory and business in Finland, which began operations in May 2014. Huttulan has developed a premium concept that is sold to retail and foodservice customers. Finland is an attractive market for chicken products with many similarities to the Swedish market. Integration of the business, now called Kronfågel Oy, is proceeding according to plan and we have started to share best practice from within the Group to improve performance in different areas. The factory is operating at less than 20 percent of total capacity and will be loss-making this year. We are making progress in organising new farming capacity to increase deliveries from next year.

On 15 June, we signed an agreement to acquire Lagerbergs, the third largest producer of chicken products in Sweden with sales of approximately MSEK 300. The acquisition is subject to approval by the Swedish Competition Authority. The acquisition would improve our capacity to supply the growing Swedish market and would also create opportunities to improve efficiency in both our facility in Valla, Sweden and the Lagerbergs factory.

Leif Bergvall Hansen
Managing Director and CEO

*Source: AC Nielsen

Net sales and income

Net sales for the second quarter 2015 increased by 3 percent to MSEK 1,341.3 (1,302.9) and by 2 percent at constant exchange rates compared to the corresponding period last year.

Net sales in Sweden and Denmark increased by 8 percent and 6 percent respectively in local currencies, while net sales declined by 7 percent in Norway. Net sales by product category at constant exchange rates increased by 13 percent for chilled products and declined by 10 percent for frozen products.

Operating income amounted to MSEK 72.8 (36.9), including non-comparable items of MSEK -4.2 (-39.4). For a description of the impact of non-comparable items, see table below. Adjusted for these items, operating income was MSEK 77.0 (76.3), corresponding to an adjusted operating margin of 5.7 (5.9) percent. Operating income increased strongly in both Sweden and Denmark but this was offset by a decrease in Norway.

Finance expenses were significantly lower than last year due to the refinancing of the bank loans in July 2014.

Income for the period amounted to MSEK 45.7 (-48.2), corresponding to earnings per share of SEK 0.76 (-0.95). Adjusted income for the period increased to MSEK 49.0 (22.2), corresponding to adjusted earnings per share of SEK 0.82 (0.44).

Financial summary

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	1 341.3	1 302.9	3%	2 650.9	2 656.3	0%
EBITDA	119.6	79.9	50%	233.6	191.8	22%
Operating income	72.8	36.9	97%	140.4	107.3	31%
Income for the period	45.7	-48.2	-	87.3	-18.9	-
EPS	0.76	-0.95	-	1.45	-0.38	-
Adjusted EBITDA[1)]	123.8	119.3	4%	237.8	239.4	-1%
Adjusted EBITDA margin[1)]	9.2%	9.2%	-	9.0%	9.0%	-
Adjusted operating income[1)]	77.0	76.3	1%	144.6	154.9	-7%
Adjusted operating margin[1)]	5.7%	5.9%	-	5.5%	5.8%	-
Adjusted income after finance net[1,2)]	63.9	33.8	89%	118.0	77.1	53%
Adjusted income for the period[1,2,3)]	49.0	22.2	121%	90.6	57.9	56%
Adjusted EPS[1,2,3)]	0.82	0.44	86%	1.51	1.15	31%

[1-3)] See table below.

Non-comparable items in EBITDA and operating income	Q2 2015	Q2 2014	H1 2015	H1 2014
IPO costs [a)]	-	-29.5	-	-33.0
Transition costs [b)]	-	-7.5	-	-8.8
Monitoring fees [c)]	-	-5.8	-	-5.8
Transaction costs [d)]	-4.2	-	-4.2	-
Pension revaluation [e)]	-	3.4	-	-
[1)]Total	**-4.2**	**-39.4**	**-4.2**	**-47.6**
Non-comparable items in finance net and tax effects				
[2)]Refinancing [f)]	-	-51.0	-	-51.0
[3)]Tax effect on adjustments	0.9	19.9	0.9	21.7
Non-comparable items in income for the period	**-3.3**	**-70.5**	**-3.3**	**-76.9**

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 are complete.
c) Monitoring fees charged by prior owners, which ceased at the time of the IPO.
d) Deal fees related to the acquisition of Huttulan Kukko Oy.
e) Costs for pension revaluation from the closure of the defined benefit scheme. These are complete.
f) Non-recurring write-off arrangement fees related to the old credit facility.

Segment information

Sweden

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	564.4	524.9	8%	1 095.3	1 023.4	7%
Adjusted Operating income*	43.3	30.6	42%	76.4	50.1	52%
Adjusted Operating margin*	7.7%	5.8%	-	7.0%	4.9%	

*) Adjusted for non-comparable items of MSEK -4.2 (0.2) in Q2 2015 and MSEK -4.2 (-5.5) in H1 2015. For a description of adjustments, see page 9.

Net sales in Sweden in the second quarter 2015 increased by 8 percent to MSEK 564.4 (524.9), driven by continued market growth and successful launches of seasonal products. The increase refers to chilled products.

Adjusted operating income rose by 42 percent to MSEK 43.3 (30.6) as compared to the second quarter last year, when income was impacted by inventory reductions of frozen products. An improved product mix and higher production efficiency also contributed. The adjusted operating margin improved to 7.7 (5.8) percent.

Denmark

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	570.5	523.0	9%	1 155.3	1 070.0	8%
Adjusted operating income*	35.4	23.7	49%	68.2	47.6	43%
Adjusted operating margin*	6.2%	4.5%	-	5.9%	4.4%	-

*) Adjusted for non-comparable items of MSEK -1.3 in Q2 2014 and MSEK -1.4 in H1 2014.
For a description of adjustments, see page 9.

MDKK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	457.8	431.3	6%	922.2	892.1	3%
Adjusted operating income*	27.5	19.8	39%	54.4	39.7	37%
Adjusted operating margin*	6.0%	4.6%	-	5.9%	4.4%	-

Net sales in Denmark in the second quarter 2015 increased by 9 percent to MSEK 570.5 (523.0) and by 6 percent in local currency. The growth in sales was mainly driven by chilled products and higher exports.

Adjusted operating income increased by 49 percent to MSEK 35.4 (23.7) and the adjusted operating margin improved to 6.2 percent (4.5). The improvement in margin was a result of a better sales mix and firmer export prices, as well as further improvements in production efficiency. Price pressure in the Danish retail market continued.

Norway

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	280.4	307.0	-9%	556.1	681.9	-18%
Adjusted operating income*	9.6	28.1	-66%	22.8	70.5	-68%
Adjusted operating margin*	3.4%	9.2%	-	4.1%	10.3%	-

*) Adjusted for non-comparable items of MSEK -0.7 in Q2 2014 and H1 2014.
For a description of adjustments, see page 9.

MNOK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Net sales	258.3	277.3	-7%	515.0	630.8	-18%
Adjusted operating income*	9.0	26.0	-65%	21.1	65.2	-68%
Adjusted operating margin*	3.5%	9.4%	-	4.1%	10.3%	-

Net sales in Norway in the second quarter 2015 declined by 9 percent to MSEK 280.4 (307.0) and by 7 percent in local currency. The decrease was principally due to a continued weak retail market for chicken products, which declined by 4 percent (AC Nielsen) compared to the same period last year.

On 22 May, a new supply agreement was signed with Coop Norway, which also includes the stores recently acquired from ICA Norway. Deliveries started as of August and will be gradually phased in as the new stores are absorbed into Coop.

Adjusted operating income amounted to MSEK 9.6 (28.1), corresponding to an adjusted operating margin of 3.4 (9.2) percent. The decrease in income and margin is attributable to lower volumes, a less favourable mix and the selling of excess inventories of frozen products at discounted prices.

Cash flow and investments

Adjusted operating cash flow in the second quarter 2015 amounted to MSEK 136.0 (186.6). Cash flow benefitted from a further reduction in working capital, but not to the same extent as in the second quarter last year when excess inventory from the previous year was being cleared and payables and receivables were unusually favourable.

Working capital as of 30 June 2015 declined to MSEK 291.0 (332.9), corresponding to 6.4 (6.3) percent of net sales (LTM) compared to 6.6 percent at year-end 2014.

Capital expenditure was MSEK 26.5 (27.7), mainly relating to productivity improvement projects in Sweden and Norway.

Other items affecting cash flow in the period were the dividend payment of MSEK 78.1 and MEUR 10 for the Huttulan acquisition.

Adjusted operating cash flow

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Adjusted EBITDA*	123.8	119.3	237.8	239.4
Capital expenditure	-26.5	-27.7	-49.0	-42.0
Change in inventories	16.7	39.8	3.1	84.2
Change in other working capital	22.0	55.1	44.4	25.8
Adjusted operating cash flow	**136.0**	**186.6**	**236.3**	**307.5**

*Adjusted for non-comparable items of MSEK -4.2 (-39.4) in Q2 2015 and MSEK -4.2 (-47.6) in H1 2015.

Financial position

Total equity increased to MSEK 881.3 (822.2). The equity to assets ratio as of 30 June 2015 was 27.7 (24.8) percent.

Net interest-bearing debt as of 30 June 2015 declined to MSEK 1,373.5 from MSEK 1,460.5 as of 30 June 2014 and 1,405.5 at year-end 2014. Net debt/EBITDA amounted to 2.9x (3.1x) adjusted EBITDA. Cash and cash equivalents amounted to MSEK 146.9 (231.9).

Personnel

The average number of employees (FTE) was 1,735 (1,659) in the quarter and 1,770 (1,627) in the first half.

Transactions with related parties

Scandi Standard has an agreement with Lantmännen, a major shareholder, for the rental of the facility in Åsljunga. In the second quarter 2015, rental costs under this agreement were MSEK 0.4 (0.4).

Acquisition of Huttulan

The acquisition of Huttulan's facility and business in Finland was completed on 25 May. The purchase price was MEUR 10, including assumed bank debt of MEUR 5. The price may increase to MEUR 13m over five years, depending on future performance. There are 42 employees and the facility is currently processing approximately 1.4 million chickens on an annual basis, but has annual capacity for up to 10 million.

Agreement to acquire Lagerbergs

An agreement was signed on 15 June 2015 to acquire Lagerbergs, the third largest producer of chicken products in Sweden. The company had sales in 2014 of approximately MSEK 300 and has 120 employees. The purchase price amounts to MSEK 105 on a debt free basis.

The acquisition is subject to approval by the Swedish Competition Authority who has decided on a so called in-depth investigation. The Authority has until 23 October to announce its decision.

Change in Group Management

Jonny Mason, Chief Financial Officer at Scandi Standard will leave the company at the end of September to pursue his career in the UK. The search for his replacement has been initiated.

Risks and uncertainties

Scandi Standards' risks and uncertainties are described on pages 25-27 and pages 50-52 in the Annual Report 2014, which is available on **www.scandistandard.com**.

Board of Director's assurance

This interim report for the second quarter and first half of 2015 provides a fair overview of the operations, position and results of the Parent Company and the Group, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Stockholm, 28 August 2015

Per Harkjær
Chairman of the Board

Kate Briant *Board member*	Ulf Gundemark *Board member*	Michael Parker *Board member*
Asbjørn Reinkind *Board member*	Karsten Slotte *Board member*	Heléne Vibbleus *Board member*

Leif Bergvall Hansen
Managing Director and CEO

The report has not been subject to review by the Company's auditors.
This is a translation of the original Swedish version published on www.scandistandard.com.

Segment information

Net sales

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Sweden	564.4	524.9	8%	1 095.3	1 023.4	7%
Denmark	570.5	523.0	9%	1 155.3	1 070.0	8%
Norway	280.4	307.0	-9%	556.1	681.9	-18%
Intra-group eliminations	-74.0	-52.0	42%	-155.8	-119.0	31%
Total net sales	**1 341.3**	**1 302.9**	**3%**	**2 650.9**	**2 656.3**	**0%**

Local currency	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Denmark	457.8	431.3	6%	922.2	892.1	3%
Norway	258.3	277.3	-7%	515.0	630.8	-18%
Group			2%			-2%

Net sales by product category

MSEK	Q2 2015	Q2 2014	Change	H1 2015	H1 2014	Change
Chilled	602.9	532.0	13%	1 169.8	1 099.6	6%
Frozen	561.7	616.4	-9%	1 138.9	1 191.1	-4%
Eggs	84.1	83.8	0%	173.2	188.7	-8%
Other*	92.6	70.7	31%	169.0	176.9	-4%
Total net sales	**1 341.3**	**1 302.9**	**3%**	**2 650.9**	**2 656.3**	**0%**

Change in local currency	Q2'15 vs. Q2'14	H1'15 vs. H1'14
Chilled	13%	5%
Frozen	-10%	-6%
Eggs	2%	-8%

Exchange rates

	Q2 2015	Q2 2014
SEK/NOK	1.06	1.08
SEK/DKK	1.29	1.20

*Other relates to SweHatch sales of day-old chicks to farmers and by-products.

Adjusted operating income

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Sweden	43.3	30.6	76.4	50.1
Denmark	35.4	23.7	68.2	47.6
Norway	9.6	28.1	22.8	70.5
Group	-6.8	-4.3	-13.3	-4.3
Amortisation	-4.5	-1.8	-9.4	-9.0
Total	**77.0**	**76.3**	**144.6**	**154.9**

Adjustments to operating income

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Sweden	-4.2	0.2	-4.2	-5.5
Denmark	-	-1.3	-	-1.4
Norway	-	-0.7	-	-0.7
Group	-	-37.6	-	-40.0
Amortisation	-	-	-	-
Total	**-4.2**	**-39.4**	**-4.2**	**-47.6**

Operating income

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Sweden	39.1	30.8	72.2	44.6
Denmark	35.4	22.4	68.2	46.2
Norway	9.6	27.4	22.8	69.8
Group	-6.8	-41.9	-13.4	-44.3
Amortisation	-4.5	-1.8	-9.4	-9.0
Total operating income	**72.8**	**36.9**	**140.4**	**107.3**
Finance net	-13.1	-93.5	-26.6	-128.8
Income tax expense	-14.0	8.4	-26.5	2.6
Income for the period	**45.7**	**-48.2**	**87.3**	**-18.9**

Consolidated income statement

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Net sales	1 341.3	1 302.9	2 650.9	2 656.3
Other operating revenues	6.2	6.0	11.0	9.8
Changes in inventories of finished goods and work in progress	-25.7	-43.3	-12.1	-80.3
Raw materials and consumables	-733.0	-738.0	-1 498.0	-1 506.2
Cost of personnel	-251.5	-231.0	-497.0	-464.4
Depreciation, amortisation and impairment	-46.8	-43.0	-92.5	-84.5
Other operating expenses	-217.7	-216.7	-421.2	-423.4
Share of income of associates	-	-	-0.7	-
Operating income	**72.8**	**36.9**	**140.4**	**107.3**
Finance income	0.8	0.1	0.9	0.2
Finance expenses	-13.9	-93.6	-27.5	-129.0
Income after finance net	**59.7**	**-56.6**	**113.8**	**-21.5**
Income tax expense	-14.0	8.4	-26.5	2.6
Income for the period	**45.7**	**-48.2**	**87.3**	**-18.9**
Whereof attributable to shareholders of the Parent Company	45.7	-48.2	87.3	-18.9
Average number of shares (1)	60 060 890	50 596 818 2)	60 060 890	50 335 696
Earnings per share, SEK	0.76	-0.95	1.45	-0.38
Number of shares at the end of the period	60 060 890	60 060 890	60 060 890	60 060 890

1) No dilution effect in number of shares
2) Adjusted for the reversed split 27 June 2014

Consolidated statement of total comprehensive income

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Income for the period	**45.7**	**-48.2**	**87.3**	-18.9
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Actuarial gains and losses in defined benefit pension plans	35.0	-3.5	7.6	-3.5
Tax on actuarial gains and losses	-7.7	0.8	-2.0	0.8
Total	**27.3**	**-2.7**	**5.6**	**-2.7**
Items that will or may be reclassified to the income statement:				
Cash flow hedges	11.8	0.2	2.6	-0.8
Currency effects from conversion of foreign operations	-7.0	35.9	-17.1	50.4
Income from currency hedging of foreign operations	-14.5	-21.6	-13.2	-33.4
Fair value on financial instruments	3.4	-	5.6	-
Tax attributable to items that will be reclassified to the income statement	0.1	4.7	2.4	7.6
Total	**-6.2**	**19.2**	**-19.7**	**23.8**
Other comprehensive income for the period. net of tax	**21.1**	**16.5**	**-14.1**	**21.1**
Total comprehensive income for the period	**66.8**	**-31.7**	**73.2**	**2.2**
Whereof attributable to shareholders of the Parent Company	66.8	-31.7	73.2	2.2

Consolidated statement of financial position

MSEK	30 June 2015	30 June 2014	31 December 2014
Assets			
Non-current assets			
Goodwill	635.9	606.7	611.3
Other intangible assets	513.3	530.8	528.7
Property plant and equipment	824.0	778.0	809.9
Participations in associated companies	41.0	39.1	42.7
Deferred tax assets	33.1	125.0	45.3
Financial assets	0.9	5.7	1.8
Surplus in funded pension plans	-	5.7	-
Other fixed assets	0.7	-	0.5
Total non-current assets	**2 048.9**	**2 091.0**	**2 040.2**
Current assets			
Inventory	535.0	551.7	546.6
Trade receivables and other receivables	445.9	429.0	417.4
Tax receivables	0.8	4.7	-
Short term investments	0.7	1.2	1.4
Cash and cash equivalents	146.9	231.9	89.7
Total current assets	**1 129.3**	**1 218.5**	**1 055.1**
Total assets	**3 178.2**	**3 309.5**	3 095.3
Shareholder´s equity			
Share capital	0.6	0.6	0.6
Other contributed equity	888.1	888.7	888.1
Reserves	10.0	31.2	29.4
Retained earnings	-17.4	-98.3	-31.9
Total equity	**881.3**	**822.2**	**886.2**
Liabilities			
Non-current liabilities			
Non-current interest bearing liabilities	1 461.0	1 470.2	1 460.2
Provisions for pensions	10.0	2.5	20.4
Deferred tax liabilities	71.1	140.8	75.5
Other non-current provisions	2.5	2.6	-
Total non-current liabilities	**1 544.6**	**1 616.1**	**1 556.1**
Current liabilities			
Current interest bearing liabilities	62.4	223.4	38.9
Trade payables and other current liabilities	667.0	611.9	589.8
Tax payables	22.9	35.9	24.3
Total current liabilities	**752.3**	**871.2**	**653.0**
Total equity and liabilities	**3 178.2**	**3 309.5**	**3 095.3**

Consolidated statement of changes in equity

MSEK	
Opening balance 1 January 2014	**432.4**
Income for the period	56.1
Other comprehensive income	10.2
Total comprehensive income	**66.3**
New share issue	6.2
Set-off of shareholder loans	381.3
Total transactions with the owners	**387.5**
Closing balance 31 December 2014	**886.2**
Opening balance 1 January 2015	**886.2**
Income for the period	87.3
Other comprehensive income	-14.1
Total comprehensive income	**73.2**
Dividend	-78.1
Total transactions with the owners	**-78.1**
Closing balance 30 June 2015	**881.3**

Consolidated statement of cash flows

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Operating activities				
Operating income	72.8	36.9	140.4	107.3
Adjustment for non-cash items	93.0	40.0	139.2	80.5
Paid finance items net	-14.7	-21.0	-28.2	-49.3
Paid current income tax	-9.2	-19.3	-21.7	-38.0
Cash flows from operating activities before changes in operating capital	**141.9**	**36.6**	**229.7**	**100.5**
Changes in inventories	16.7	39.8	3.1	84.2
Changes in operating receivables	49.4	10.4	-3.5	18.4
Changes in operating payables	-27.4	44.7	47.9	7.4
Cash flows from operating activities	**180.6**	**131.5**	**277.2**	**210.5**
Investing activities				
Business combinations	-96.0	-	-96.0	-
Investment in property, plant and equipment	-26.5	-27.7	-49.0	-42.0
Sale of fixed assets	-	-	-	-
Cash flows used in investing activities	**-122.5**	**-27.7**	**-145.0**	**-42.0**
Financing activities				
New share issue	-	6.2	-	6.2
Paid dividend	-78.1	-	-78.1	-
Net change in external loans	5.3	-1.5	5.3	-18.4
Cash used in financing activities	**-72.8**	**4.7**	**-72.8**	**-12.2**
Cash flows for the period	**-14.7**	**108.5**	**59.4**	**156.3**
Cash and cash equivalents at beginning of the period	**161.6**	**120.7**	**89.7**	**71.8**
Currency effect in cash and cash equivalents	-	2.7	**-2.2**	3.8
Cash flow for the period	-14.7	108.5	59.4	156.3
Cash and cash equivalents at the end of the period	**146.9**	**231.9**	**146.9**	**231.9**

Parent company income statement

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Net sales	-	-	-	-
Operating expenses	-	-5.8	-	-5.8
Operating income	**-**	**-5.8**	**-**	**-5.8**
Finance net	3.6	2.7	7.4	4.3
Profit before income tax	**3.6**	**-3.1**	**7.4**	**-1.5**
Total income tax expense	-0.8	-	-1.6	-1.1
Income for the period	**2.8**	**-3.1**	**5.8**	-2.6

Parent company statement of total comprehensive income

MSEK	Q2 2015	Q2 2014	H1 2015	H1 2014
Income for the period	2.8	-3.1	5.8	-2.6
Other comprehensive income	-	-	-	-
Total comprehensive income	**2.8**	**-3.1**	**5.8**	**-2.6**

Parent company statement of financial position

MSEK	30 June 2015	30 June 2014	31 December 2014
Assets			
Non-current assets			
Investments in subsidiaries	532.7	532.7	532.7
Receivables on Group entities	358.7	500.6	358.7
Deferred tax asset	2.3	-	2.3
Total non-current assets	**893.7**	**1 033.3**	**893.7**
Current assets			
Receivables on Group entities	-	-	14.3
Other current receivables	-	-	-
Total current receivables	**-**	**-**	**14.3**
Cash and cash equivalents	-	9.5	-
Total current assets	**-**	**9.5**	**14.3**
Total assets	**893.7**	**1 042.8**	**908.0**
Shareholder's equity			
Share capital	0.6	0.6	0.6
Share premium reserve	888.1	887.6	888.1
Retained earnings	-94.5	-1.0	-1.0
Income for the period	5.8	-2.6	-15.4
Total equity	**800.0**	**884.6**	**872.3**
Liabilities			
Non-current liabilities			
Interest bearing liabilities	-	146.9	-
Total non-current liabilities	**-**	**146.9**	**-**
Current liabilities			
Tax liability	1.6	3.3	2.2
Liabilities to Group entities	92.1	-	33.5
Accrued expenses	-	8.0	-
Total current liabilities	**93.7**	**11.3**	**35.7**
Total equity and liabilities	**893.7**	**1 042.8**	**908.0**

Parent company statement of changes in equity

MSEK	
Opening balance 1 January 2014	**500.2**
Income for the period	-15.4
Other comprehensive income	-
Total comprehensive income	**-15.4**
Directed new share issue	6.2
Set-off of shareholder loans	381.3
Total transactions with the owners	**387.5**
Closing balance 31 December 2014	**872.3**
Opening balance 1 January 2015	**872.3**
Income for the period	5.8
Other comprehensive income	-
Total comprehensive income	**5.8**
Dividends	-78.1
Total transactions with the owners	**-78.1**
Closing balance 30 June 2015	**800.0**

Notes to the condensed consolidated financial information

Note 1. Accounting policies

Scandi Standard applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and ÅRL, the Swedish Annual Accounts Act and recommendation RFR 1, Accounting for legal entities, issued by the Swedish Financial Reporting Board. There are no changes in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2014.

Note 2. Segment reporting

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 sales and operating results. The responsibility for the Group's financial assets and liabilities, provisions for taxes and pensions, gains and losses on the re-measurement of financial instruments according to IAS 39 and pension obligations according to IAS 19R are dealt with by the corporate functions and are not allocated to the segments. 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, AB Skånefågel, Bosarpskyckling AB, and Kronfågel Oy. Kronfågel AB is the segment's largest business engaged in slaughtering, production and development of fresh and frozen chicken products, mainly for the Swedish market. SweHatch engages in the rearing, production and hatching of day-old chickens for Kronfågel AB's breeders and other players in the Swedish market. AB Skånefågel slaughters and sells products for the Swedish market and export. Bosarpskyckling AB is the leading producer of organic chicken in Sweden. The newly acquired Huttulan operation in Finland has been included in this segment and renamed Kronfågel Oy.

Segment Denmark comprises Danpo A/S and the associate Farmfood A/S. Danpo A/S slaughters, produces, develops and processes chicken products for both the Danish market and exports within Europe and to Asia. Farmfood A/S processes slaughterhouse by-products 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 and Scandi Standard Norway AS. In addition there is an associate Naerbo kyllingslakt AB. 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 3. The Group's financial assets and liabilities measured at fair value

Derivative instruments and hedge accounting
Holdings of financial derivative instruments comprise interest rate swaps and currency forward contracts. Derivative instruments are carried at fair value and the result of the re-measurement 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.

Equity hedging of 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 reporting 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 recognized at the closing rate on the reporting date. In the company with the loans, exchange differences attributable to these loans (net of tax) are reported under other comprehensive income. The currency effect derived from the translation of the subsidiaries net assets that arises in the Group consolidation are also reported under other comprehensive income where it partly offsets the currency effect in the company with the loans. At present, net investments in DKK and NOK are hedged.

Measurement at fair value
Scandi Standard has financial liabilities, such as forward contracts and interest rate swaps, categorized in level 2 of the fair value hierarchy. These derivatives amount to MSEK 5.5 per 30 June 2015 and are recorded at fair value in the statement of financial position. The valuation is based on observable market data. There is no change in valuation technique from year-end 2014.

Scandi Standard's liabilities to credit institutions of MSEK 1,510.2 are in all material aspects related to the facilities agreement signed at the end of June 2014. An analysis of the interest rate margins has been made and it was concluded that the interest rate margin materially represents the fair value per 30 June 2015. It is consistent with the margin that would have been available should the agreement have been signed on the balance sheet date. Reported value is therefore consistent with fair value.

Definitions

Operating capital

Total assets less cash and cash equivalents and non-interest-bearing liabilities, including deferred tax liabilities.

Return on operating capital

Operating income last twelve months (LTM) divided by average operating capital.

Capital employed

Total assets less non-interest-bearing liabilities, including deferred tax liabilities.

Return on capital employed

Operating income plus interest income LTM divided by average capital employed.

Net interest-bearing debt

Interest-bearing debt excluding arrangement fees less cash and cash equivalents.

Conference call

A conference call for investors, analysts and media will be held on 28 August at 10:00 AM CET.

The dial-in numbers are:
UK: +44 20 300 924 55
SE: +46 8 5055 6453
US: +1 855 228 3719

Confirmation code: 194988#

Slides used in the conference call can be downloaded at www.scandistandard.com under Investor Relations. A replay of the conference call will be available on the web site afterwards.

Further information

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Financial calendar

- Interim report for the third quarter 2015: 26 November 2015
- Fourth quarter and year-end report 2015: 26 February 2016

Forward looking statement

Some statements in this report are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcome. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, disease outbreak, interruptions in supply, and major customer credit losses.

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