HKScan Group’s financial statement release for the financial year of 1 january – 31 december 2010

Published on 18 Feb 2011 at 8am

*** The HKScan Group’s net sales in 2010 remained at the level of the previous year and were EUR 2 113.9 million (EUR 2 124,7 m). EBIT came in at EUR 48.0 million (EUR 55.1 m).**

*** Group profit before taxes, EUR 36.5 million, remained almost unchanged (EUR EUR 37.3 m).**

*** In Finland and Sweden, the year was affected by numerous exceptional internal supply chain problems, which caused substantial costs and loss of income. EBIT was improved by the gains on the disposal of properties in Sweden amounting to some EUR 8 million.**

*** Profitability remained good in the Baltics and improved particularly in Poland.**

*** In Sweden, the increasing import of cheaper meat has significantly weakened the competitiveness of production based on Swedish meat raw material.**

*** At the end of November the transaction concerning the Danish poultry company Rose Poultry A/S was completed, making HKScan a leading player in the poultry market in northern Europe.**

HKSCAN CONSOLIDATED INCOME STATEMENT, Q4 and the entire year
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales	595,7	557,5	2 113,9	2 124,7
EBIT	15,7	18,4	48,0	55,1
- as % of net sales	2,6	3,3	2,3	2,6
Share of associates’ result	-0,1	0,6	2,2	2,0
Financial income and expenses, net	-4,5	-3,6	-13,8	-19,7
Profit before taxes	11,1	15,4	36,5	37,3
- as % of net sales	1,9	2,8	1,7	1,8
Income taxes	-2,4	-1,6	-5,7	-4,9
Profit for the period	8,7	13,8	30,8	32,5
- as % of net sales	1,5	2,5	1,5	1,5
Profit attributable to:				

- Equity holders of the parent	8,0	13,2	27,9	29,9
– Non-controlling interests	0,7	0,6	2,9	2,6
Total	8,7	13,8	30,8	32,5
EPS, undiluted, EUR	0,15	0,28	0,52	0,64
EPS, diluted, EUR	0,15	0,28	0,52	0,64

Q4/2010, OCTOBER-DECEMBER

* The Group’s net sales in last quarter of the year were EUR 595.7 million (EUR 557.5 m). EBIT came in at EUR 15.7 million (EUR 18.4 m).
– In Finland, net sales came to EUR 198.2 million (EUR 185.4 m) and EBIT to EUR 4.7 million (EUR 6.4 m). Earnings were eroded especially by the weakened pork profitability.
- In Sweden, the Christmas season did not entirely meet expectations and the restructuring programme has given rise to additional expenditure. Net sales were EUR 275.0 million (EUR 278.3 m) and earnings EUR 8.0 million (EUR 9.1 m).
– In the Baltics, business progressed according to plan. Net sales came to EUR 42.0 million (EUR 38.1 m) and EBIT to EUR 1.8 million (EUR 2.0m).
– In Poland, Sokolów further strengthened its position in modern retail. Net sales were EUR 72.6 million (EUR 65.1 m) and EBIT came in at EUR 3.0 million (EUR 2.9 m).

CEO MATTI PERKONOJA:

“The year 2010 was a strong year of development within the HKScan Group. In Finland and Sweden new programmes to streamline the structure of the industry and improve productivity were launched. In addition, the Group had a number of development programmes relating to, among other things, the harmonization of management systems and operational models as well as to the strategy process and responsibility.

In Finland, preparation for the amendment of the poultry marketing directive increased price competition. In addition, industrial action by the food industry weakened earnings in the first half of the year. The ban on pork exports to Russia, which lasted from July to December, the resultant growth in stocks and costs, and the low price level of alternative sales channels hindered business at the end of the year.

In Sweden, the strengthening of the Swedish krona has weakened the competitiveness of production based on Swedish meat raw material significantly. At the same time, imported foreign meat has increased competition and squeezed the price level. In Sweden, earnings were affected by the substantial exceptional costs relating to the efficiency programme too.

In Denmark, the acquisition concerning the Danish poultry company Rose Poultry A/S was completed at the end of the year, making HKScan a leading player in the poultry market in northern Europe. Rose Poultry’s strategic suitability for HKScan is excellent.

In the Baltic countries, the HKScan Group's position as an industry leader was strengthened. In Latvia, the market share rose to almost a third with the acquisition of Jelgavas Galas Kombinats by Rigas Miesnieks. In Estonia, AS Rakvere Lihakombinaat is a market leader with its market share of some 31 percent.

In Poland, Sokolów performed excellently. In line with its plans, Sokolów has strengthened its position in modern retail chains.

In Finland, HK Ruokatalo's unique and extensive Rapeseed pork development project has progressed to launching the products to consumers. This is the most impressive innovation affecting the nutritional and organoleptic quality of pork in decades.

The profitability of the business did not meet expectations, but development programmes relating to the business and strengthening of market positions in all market areas are providing confidence in the future."

MARKET AREA: FINLAND
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales	198,2	185,4	718,5	732,5
EBIT	4,7	6,4	10,7	27,0
- EBIT margin, %	2,4	3,5	1,5	3,7

In Finland, net sales in 2010 were EUR 718.5 million(EUR 732.5 m). EBIT for the whole year remained at EUR 10.7 million (EUR 27.0 m).

Earnings development was weakened in particular by industrial action and price competition in poultry meat during the early part of the year. In addition, there are challenges in the red meat business, where the profitability of pork, especially, is currently weak.

The industrial action during the spring are estimated to have caused loss of earnings amounting to at least EUR 7 million. In addition, the ban on pork exports to Russia lasting from July to December caused growth in stocks. The excess pork stock will be cleared in the first half of 2011.

The summer's barbecue season and Christmas sales succeeded well. With respect to poultry meat, the year improved towards the end remaining as a whole, however, short of its target. After difficulty in the early part of the year, HK Ruokatalo was able to maintain its market position, and HKScan Finland's associates were successful too.

In September, a new productivity improvement programme was announced. The programme aims to deliver annual productivity benefits of EUR 12 million. Of this amount, approximately EUR 6 million are expected to be achieved during 2011. Employer-employee negotiations with HK Ruokatalo's industrial process staff relating to the programme began in November 2010. They were completed in January 2011.

In order to strengthen demand for meat raw material in Finland, HK Ruokatalo Oy entered into cooperation in the early part of 2010 with Kivikylän Kotipalvaamo Oy, a family business based in western Finland. Cooperation is being supported by a 49 percent minority shareholding.

In October, the Finnish Competition Authority approved the plan of HKScan Finland and Osuuskunta Karjaportti to establish a new corporate entity that will continue the production of processed meats at Portti's plant located in Tikkala in the town of Mikkeli. The new company, Järvi-Suomen Portti Oy, began operations on 1 January 2011. HKScan Finland Oy is a majority shareholder in the new company with a 90 percent holding.

HK Ruokatalo merged its meat procurement and primary production as well as feed trade into a single company at the beginning of 2011. The duties of the feed company Lounaisfarmi and the chicken production chain of HK Ruokatalo were transferred to LSO Foods, the name of which changed at the same time to HK Agri.

In line with the HKScan Group's policies, issues pertaining to responsibility and risk management, too, rose to a centre role in developing business operations in 2010. As part of its corporate responsibility scheme, HK Ruokatalo announced in February 2011 the launch of a new kind of healthier and tastier pork, HK Rapeseed pork, in which the fat becomes compatible with nutritional recommendations in a natural way.

MARKET AREA: SWEDEN
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales	275,0	278,3	997,1	1 037,4
EBIT	8,0	9,1	20,4	16,7
- EBIT margin, %	2,9	3,3	2,0	1,6

Scan AB's net sales in 2010 amounted to EUR 997.1 million (EUR 1 037.4 m). EBIT came in at EUR 20.4 million (EUR 16.7 m). In Sweden, EBIT in 2010 was increased by the EUR 7.9 million non-recurring gains on the disposal of the production facilities in Uppsala and Visby recognized for the third quarter. In 2009, non-recurring charges totalled EUR 10.3 million.

The benefits of the original three-year efficiency programme initiated in 2009 are overdue. In September 2010, it was decided to expand the programme in order to secure the previously announced development benefits of EUR 30 million by 2012. In terms of scale, Scan's efficiency programme is the largest development project that meat companies in the company's market areas have implemented during recent decades. The implementation of large-scale projects within a tight schedule alongside routine business operations has caused problems in cost management. Implementation of the programme has involved exceptional expenditure of some EUR 10 million during the year.

As part of the restructuring programme, Scan AB signed in early June an agreement to sell its production facility in Visby on the island of Gotland to a new company, Gotlands Slagteri AB. Scan AB holds 25 percent of the company and Svenskt Butikskött 75 percent. The arrangement ensured continuation of the production facility's operations in Visby.

On 30 December 2010, on the basis of previous agreements, Scan AB purchased Falkbolagen Produktion AB, which operates in Malmö, Sweden. The company cuts hams for Pärsons AB and has a permanent staff of approximately 20. Previously, Falkbolagen Produktion has carried out cutting operations as freight work for the Scan Group.

On 30 December 2010 Scan AB increased, in accordance with a previous agreement, its shareholding in Bertil Erikssons Slakteri AB to a full 100 percent. The fairly small slaughterhouse employing a staff of 14 located in Krylbo, central Sweden, slaughters beef for Scan and it has a significant role in ensuring the procurement of beef in central Sweden. Scan AB's holding before the transaction at the end of the year was 35 percent. This share was acquired in autumn 2008.

Scan AB and KLS Ugglarps AB, owned by the Danish company, Danish Crown, signed a cooperation agreement on the slaughtering of pork at Scan's Skara production facility in Sweden as from the beginning of 2011. The efficiency of operations at the Skara production facility will be significantly enhanced with increase in the utilization rate.

Scan AB concluded in the year under review an agreement to supply the Swedish retail chain, Coop, with consumer-packed meat. The agreement enabled a consumer-packed meat production line investment in Linköping. In the summer a new logistics centre was completed in Linköping and in the autumn a modern beef cutting line. The strategy period also includes centralization of the production of Scan's food sausages, enhancement of the efficiency of production of Pärsons's semi-finished products as well as the combination of head office and administration functions.

The strengthened Swedish krona has increased the amount of imported raw material and at the same time significantly weakened the competitiveness of production based on Swedish meat raw material.

Sales of the Pärsons brand of cold cuts have developed as planned. The competitiveness of the brand has not declined as much as the other main brand, Scan.

MARKET AREA: DENMARK
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales	21,8	-	21,8	-
EBIT	-0,0	-	-0,0	-
- EBIT margin, %	0,0	-	0,0	-

At the end of November 2010, the acquisition of the Danish company, Rose Poultry A/S, was completed and the company has been consolidated into the HKScan Group since 29 November 2010. The Danish market is reported within HKScan as a separate segment.

The aim is to develop Rose Poultry's product range for HKScan's through strong fresh produce know-how and further strengthen the company's position in its home market in Denmark, in Sweden and in the UK.

MARKET AREA: BALTICS
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales	42,0	38,1	160,4	156,9
EBIT	1,8	2,0	8,7	9,8
- EBIT margin, %	4,3	5,1	5,4	6,3

In the market area of the Baltics, net sales came to EUR 160.4 million (EUR 156.9 m) and EBIT to EUR 8.7 million (EUR 9.8 m).

The business environment in the Baltics continues to present a challenge due to the state of the region's economies, although the situation has somewhat stabilized. Weak consumer purchasing power was in evidence in all the Baltic countries. Rakvere Lihakombinaat and Tallegg handled the situation as a whole well and consolidated their market positions.

The Rakvere Group's Latvia-based subsidiary AS Rigas Miesnieks acquired during the year a total of 98.8 percent of AS Jelgavas Galas Kombinats, a Latvian company specializing in smoked meat products. At the end of the year, the sales and logistics functions of Rigas Miesnieks and Jelgavas Galas Kombinats were consolidated in order to streamline operations. The consolidation of functions incurred exceptional costs totalling EUR 0.4 million. Most of the companies' production-related activities will be centralized in Jelgava's new and efficient plant during the current year. The company's dispatching department and administration will remain in Riga.

In Latvia, the Group's market share has risen to almost a third with the acquisition of Jelgavas Galas Kombinats. With the transaction, the Group has become an even more significant player in Latvia.

MARKET AREA: POLAND
(EUR million)

*)	Q4/2010	Q4/2009	2010	2009
Net sales	72,6	65,1	279,3	251,7
EBIT	3,0	2,9	15,5	9,3
- EBIT margin, %	4,1	4,4	5,6	3,7

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

In Poland, Sokolów’s net sales grew compared with the previous year, amounting to EUR 279.3 million (EUR 251.7 m). EBIT was up significantly standing at EUR 15.5 million (EUR 9.3 m).

The improvement in profitability in 2010 was based on focused strengthening of the company's position in modern retail chains, profitable export growth and tight cost control. In Poland, the European economic recession has hardly been evident at all in food consumption or consumer purchasing decisions. The good utilization rate of industrial production capacity and positive development in sales volumes are a strong platform for maintaining and enhancing the profitability of the business.

INVESTMENTS

Acquisition of the leading Danish poultry company, Rose Poultry A/S

HKScan and the owners of the Danish company, Rose Poultry A/S – Vinderup Poultry A/S, Skovsgaard Fjerkræslagteri A/S and Hedegaard A/S – signed in September an agreement according to which Denmark's largest poultry company will be acquired by HKScan. The transaction was completed on 29 November 2010.

The final purchase price of the shares in Rose Poultry was EUR 23.4 million. The purchase price consisted of a cash payment of EUR 15.4 million and 1 000 000 HKScan Series A shares. In connection with the transaction, HKScan also assumed Rose Poultry’s interest bearing net debt, amounting to approximately EUR 45 million.

On 9 December 2010, HKScan’s Board of Directors decided on a share issue directed at Rose Poultry shareholders on the basis of the share issue authorisation granted to it by the Annual General Meeting held on 23 April 2010.

Rose Poultry’s shareholders were offered as part of the purchase price 1 000 000 HKScan Series A shares, which were subscribed on 9 December 2010. The subscription price was EUR 8.00 per Series A share and it was paid with Rose Poultry shares. The new Series A shares now issued entitle to the same shareholder rights as existing Series A shares. The share issue is explained in more detail under "Share issue" below.

With the transaction, HKScan’s operations in the poultry market expanded to Denmark and Sweden, and the company became a leading player in the poultry market in northern Europe. Rose Poultry’s strategic suitability for HKScan is excellent, and its acquisition constitutes an important step in the development of the company's poultry business. The acquisition was in line with the strategy of the HKScan Group.

Rose Poultry produces annually more than 130 million kilos of poultry meat, which is sold under the company's own Rose brand as well as under private labels as fresh, frozen and processed products in the company's main markets in Denmark, Sweden and the UK. Rose Poultry has three production facilities in Denmark and the company employs approximately 1 000 people.

Production-related investments

The Group's production-related gross investments in 2010 totalled EUR 70.7 million (EUR 41.3 m). Breakdown of investments by market area: Finland EUR 20.2 million (EUR 8.0 m), Sweden EUR 27.5 million (EUR 18.5 m), Denmark EUR 0.7 million (EUR 0.0 m) and the Baltics EUR 14.5 million (EUR 7.3 m). HKScan's share of Sokolów investments in Poland added a further EUR 7.8 million (EUR 7.5 m).

In Finland, the most important investments concerned the production line for ground meat products completed in Vantaa and the start-up of the extension to the beef slaughterhouse in Outokumpu. In Sweden, investments concerned, e.g. Linköping's distribution centre, restructuring of beef cutting operations and the consumer-packed meat production facility in Linköping as well as centralizing pork cutting operations in Kristianstad. In the Baltics, Rakvere invested in an animal waste processing unit and Tallegg in developing the poultry slaughter process.

FINANCING

The Group's interest-bearing debt at year-end stood at 514.2 million (EUR 417.4 m). The growth in debt was affected by the considerable strengthening of the Swedish crown (by approximately 12.5%) throughout the year, tying up of working capital and the higher cash flow from investing activities following the relatively low investment level the previous year. In addition, in conjunction with the Rose Poultry transaction, liability was assumed for the interest-bearing debt of Rose Poultry, which at 31 December 2010 amounted to approximately EUR 52 million.

The Group's liquidity has been good throughout the year. Untapped credit facilities at 31 December 2010 stood at EUR 203 million (EUR 207 m). In addition, the Group has other untapped overdraft and other facilities of EUR 34 million (EUR 39 m). The EUR 100 million commercial paper programme had been drawn in the amount of EUR 37 million (EUR 5 m).

The company has experienced no problems with re-financing and sees no significant need for further financing before the year 2013. The company's current loan agreements are subject to ordinary terms relating to profit and balance sheet. The financial covenants are net gearing ratio and ratio of net debt to EBITDA.

At the end of the year, the equity ratio stood at 34.0 percent (37.1%).

The interest rate remained throughout the financial year at a historical low. The costs of hedging equity denominated in EEK declined clearly in conjunction as Estonia approached joining the euro. In addition the amount of interest-bearing loans during the early part of the year were significantly lower than at the end of the year due to the share offering executed at the end of 2009. These factors explain the clear decrease in net financial expenses at an annual level compared with the previous year.

TAXES

The Group's taxes for January to December 2010 totalled EUR –5.7 million (EUR -4.9 m). The effective tax rate was 15.6 percent (13.0%). The lower effective tax rate was the result of a number of distinct factors, with the greatest impact originating in the Baltics. In the Baltic operations, advantage was taken of Estonia's zero tax rate on retained profits as, so far, the company has not planned on distributing profits from the Baltics.

EFFECT OF CURRENCY EXCHANGE RATES

Of the Group's main currencies, the Swedish krona strengthened substantially throughout the whole year. Overall, the currency strengthened by 12.5%. The Polish zloty strengthened by some 3%. The Danish krone is tied to the euro with a certain fluctuation margin.

The strong Swedish krona had a negative impact on the competitiveness of the company's segment in Sweden, as the inexpensive and continuously increasing imported raw material squeezed prices.

Fluctuations in currency exchange rates become visible upon the consolidation of the figures of foreign business segments. At the closing date, an average of two thirds of the equities of foreign subsidiaries had been hedged. After the end of the year under review, Estonia adopted the euro. EEK-denominated equity hedges ended in January 2011.

SHARE OFFERING

HKScan's Board of Directors implemented a share issue directed at Rose Poultry's shareholders on the basis of the share issue authorisation granted to it by the Annual General Meeting held on 23 April 2010.

Rose Poultry's shareholders were offered 1 000 000 HKScan Series A shares, the subscription price of which was EUR 8.00 per Series A share.

The number of Series A shares to be issued in the share issue represents approximately 2.02 percent of the number of all registered HKScan Series A shares and 0.63 percent of votes carried by all the company's shares after the issue has been effected.

The share issue directed to the shareholders of Rose Poultry resulted in the number of Series A shares in HKScan rising from 48 626 522 to 49 626 522. The share capital was not increased, as the subscription price was credited to the reserve for invested unrestricted equity in its entirety.

The new shares were entered in the Trade register on 17 December 2010. Trading together with the company's existing A Shares began on 20 December 2010. The new Series A shares issued in the share issue will be subject to a lock-up arrangement. During a period of 21 months from the closing date of the acquisition (29 November 2010) at maximum 100 000 Series A shares can be transferred within a 30 day period to any third party other than HKScan without the consent of HKScan.

RESEARCH AND DEVELOPMENT

Practically all research and development in the HKScan Group involves normal product development, meaning the development of new products over a span of one to two years and the updating of products already on the market. A total of EUR 9.6 million (EUR 8.9 m) was spent on R&D in 2010, equal to 0.5 percent of net sales.

An example of a significant product development project carried out in Finland is Rapeseed pork, which has emerged as a result of long-term research. In accordance with a specific feeding programme, Rapeseed pigs eat, in addition to Finnish grain, rapeseed oil, which improves the quality of the fat in the meat in a natural way. Two-thirds of the fat in Rapeseed pork is soft, good fat and the meat contains as much as 4 times more omega 3 fatty acids than ordinary pork. Rapeseed pork has a beneficial effect on heart health, and it is also tastier and more tender.

CHANGES IN MANAGEMENT

Olli Antniemi MSc (Econ & Bus Admin) was appointed senior vice president in charge of strategy and development effective as of 1 January 2010. He also joined the Management Team. Mr Antniemi was responsible for strategic business planning with an emphasis on Group synergies and management of the Group's strategy process. On 29 November 2010 he was appointed managing director of Rose Poultry A/S responsible for HKScan's operations in Denmark. He previously served as executive vice president of the HKScan Group's Baltic Group, as managing director of Scan AB, as development director at HK Ruokatalo Oy and, most recently, as senior vice president in charge of strategy and development at HKScan. Mr Antniemi is a member of HKScan's Management Team and he reports to CEO Matti Perkonoja.

In January 2010, the company's Board of Directors and HKScan Corporation's CEO Matti Perkonoja agreed that he will stay on as CEO longer than previously announced, until the end of February 2012, after which time he plans to retire. Previously, he intended to retire after 2010.

Sirpa Laakso, MSc (Econ. & Bus. Adm.)was appointed HR director at HKScan Corporation and a member of the Management Team on 24 November 2010. Ms Laakso is responsible for HKScan's HR functions and for their development in all of the Group's market areas. She reports to CEO Matti Perkonoja. Ms Laakso took up her post on 13 January 2011.

CHANGES IN GROUP STRUCTURE

HKScan Corporation transitioned on 1 January 2010 to a holding company structure in its Finnish business. The reorganization streamlined the affiliated group's financial reporting and internal supervision. It was accomplished as a business transfer on 1 January 2010 by transferring HKScan Corporation's production-related property, plant and equipment in Finland as well as its holdings in subsidiaries and associates to HKScan Finland Oy, a holding company wholly owned by HKScan Corporation.

The reorganization was technical and legal in nature and it has no effect on operational activities. HK Ruokatalo Oy and LSO Foods Oy, which changed its name to HK Agri Oy at the beginning of 2011, the companies responsible for the Group's Finnish business, carry on their activities as before. The arrangement had no effect on jobs or the standing of the parent company or its shareholders. Managing director Jari Leija of HK Ruokatalo Oy also serves as managing director of HKScan Finland Oy.

In a bid to secure demand for Finnish meat raw material, HK Ruokatalo Oy entered into cooperation in the early part of the year with Kivikylän Kotipalvaamo Oy, a family business based in western Finland. The cooperation is supported in the form of a 49 percent minority holding in the company, with the current operators continuing to carry on the company's business proper. The company was consolidated as a subsidiary based on control already on 31 December 2009.

AS Rigas Miesnieks ("Rigas Miesnieks") signed in March an agreement on acquiring a 90.8 percent holding in the Latvian company, AS Jelgavas Galas Kombinats ("Jelgava"), which specializes in smoked meat products. The deal was approved by the Latvian competition authorities in late June. The transaction was closed and Jelgava was transferred to the ownership and control of Rigas Miesnieks on 30 June 2010. Rigas Miesnieks is part of AS Rakvere Lihakombinaat, which is part of HKScan's Baltic Group, and is responsible for operations in Latvia.

In addition, in 2010, two transactions were concluded with owners of non-controlling interests. During 2010, Rigas Miesnieks acquired a total of 98.8 percent of Jelgava's shares.

As part of the restructuring programme, Scan AB signed an agreement in early June on the transfer of its production facility located in Visby, Gotland, to a new company, Gotlands Slagteri AB. Scan AB owns 25 percent and Svenskt Butikskött 75 percent of the company. This arrangement ensured the continuation of the production plant's operations in Visby.

HKScan Corporation ("HKScan") announced on September 9, 2010 that it had signed an agreement to acquire the share capital of Denmark's leading poultry company, Rose Poultry A/S ("Rose Poultry"), and on November 11, 2010 that the approval by the competition authorities required to close the deal had been obtained. The transaction was closed and Rose Poultry was transferred to the ownership and control of HKScan on 29 November 2010.

In October, the Finnish Competition Authority approved the plan of HKScan Finland and Osuuskunta Karjaportti to establish a new corporate entity that will continue the production of processed meats at Portti's plant located in Tikkala in the town of Mikkeli. The new company, Järvi-Suomen Portti Oy, began operations on 1 January 2011. HKScan Finland Oy is a majority shareholder in the new company with a 90 percent holding.

On 30 December 2010, on the basis of previous agreements, Scan AB purchased Falkbolagen Produktion AB, which operates in Malmö, Sweden. The company cuts hams for Pärsons AB and has a permanent staff of some 20. Previously, Falkbolagen Produktion has carried out cutting operations as freight work for the Scan Group.

On 30 December 2010 Scan AB increased, in accordance with a previous agreement, its shareholding in Bertil Erikssons Slakteri AB to a full 100 percent. The fairly small slaughterhouse employing a staff of 14 located in Krylbo, central Sweden, slaughters beef for Scan and it has a significant role in ensuring the procurement of beef in central Sweden. Scan AB's holding before the transaction at end of the year was 35 percent. This share was acquired in autumn 2008.

INSIDER TRIAL RELATING TO SHARE PURCHASES BY LSO OSUUSKUNTA

The Helsinki district prosecutor decided that six persons, who were part of LSO Osuuskunta's management in 2006, would be prosecuted for aggravated abuse of insider information. Three of these persons were members of the Board of Directors of HKScan Corporation at the time. The charge was based on the respective persons' positions at the time as representatives of LSO Osuuskunta and did not relate to their actions as members of the Board of HKScan Corporation.

In April 2010, the Helsinki district prosecutor resolved not to bring charges in respect of HKScan CEO Matti Perkonoja and one company official.

The trial relating to share purchases made by LSO Osuuskunta in August 2006 began at the beginning of November, and the District Court handed down the decision in the matter on 20 December 2010. The District Court dismissed the prosecutor's charge of aggravated abuse of insider information. According to the decision of the District Court, the members of the Board of Directors of LSO Osuuskunta at the time were guilty of negligent abuse of insider information, for which the District Court imposed a fine. In addition, LSO Osuuskunta was ordered to pay a corporate fine and to forfeit the estimated benefit it received.

The decision applied to the persons belonging to the Board of Directors of LSO Osuuskunta at the time as well as to LSO Osuuskunta. Of the above-mentioned persons, three – Markku Aalto, Tiina Varho-Lankinen and Matti Murto – were members of HKScan Corporation's Board of Directors. All three as well as LSO Osuuskunta have registered their intent to appeal the District Court's judgement.

HKScan Corporation's Board of Directors decided in its meeting held on 4 January 2011 to convene an Extraordinary General Meeting on 4 February 2011 to decide on the composition of the Board after receiving the notices of resignation of three Board members. Notice of resignation has been tendered by Markku Aalto, Tiina Varho-Lankinen and Matti Murto.

HKScan's largest shareholder, LSO Osuuskunta, proposed as new members of the Board of Directors Juha Kylämäki, Niels Borup and Tero Hemmilä. Juha Kylämäki is a farm entrepreneur and broiler meat producer. Niels Borup, MSc (Econ. & Bus. Admin.), is a farm entrepreneur and a pork and milk producer. Tero Hemmilä, M.Sc. (Agr. & For.), is managing director of Yara Suomi Oy.

In accordance with the proposal of HKScan's largest shareholder, LSO Osuuskunta, the Extraordinary General Meeting elected to HKScan's Board of Directors on 4 February 2011 Juha Kylämäki, Niels Borup and Tero Hemmilä.

At the organisation meeting held immediately following the Extraordinary General Meeting, the Board elected Juha Kylämäki as its Chairman and Niels Borup as Deputy Chairman. In addition to the above-mentioned new members Matti Karppinen, Pasi Laine and Otto Ramel continue as members of HKScan's Board of Directors.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Annual General Meeting held on 23 April 2010 resolved on the amendment of Articles 6,7 and 9 of the Articles of Association, concerning the venue of general meetings, the notice to general meetings and the Board of Directors of the Company, respectively, to read as follows:

"Article 6
The Annual General Meeting of Shareholders shall be held annually by the end of June on a date to be determined by the Board of Directors. General meetings of shareholders may be held in the Company's domicile Turku, Vantaa or Helsinki."

"Article 7
Notices to general meetings of shareholders shall be given to shareholders no earlier than three (3) months and no later than three (3) weeks prior to the meeting, however, no later than nine (9) days prior to the record date of the meeting, by publication of the notice on the Company's website and, if so decided by the Board of Directors, in one or more national newspapers as determined by the Board of Directors."

"Article 9
The company has a Board of Directors comprising between five and seven (5-7) members. The Board of Directors elects a chairman and deputy chairman from among its members."

SHAREHOLDERS AND SHARE CAPITAL

At the end of the financial year, a total of 12 524 shareholders were entered in the register of shareholders, compared to 11 387 the year before. At the end of 2010, 23.3 percent (25.1%) of the company's shares were nominee registered or held by non-domestic shareholders.

The Company's registered and fully paid-up share capital at the beginning of the financial year and at the balance sheet date was EUR 66 820 528.10. The share capital breaks down as follows:

Series A shares	49 626 522 shares	90.19%
Series K shares	5 400 000 shares	9.81%
Total	55 026 522 shares	100.00%

According to the Articles of Association, each A Share conveys one vote and each K Share 20 votes. The K Shares are held by LSO Osuuskunta (4 735 000 shares) and Sveriges Djurbönder ek.för. (665 000 shares). Each share gives equal entitlement to a dividend. The shares have no nominal value.

INCREASES IN SHARE CAPITAL FROM 2009 TO 2010

The company's share capital reported to the Trade Register was not increased during the financial year 2010. The proceeds of EUR 8 million from the share offering to the shareholders of Rose Poultry A/S – Vinderup Poultry A/S, Skovsgaard Fjerkræslagteri A/S and Hedegaard A/S – executed in December 2010 were recognized in full in the reserve for invested unrestricted equity (RIUE).

The company's share capital reported to the Trade Register was not increased during the financial year 2009. The proceeds of roughly EUR 78 million from the share offering executed in November-December 2009 were recognized in full in the reserve for invested unrestricted equity (RIUE).

STOCK EXCHANGE LISTINGS

HKScan's A Share has been quoted on Nasdaq OMX since 6 February 1997 in the sector of Consumer Staples. During the year under review, 2010, 23 674 087 of the company's shares were traded for a total of EUR 192 609 598. The highest price quoted was EUR 10.20 and the lowest EUR 7.07. The middle price was EUR 8.18 and the year-end closing price was EUR 7.15. The share price fell by 8.9 percent on the year while the index for the Food Products sector (HX302020) fell by 4.2 percent on or 5.9 points on the year.

The company's market capitalisation at the end of the financial year was EUR 393.1 million, having stood at EUR 423.7 million a year earlier, and breaks down as follows: Series A shares had a market value of EUR 354.5 million and the unlisted Series K shares a calculational market value of EUR 38.6 million.

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

TREASURY SHARES

At 1 January 2010, HKScan held a total of 51 982 of its A Shares. Over the course of the year, 1 752 shares assigned in the years 2006-2008 as part of the key employees' share bonus scheme reverted back to the company. At 31 December 2010, the company held a total of 53 734 of its A Shares. These had a market value of EUR 0.38 million (EUR 7.15 each) and accounted for 0.10% of all shares and 0.03% of all votes. No dividend is paid on treasury shares.

NOTICES OF CHANGES IN OWNERSHIP

During 2010, the company received one notice regarding changes in holdings pursuant to Chapter 2:9 of the Securities Markets Act.

(1) Varma Mutual Pension Insurance Company announced that as a result of a share transaction executed on 7 December 2010, its shareholding in HKScan Corporation rose to 5.74 percent.

BOARD OF DIRECTORS' EXISTING AUTHORIZATIONS

(1) The AGM of 23 April 2010 authorized the Board to resolve on acquiring a maximum of 3 500 000 Series A shares as treasury shares, equal to roughly 6.5% of total registered shares and 7.2% of total A

Shares.

Treasury shares may only be acquired using unrestricted equity. Treasury shares may be purchased for a price quoted in public trading on the purchase day or for a price otherwise determined by the market. The Board of Directors shall resolve upon the method of purchase. Among other means, derivatives may be utilized in purchasing the shares. The shares may be purchased in a proportion other than that of the shares held by the shareholders (directed purchase). This authorization is valid until 30 June 2011 and cancels the authorization granted to the Board by the AGM of 23 April 2009 to resolve on acquiring the company's treasury shares.

(2) The AGM also authorized the Board of Directors to resolve on an issue of shares, option rights as well as other special rights entitling to shares as referred to in Chapter 10:1 of the Limited Liability Companies Act. The Board was authorized to resolve on the issue of a maximum of 5 500 000 A Shares, corresponding to ca. 10.2% of all registered shares in the company and ca. 11.3% of all A Shares.

The Board may resolve upon all the terms and conditions of the issue of shares and other special rights entitling to shares. The authorization to issue shares shall cover the issuing of new shares as well as the transfer of the company's treasury shares. The issue of shares and other special rights entitling to shares may be implemented as a directed issue. This authorization is valid until 30 June 2011 and cancels the authorization granted to the Board by the AGM of 23 April 2009 on resolving on an issue of shares, option rights as well as other special rights entitling to shares.

The authorizations concerning purchases of treasury shares and share issue were granted to provide the company's Board with flexibility in deciding on capital market transactions necessary to the company, e.g. to secure its financing needs or to execute mergers and acquisitions. A directed acquisition of treasury shares or directed share issue can only be executed for reasons of weighty financial consequence to the company and the authorization cannot be exercised in violation of the principle of shareholder equality.

EMPLOYEES

Excluding Denmark, the HKScan Group had in 2010, on average, 7 491 (7 429) employees. The increase was due to the acquisitions in Finland and Latvia. In December, over 900 more employees entered the Group's employment with the acquisition of the Danish company, Rose Poultry AS. At the end of 2010, the Group had 8 058 (6 963)employees.

Analysis of employees on average by market area:

	2010	2009
Finland	2 464	2 361
Sweden	3 143	3 270
Baltics	1 884	1 798
Denmark [1)]	913	

[1)] The figure corresponds to the situation at year-end.

In addition, Sokolów had on average 5 734 (5 665) employees.

Employees by country at 31 December 2010:

	31.12.2010	%	31.12.2009	%
Sweden	2 622	32,5	2 689	38,6
Finland	2 325	28,9	2 210	31,7
Estonia	1 605	19,9	1 552	22,3
Denmark	969	12,0	43	0,6
Latvia	292	3,6	181	2,6
Poland (Scan)	189	2,3	235	3,4
Other countries	57	0,8	53	0,8

In addition, Sokolów had 6,145 (5 577) employees.

The HKScan Group has employees in nine European countries. Executive management in each country ensures that Group companies have regard to the legislation and agreements governing employment, remuneration and other terms of employment, and occupational safety in their respective countries.

SHARE-BASED INCENTIVE SCHEME FOR KEY EMPLOYEES

The company had in place a share-based incentive scheme for key employees concerning the years 2006–2008. The company's Board has not launched a new share-based incentive scheme since the expiration of the earlier scheme at the end of 2008. No bonuses were paid under the scheme in 2008, 2009 or 2010. In accordance with the terms of the scheme, 1 752 A Shares assigned as a part of the incentive scheme in the years 2006-2008 reverted to the company in 2010. The three-year commitment period ended on 31 December 2010 and the shares were released for the unrestricted use of their recipients.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant uncertainty factors in the HKScan Group's business involve developments in the price of raw materials and Finnish and Swedish pork in particular, in future possibly also the availability of these too. Market area-specific uncertainty factors have to do especially with the success of the business development programmes in Finland and Sweden and the integration of the Rose Poultry acquisition in Denmark.

Challenges in the international economic situation will continue. Major fluctuation in the Group's central currencies may affect the Group's competitiveness, net sales, earnings and balance sheet. Changes in demand attributable to the financial climate such as, for example, growing unemployment, may occur in the Group's market areas or its export markets. These may affect the Group's net sales and earnings.

Any unforeseeable authorities procedures may affect the company's business in its export markets.

The possibility of animal diseases can never be fully excluded in the food industry's raw meat supplies.

The Group is currently involved in certain legal proceedings and civil litigation. The cases remain pending but are estimated to have no significant impact on the Group's financial standing, however.

CORPORATE RESPONSIBILITY

HKScan recognizes its responsibilities as a major northern European meat company and will always operate, at a minimum, in accordance with legislation and the requirements of the authorities. In 2010, HKScan's priorities in responsibility were nutrition, the environment and animal welfare. In 2010, HKScan responsibility scheme was implemented in the subsidiaries in Finland, Sweden and the Baltics.

HKScan invests in continuous research and product development in order to develop new, healthier and better meat-based products. As meat and foods prepared from it play a key role in the diet of consumers in HKScan's business area, the company and its subsidiaries are able to have an impact on public health through the product ranges they offer. The heart-healthy Rapeseed pork developed by HK Ruokatalo serves as an example. When rapeseed oil is added to the feed of pigs, the quality of the fat in their meet is rendered softer in a natural way.

HKScan operates on the principle of causing minimum adverse environmental impact during production. This principle is put into practice in all market areas, taking into account existing regulations and EU-standard certification processes. An ISO 14001-certifed environmental management system is in place at all HK Ruokatalo production plants in Finland, the Rakvere Lihakombinaat and Tallegg plants in Estonia and in six Scan production plants in Sweden. Other Scan facilities apply the BAS system, in which environmental efforts are managed by a local steering group responsible for setting environmental targets for plants and monitoring compliance. In Poland, the Sokolów plants operate according to good production practice under the ongoing supervision of the Polish veterinary authority.

All plants operated by the Group in Sweden and the Baltics furthermore have in place a quality management system conforming to the ISO 9001 standard. Most, in Finland too, also hold ISO 22000 certification for their product safety management system or BRC (British Retail Consortium) certification.

In the food industry, energy, water, waste arising from processing biological materials, wastewater and flue gases from heating plants cause the greatest environmental loading. HKScan seeks to reduce the amount of energy and water consumed in relation to production (= specific consumption), to reduce all waste, particularly the relative amount of landfill waste, and to improve sorting. Since there are differences in operations and technology, focus areas vary from one production facility to another. Continuous improvement has been achieved by combining and rationalizing operations, by introducing new procedures.

In 2010, HKScan's subsidiaries have also been involved in projects modelling carbon dioxide emissions and the carbon footprint in meat production.

Healthy production animals whose welfare has been attended to are the prerequisite for the operation and profitability of the entire meat chain. The wellbeing of production animals reduce their stress, morbidity, and thus the need for antibiotic treatments. Animal welfare is also taken into account in animal breeding, animal housing conditions and transportation. In 2010, HKScan subsidiaries have paid particular attention to improving the welfare of production animals and to developing a set of measures and guidelines for welfare.

EVENTS TAKING PLACE AFTER 31 DECEMBER 2010

(1) HKScan Corporation's Board of Directors decided in its meeting held on 4 January 2011 to convene an Extraordinary General Meeting on 4 February 2011 at 11 am to decide on the composition of the Board after receiving the notices of resignation of three Board members. Notice of resignation were tendered by Markku Aalto, Tiina Varho-Lankinen and Matti Murto. According to the decision of the

District Court, the members of the Board of Directors of LSO Osuuskunta at the time – including the three persons mentioned above, who were members of HKScan's Board of Directors – would have been guilty of negligent abuse of insider information, for which the District Court imposed a fine. All three have registered their intent to appeal the District Court's judgement.

HKScan's largest shareholder, LSO Osuuskunta, proposed as new members of the Board of Directors Juha Kylämäki, Niels Borup and Tero Hemmilä. Juha Kylämäki (law student) is a farm entrepreneur and broiler meat producer. Niels Borup, MSc (Econ. & Bus. Admin.), is a farm entrepreneur and a pork and milk producer. Tero Hemmilä, M.Sc. (Agr. & For.), is managing director of Yara Suomi Oy.

In accordance with the proposal of HKScan's largest shareholder, LSO Osuuskunta, the Extraordinary General Meeting elected to HKScan's Board of Directors on 4 February 2011 Juha Kylämäki, Niels Borup and Tero Hemmilä.

At the organisation meeting held immediately following the Extraordinary General Meeting, the Board elected Juha Kylämäki as its Chairman and Niels Borup as Deputy Chairman. In addition to the above-mentioned new members Matti Karppinen, Pasi Laine and Otto Ramel continue as members of HKScan's Board of Directors.

(2) The productivity programme of HKScan Finland's subsidiary, HK Ruokatalo, concerning the period 2011–2013 announced last autumn is ready and the employer-employee negotiations relating thereto concerning blue and white collar employees in HK Ruokatalo's industrial processes, which started in November, ended in January.

HK Ruokatalo and its blue and white collar personnel employed in industrial processes, have signed an agreement whereby the parties commit to a target programme which, when implemented, will improve the productivity of the company's industrial processes on average by 20 percent. A production facility-specific programme to develop cost competitiveness drawn up for the company's production facilities in Finland constitutes a key part of the agreement.

HK Ruokatalo's own industrial activity will be enhanced by returning HK Ruokatalo's partially outsourced operations relating to its core business (e.g. pork cutting) in stages to the company during 2011.

In order to streamline the company's industrial structure, HK Ruokatalo will, together with representatives of the personnel, seek solutions regarding the future roles of the production facilities in Säkylä and Mellilä.

Implementation of the productivity programme will mean a reduction of roughly 230 person-years in HK Ruokatalo's business chain, including subcontractors and outsourced operations, by the end of 2011.

The productivity programme aims to reduce overall expenditure by EUR 12 million annually. Of the annual cost benefits mentioned above, EUR 6 million are estimated to be achieved during 2011. The additional expenditure of EUR 3 million announced previously is not estimated to arise from the implementation of the programme.

FUTURE OUTLOOK

Consumer demand for food is expected to remain steady in the Group's domestic markets. The business's decentralized structure consisting of different product groups and geographical areas, and the initiated and planned efficiency programmes provide the foundation for stronger development of the Group’s competitiveness and profitability.

The exceptional internal supply chain problems that burdened 2010 have for the most part been solved in the businesses in Finland and Sweden. Progress in the Baltics and Poland is still on a sound footing. The ongoing integration of the business in Denmark with the Group will bring synergy and other benefits during the year.

In Sweden, the growing import of substantially cheaper pork has led to a change that has weakened the market situation and profitability. If the change is long-term, the company will consider increasingly using imported raw material which meets the Group's quality and price criteria. Swedish consumers, whose purchasing decisions guide the company’s solutions, will rise to play a key role.

The Group's full-year EBIT is expected to improve compared with 2010.

BOARD OF DIRECTORS’ PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company’s distributable assets stand at EUR 168.0 million including the reserve for invested unrestricted equity (RIUE), which holds EUR 151.1 million. The Board of Directors recommends that the company pays a dividend of EUR 0.22 per share for 2010, i.e. a total of approximately EUR 12 million.

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

ANNUAL GENERAL MEETING

HKScan Corporation’s Annual General Meeting will be held at 11 am on Wednesday, 27 April 2011 in the Ballroom of Helsinki Fair Centre; address Messuaukio 1, 00520 Helsinki. To be eligible to attend the Annual General Meeting, shareholders should be registered by 13 April 2011 in HKScan Corporation’s shareholder register maintained by Euroclear Finland Ltd (the Finnish Central Securities Depository APK). Notice of and Board proposals to the Annual General Meeting the will be published at a later date.

HKSCAN GROUP'S CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY - 31 DECEMBER 2010

CONSOLIDATED INCOME STATEMENT 1 JANUARY - 31 DECEMBER
(EUR million)

	Note	2010	2009
NET SALES		2 113,9	2 124,7
Change in inventories of finished goods and work in progress		3,5	5,1
Work performed for own use and capitalised		1,3	0,9
Other operating income	1.	13,6	6,7
Share of associates' results		1,8	0,9
Materials and services		-1 445,9	-1 474,5
Employee benefits expenses	1.	-316,6	-306,7
Depreciation and amortization	1.	-61,5	-57,2
Other operating expenses	1.	-262,0	-244,8
EBIT		48,0	55,1
Financial income		8,1	5,2
Financial expenses		-21,9	-24,9
Share of associates' results		2,2	2,0
PROFIT/LOSS BEFORE TAXES		36,5	37,3
Income taxes		-5,7	-4,9
PROFIT/LOSS FOR THE PERIOD		30,8	32,5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent		27,9	29,9
Non-controlling interests		2,9	2,6
Total		30,8	32,5

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

EPS, undiluted, continuing operations, EUR/share	0,52	0,64
EPS, diluted, continuing operations, EUR/share	0,52	0,64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1 JANUARY – 31 DECEMBER 2010
(EUR million)

	2010	2009
PROFIT/LOSS FOR THE PERIOD	30,8	32,5
OTHER COMPREHENSIVE INCOME (after taxes):		
Exchange differences on translating foreign operations	13,5	1,8
Available-for-sale investments	0,0	0,4
Cash flow hedging	1,8	-7,1
TOTAL OTHER COMPREHENSIVE INCOME	8,6	4,8

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	46,1	27,6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	42,6	24,8
Non-controlling interests	3,5	2,8
Total	46,1	27,6

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER
(EUR million)

	Note	2010	2009
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	2.	77,1	65,7
Goodwill	3.	100,4	88,2
Property, plant and equipment	4.	537,8	469,1
Shares in associates		27,0	20,9
Trade and other receivables		25,3	18,2
Other long-term investments		13,1	10,5
Deferred tax asset		14,4	12,3
NON-CURRENT ASSETS		795,0	685,0
CURRENT ASSETS			
Inventories	5.	159,9	118,7
Trade and other receivables		240,6	194,3
Income tax receivable		0,3	0,2
Other financial assets		3,9	2,0
Cash and cash equivalents		69,5	73,9
CURRENT ASSETS		474,1	389,0
ASSETS		1 269,2	1 074,0
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.	66,8	66,8
Share premium reserve		73,4	74,2
Treasury shares		-0,0	-0,0
Fair value reserve and other reserves		154,4	149,7
Translation differences		0,6	-13,1
Retained earnings		124,4	111,6
Equity attributable to equity holders of the parent		419,6	389,3
Non-controlling interests		11,1	9,4
EQUITY		430,6	398,7
NON-CURRENT LIABILITIES			
Deferred tax liability		38,9	32,2
Non-current interest-bearing liabilities		361,2	329,9
Non-current non-interest bearing liabilities		12,4	5,9
Pension obligations		3,1	3,6
Non-current provisions		2,4	8,5
NON-CURRENT LIABILITIES		418,0	380,1

CURRENT LIABILITIES			
Current interest-bearing liabilities		153,0	87,5
Trade and other payables		262,5	202,0
Income tax liability		2,7	2,7
Current provisions		2,3	2,8
CURRENT LIABILITIES		420,6	295,1
EQUITY AND LIABILITIES		1 269,2	1 074,0

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(EUR million)

	1.	2.	3.	4.	5.*)	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 01.01.10	66,8	74,2	-8,4	143,5	0,0	14,6	-13,1	0,0	111,6	389,3	9,4	398,7
Income and expenses recognized during the period, total		-0,1	1,9			-0,6	13,7		27,7	42,6	3,5	46,1
Share-based compensation expense		-0,8								-0,8		-0,8
Other change						-0,9				-0,9	-0,0	-1,0
Direct recognition in retained earnings **)									1,2	1,2	-0,2	1,1
Transfers between items						4,3			-4,3	0,0		0,0
Share issue										0,0		0,0
Purchase of treasury shares										0,0		0,0
Increase in holdings									0,0	0,0	-0,1	-0,1

in subsidiaries												
Dividend distribution									-11,9	-11,9	-1,6	-13,5
EQUITY AT 31.12.10	66,8	73,4	-6,5	143,5	0,0	17,4	0,6	0,0	124,4	419,6	11,1	430,6

	1.	2.	3.	4.	5.*)	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 01.01.09	66,8	73,5	-2,2	66,7	20,0	12,2	-15,8	0,0	97,0	318,2	5,4	323,7
Income and expenses recognized during the period, total		0,0	-6,7			-0,1	2,7		29,0	24,8	2,8	27,6
Share-based compensation expense		0,8								0,8		0,8
Other change					-20,0	0,2				-19,8	0,0	-19,8
Direct recognition in retained earnings *									-2,0	-2,0		-2,0
Transfers between items			0,6			2,3			-2,9	0,0		0,0
Share issue				76,8						76,8		76,8
Purchase of treasury shares										0,0		0,0
Increase in holdings in										0,0	2,1	2,1

subsidiaries												
Dividend distribution									-9,4	-9,4	-0,9	-10,3
EQUITY AT 31.12.09	66,8	74,2	-8,4	143,5	0,0	14,6	-13,1	0,0	111,6	389,3	9,4	398,7

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity (RIUE), 5. Other equity item, 6. Other reserves, 7. Translation differences, 8. Treasury shares, 9. Retained earnings, 10. Equity holders of the parent, 11. Non-controlling interests, 12. Total

*) Comprising interest paid on hybrid bond.

CASH FLOW STATEMENT
(EUR million)

	2010	2009
Operating activities		
EBIT	48,0	55,1
Adjustments to EBIT	-4,6	-0,4
Depreciation and amortization	61,5	57,2
Change in provisions	-7,9	7,6
Change in net working capital	-3,7	2,5
Financial income	8,1	5,2
Financial expenses	-21,9	-24,9
Taxes	-5,7	-4,9
Net cash flow from operating activities	73,8	97,4
Investing activities		
Gross investments in property, plant and equipment	-73,6	-43,7
Disposals of property, plant and equipment	7,0	2,9
Investments in subsidiary	-25,2	-4,7
Shares in associates purchased	-1,6	-0,3
Shares in associates sold	1,3	0,0
Loans granted	-1,0	-0,0
Repayments of loans receivable	1,2	5,1
Net cash flow from investing activities	-91,9	-40,8
Cash flow before financing activities	-18,1	56,6
Financing activities		
Proceeds from share offering	0,0	76,8
Capital loan payments received		0,0
Repayment of hybrid bond	0,0	-20,0
Current borrowings raised	169,9	46,6
Current borrowings repaid	-159,1	-82,3
Non-current borrowings raised	45,2	74,7
Non-current borrowings repaid	-33,0	-160,8
Interest on hybrid bond	0,0	-2,1
Dividends paid	-11,9	-9,4
Purchase of treasury shares	-0,0	0,0

Net cash flow from financing activities	11,1	-76,5
Change in cash and cash equivalents	-7,0	-19,9
Cash and cash equivalents at 1.1.	75,9	94,4
Effect of changes in exchange rates on cash and cash equivalents	4,5	1,4
Cash and cash equivalents at 31.12.	73,4	75,9

FINANCIAL INDICATORS

	2010	2009
Net sales, EUR million	2 113,9	2 124,7
EBIT, EUR million	48,0	55,1
- as % of net sales	2,3	2,6
Profit before taxes, EUR million	36,5	37,3
- as % of net sales	1,7	1,8
Return on equity (ROE), %	7,4	9,0
Return on investment (ROI). %	6,3	7,4
Equity ratio, %	34,0	37,1
Net gearing ratio, %	101,7	84,9
Gross investments, EUR million	70,7	41,3
- as % of net sales	3,3	1,9
R&D expenditure, EUR million	9,6	8,9
- as % of net sales	0,5	0,4
Employees, average	7 491	7 429

PER SHARE DATA

	2010	2009
Earnings per share (EPS), undiluted, EUR	0,52	0,64
Earnings per share (EPS), diluted, EUR	0,52	0,64
Equity per share, EUR	7,63	7,21
Dividend per share, EUR	0,22 *)	0,22
Dividend payout ratio, undiluted, %	42,6*)	34,5
Dividend payout ratio, diluted, %	42,6*)	34,5
Effective dividend yield, %	3,1*)	2,8
Price/earnings ratio (P/E)		
- undiluted	13,9	12,3
- diluted	13,9	12,3
Lowest trading price, EUR	7,07	3,70
Highest trading price, EUR	10,20	10,38
Middle price, EUR	8,18	7,18
Closing price on year, EUR	7,15	7,85
Market capitalisation, EUR million	393,1	423,7
Shares traded in thousands	23 674	22 285
- % of average number	43,8	49,6
Adjusted number of outstanding shares in thousands		
- average during the financial year	54 015	44 937
- at end of financial year	54 973	53 975
- fully diluted	54 973	53 975

*) Based on Board of Directors' dividend recommendation.

FORMULAE FOR FINANCIAL INDICATORS

Return on equity (%)	Profit before taxes - taxes --------------------------------- x 100 Total shareholders' equity (average)
Return on investment (%)	Profit before taxes + interest expenses and other financial expenses --------------------------------- x 100 Balance sheet total – zero interest debts (average)
Equity ratio (%)	Total equity --------------------------------- x 100 Balance sheet total - advances received
Net gearing ratio(%)	Net interest-bearing liabilities – interest-bearing loans receivable – cash and carry equivalents --------------------------------- x 100 Total shareholders' equity
Earnings per share	Equity attributable to equity holders of the parent ----------------------------------- Average adjusted number of shares during the financial year
Equity per share	Equity attributable to equity holders of the parent --- Adjusted number of shares at end of financial year
Dividend per share	Dividend per share -- Coefficient of share issues after the financial year
Dividend payout ratio (%)	Adjusted dividend per share ------------------------------------- x 100 Earnings per share
Effective dividend yield (%)	Dividend per share ------------------------------------- x 100 Adjusted closing price on the last trading day
P/E ratio	Adjusted closing price on the last trading day ------------------------------------- Earnings per share

Market capitalisation	Number of outstanding shares at the end of the financial year x closing price at the last day of the financial year
No. of employees	Average of workforce figures calculated at the end of calendar months

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

HKScan Corporation's financial statement bulletin for 1 January – 31 December 2010 has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS and IFRS standards and SIC and IFRIC interpretations effective at 31 December 2010.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2009 except for the following new standards, interpretations and standard amendments which are effective as of 1 January 2010.

- Amended IAS 27. Consolidated and Separate Financial Statements. The amended standard requires the effects of changes in subsidiary ownership to be recognized directly in Group equity when the parent entity retains control. If control in the subsidiary is lost, any remaining investment is measured to fair value and any difference recognized in profit or loss. A corresponding accounting treatment will in future apply also to investments in associates (IAS 28) and interests in joint ventures (IAS 31) As a result of the amendment, the losses of a subsidiary can be allocated to the non-controlling interest also when the losses exceed the non-controlling interest's investment.

- Change to IAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items. These changes relate to hedge accounting. Their purpose is to clarify the instructions of IAS 39 on the hedging of unilateral risk and risk of inflation in items belonging to financial assets or liabilities. The interpretation has not had an effect on the consolidated financial statements

- Improvements to IFRSs. The small and less urgent changes to the standards made through the Annual Improvements procedure are collected together and implemented all at once, once a year. The changes in this project apply to a total of 12 standards. The effects of the changes vary from standard to standard but will not be significant for the future consolidated financial statements.

- Changes to IFRS 2, Share-based Payment – Group Cash-Settled Share-Based Payment Arrangements. The purpose of these changes is to clarify that a company receiving goods or services from suppliers or service providers must apply IFRS 2, even if it does not have an obligation to make the required share-based cash payments. It has not had any significant effect on the Group's financial statements.

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

- Change to IAS 32, Financial Instruments: Presentation - Classification of Rights Issues (effective from 1 February 2010 or the succeeding financial periods). The change applies to the accounting treatment (classification) for the issue of shares, options and warrant outside the issuer's functional currency. The changes are not significant for the upcoming consolidated financial statements.

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010 or the succeeding financial periods). The interpretation clarifies accounting where an entity renegotiates the terms of a financial liability and as a result, issues its own equity instruments to the creditor to settle all or a part of the financial liability. It will not have an effect on the Group's upcoming financial statements

- Amendments to IFRIC 14 interpretation, Prepayment of Minimum Funding Requirement (effective from 1 January 2011 or the succeeding financial periods). The amendment is aimed at correcting the unintended consequence of IFRIC 14 IAS 19 − The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. After the amendments, entities are permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. They will not have an effect on the Group's upcoming financial statements.

- Revised IAS 24, Related Party Disclosures(effective from 1 January 2011 or the succeeding financial periods). The revised standard clarifies the definition of a related party and simplifies the disclosure requirements for government-related entities.

- IFRS 9, Financial Instruments (effective from 1 January 2013 or the succeeding financial periods). IFRS 9 is the first phase in a broader project to replace IAS 39 with a new standard. Different measurement methods have been maintained, but they have been simplified. IFRS 9 divides financial assets into two classifications: those measured at amortized acquisition cost and those measured at fair value. The classification depends on the entity's business model and the characteristics of the contractual cash flows. The IAS 39 instructions on impairment and hedge accounting remain in force. The figure for previous years do not need to be adjusted if the standard adopted before the financial period beginning on 1 January 2012. The standard has not yet been approved for application in the EU.

- Improvements to IFRSs (as a rule, effective for financial periods beginning on or after 1 January 2010). The small and less urgent changes to the standards made through the Annual Improvements procedure are collected together and implemented all at once, once a year. The amendments have not yet been approved for application in the EU.

- ED 9 Joint Arrangements. The current IAS 31 Interests in Joint Ventures permits the proportionate consolidation of the figures for a joint venture (line by line consolidation). The standard (the new ED 9) is likely to be amended to permit the application of the equity method only. The new standard will significantly alter both Group figures and the treatment of the Poland segment. No effective date has yet been determined.

ANALYSIS BY SEGMENT
Net sales and EBIT by main market area
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Net sales				
-Finland	198,2	185,4	718,5	732,5
-Sweden	275,0	278,3	997,1	1 037,4
- Denmark	21,8	0,0	21,8	0,0
-Baltics	42,0	38,1	160,4	156,9
-Poland	72,6	65,1	279,3	251,7
-Between segments	-14,0	-9,5	-63,3	-53,9
Total	595,7	557,5	2 113,9	2 124,7

EBIT				
-Finland	4,7	6,4	10,7	27,0
-Sweden	8,0	9,1	20,4	16,7
- Denmark	-0,0	-	-0,0	-
-Baltics	1,8	2,0	8,7	9,8
-Poland	3,0	2,9	15,5	9,3
-Between segments	0,0	0,0	0,0	0,0
-Group admin. costs	-1,8	-1,9	**)-7,2	*) -7,7
Total	15,7	18,4	48,0	55,1

*) Includes EUR 1.3 million in non-recurring severance pay relating to the termination of the former CEO's employment and recognized in Q1.
**) Includes soil decontamination expense on sold land of EUR 0.9 recognized in Q2.

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS
(EUR million)

	Q4/2010	Q4/2009	2010	2009
Employee benefits expenses *)	-	-5,8	-	-10,8
Depreciation and impairment **)	-	-	-	-1,9
Soil decontamination expense on sold land ***)	-	-	-0,9	-
Gains on disposal of production facilities ***)	-	-	7,9	-
Total non-recurring items****)	-	-5,8	7,0	-12,7

*) Included in the income statement in the item "Employee benefits expenses".
**) Included in the income statement in the item "Depreciation ".
***) Included in the income statement in the item "Other operating expenses".
****)Included in the income statement in the item "Other operating income".

During the financial year the company's business segments have incurred exceptional costs amounting to nearly EUR 20 million. These items do not entirely meet the definition of a non-recurring item in accordance with the company's accounting policies, and do not appear in the table above. These items include the exceptional costs and losses incurred from the industrial action in the operations in Finland as well as losses and exceptional costs weakening profitability associated with the start of restructuring in the operations in Sweden. The items in question have been reported in the reviews of the business segments, and the company has taken them into account in its performance management.

NOTES TO THE BALANCE SHEET

2. CHANGES IN INTANGIBLE ASSETS
(EUR million)

	1-12/2010	1-12/2009
Carrying amount at beginning of period	65,7	57,8
Translation differences	8,1	3,0
Increase	1,2	2,8

Increase (acquisitions)	4,2	2,0
Decrease	-0,2	0,0
Depreciation and impairment	-3,5	-2,7
Transfer to other balance sheet item	1,5	2,8
Carrying amount at end of period	77,1	65,7

3. CHANGES IN GOODWILL
(EUR million)

	1-12/2010	1-12/2009
Carrying amount at beginning of period	88,2	81,7
Translation differences	4,2	1,6
Increase	1,3	1,9
Increase (acquisitions)	6,8	3,0
Decrease	0,0	0,0
Depreciation and impairment	0,0	0,0
Transfer to other balance sheet item	0,0	0,0
Carrying amount at end of period	100,4	88,2

4. CHANGES IN PROPERTY, PLANT AND EQUIPMENT
(EUR million)

	1-12/2010	1-12/2009
Carrying amount at beginning of period	469,1	479,3
Translation differences	17,4	6,6
Increase	71,6	41,2
Increase (acquisitions)	43,0	3,8
Decrease	-2,4	-3,3
Depreciation and impairment	-59,5	-55,8
Transfer to other balance sheet item	-1,5	-2,6
Carrying amount at end of period	537,8	469,1

5. INVENTORIES
(EUR million)

	1-12/2010	1-12/2009
Materials and supplies	88,8	73,9
Unfinished products	8,8	7,1
Finished products	45,7	23,7
Goods	0,0	0,0
Other inventories	6,2	4,1
Prepayments	2,6	2,1
Live animals, IFRS 41	7,6	7,6
Total inventories	159,9	118,7

6. NOTES TO EQUITY

Share capital and share Share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2010	53 974 540	66,8	72,9	143,1	0,0	282,8

Reversion of treasury shares	-1 752				0,0	0,0
Share issue	1 000 000			8,0		8,0
31.12.2010	54 972 788	66,8	72,9	151,1	0,0	290,8

RIUE = Reserve for invested unrestricted equity

Dividends for the financial year 2009 were paid on 5 May 2010. At a dividend of EUR 0.22 per share, the total came to EUR 11.9 million.

INTEREST-BEARING LIABILITIES

The Group's interest-bearing debt at year-end stood at 514.2 million (EUR 417.4 m). The growth in debt was affected by the considerable strengthening of the Swedish crown (by approximately 12.5%) throughout the year, tying up of working capital and the higher cash flow from investing activities following the relatively low investment level the previous year. In addition, in conjunction with the Rose Poultry transaction, liability was assumed for the interest-bearing debt of Rose Poultry, which at 31 December 2010 amounted to approximately EUR 52 million.

FINANCIAL RISKS

Financial risks consist of refinancing and liquidity risks, counterparty risks in financial contracts, foreign exchange risks, interest rate risks, commodity risks and credit risks. Financial risks and financial risk management are part of the Group's treasury policy. The policy observed has been adopted by the Board and its implementation is centralized to a finance unit led by the Group's CFO. The treasury policy was not amended in the financial year 2010. Hedging of a net investment in a foreign subsidiary was started in the period under review in respect of the Danish krone.

The purpose of capital management in the Group is to support business through an optimal capital structure by safeguarding a normal operating environment and enabling organic and structural growth. Capital structure is influenced by controlling the amount of working capital tied up in the business and through reported profit/loss, distribution of dividend and share issues. The Group may also decide on the disposal of assets to reduce liabilities.

Financial risks and capital management will be discussed in more detail in the Notes to the 2010 financial statements.

DERIVATIVE INSTRUMENT LIABILITIES

(EUR million)

	31.12.2010	31.12.2009
Nominal values of derivative instruments		
Foreign exchange derivatives	149,9	104,6
Interest-rate derivatives	247,0	203,5
Electricity derivatives	10,2	10,8
Fair values of derivative instruments		
Foreign exchange derivatives	-0,3	-1,1
Interest-rate derivatives	-16,8	-11,3
Electricity derivatives	2,2	-0,6

CONSOLIDATED OTHER CONTINGENT LIABILITIES
(EUR million)

	31.12.2010	31.12.2009
Debts secured by		
pledges or mortgages		
- loans from financial institutions	56,1	33,9
Given as security		
- real estate mortgages	48,9	55,5
- pledges	20,8	30,4
- floating charges	47,3	20,7
Security for debts of participating interests		
- guarantees	5,3	5,0
For others		
- guarantees and pledges	13,8	12,4
Other contingencies		
Leasing commitments	25,5	19,0
Other rent liabilities	56,3	40,6
Other commitments	6,5	5,8

BUSINESS TRANSACTIONS WITH RELATED PARTIES

	2010	2009
Sales to associates	40,4	34,9
Purchases from associates	35,1	35,2
Trade and other receivables	1,8	2,5
Trade and other payables	8,8	8,5
Severance pay to the CEO	0,0	1,3

BUSINESSES ACQUIRED

Rose Poultry A/S

HKScan Corporation announced on September 9, 2010 that it had signed an agreement to acquire all the shares in Denmark’s leading poultry company, Rose Poultry A/S (“Rose Poultry”), and on November 11, 2010 that the approval by the competition authorities required to close the deal had been obtained. As a result, the remaining closing procedures were executed, control was obtained and Rose Poultry was transferred to HKScan’s ownership as of November 29, 2010.

The largest poultry company in Denmark, Rose Poultry produces annually more than 130 million kilos of poultry meat, which is sold under the company's own Rose brand as well as under private labels as fresh, frozen or processed products in the company's main markets in Denmark, Sweden and the UK. Rose Poultry has three production facilities in Denmark and the company employs approximately 1 000 people. Rose Poultry’s net sales in the financial year 2008/2009 were approximately EUR 211 million.

The acquisition cost is calculated on the basis of the company's provisional balance sheet as per 29 November 2010 prepared in accordance with IFRS and the HKScan Group's accounting principles in respect of all material elements.

Because the process of fair valuing the acquired assets and liabilities has not been completed as at the reporting date, the initial accounting for the business combination is incomplete as at December 31, 2010. As a result, the fair values of the acquired net assets and the amount of goodwill presented below are provisional and may be subject to adjustments once the fair valuation process is finalized.

The initial purchase price allocation calculation determined in Danish krone has been translated into euros by using the November's Group reporting exchange rate.

The preliminary amount of goodwill of EUR 3.6 million arising from the acquisition is attributable to HKScan's stronger position as one of the leading northern European poultry companies and the potential for substantial synergy benefits expected from combining the Group and Rose poultry.

None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for Rose Poultry and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Consideration at 29 November 2010		
		EUR million
Purchased consideration settled in cash		15,4
Deferred consideration		8,0
Total consideration		23,4
The assets and liabilities arising from the acquisitions are as follows		
	Note	EUR million
Cash and cash equivalents		0,0
Property, plant and equipment	4	39,8
Brand(included in intangible assets)	2	2,6
Contracts (included in intangible assets)	2	1,6
Investments in associates		3,0
Available-for-sale investments		0,5
Inventories	5	23,7
Trade and other receivables		25,6
Trade and other payables		-32,0
Loans		-41,9
Provisions		-0,1
Deferred tax liabilities		-2,9
Total identifiable net assets		20,0
Goodwill		3,6

The total consideration of 23.4 million includes a deferred consideration that requires the Group to redeem the 1 000 000 consideration shares issued to the former owners of Rose Poultry at EUR 8 million commencing in 18 months after the acquisition date. The redemption obligation (written put) expires in 21 months from the acquisition date. The redemption liability has been recorded as a financial liability and included in the purchase consideration at fair value and it can be settled either by cash or by shares, at the request of the holder of the put.

Acquisition-related costs (EUR 0.5 million) have been included in other operating expenses in the consolidated income statement for the year ended 31 December 2010.

The fair value of trade and other receivables is EUR 25.6 million and includes trade receivables with a fair value of EUR 24.5 million. The fair value of trade receivables does not include any significant risk. The fair value of the acquired identifiable intangible assets of EUR 4.2 million is provisional pending confirmation of the final valuations for those assets.

The revenue included in the consolidated statement of comprehensive income since 29 November 2010 contributed by Rose Poultry was EUR 21.8 million. Rose Poultry also contributed EBIT of EUR -0.0 million over the same period.

Had Rose Poultry been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of EUR 2 314.2 million and EBIT of EUR 52.7 million.

OTHER BUSINESSES ACQUIRED (AS Jelgavas Galas Kombinats, Falkbolagen Produktion AB, Bertil Erikssons Slakteri AB)

AS Rigas Miesnieks ("Rigas Miesnieks") signed in March an agreement on acquiring a 90.8 percent holding in the Latvian company, AS Jelgavas Galas Kombinats ("Jelgava"), which specializes in smoked meat products. The deal was approved by the Latvian competition authorities in late June. The transaction was closed and Jelgava was transferred to the ownership and control of Rigas Miesnieks on 30 June 2010. Rigas Miesnieks is part of AS Rakvere Lihakombinaat, which is part of HKScan's Baltic Group, and is responsible for operations in Latvia.

In addition, there have been two transactions with owners of non-controlling interests during 2010. Rigas Miesnieks purchased 98.8 percent of Jelgava's shares during 2010.

The purchase price of Jelgava was EUR 1.9 million. The preliminary goodwill of EUR 3.1 million arising from the acquisition is based on the acquired customer base as well as on its potential to achieve substantial synergetic benefits in merging with the Jelgava Group.

On the basis of previous agreements, Scan AB purchased Falkbolagen Produktion AB ("Falkbolagen"), which operates in Malmö, Sweden. The company cuts hams for Pärsons AB and has a permanent staff of some 20. Previously, Falkbolagen Produktion has carried out cutting operations as freight work for the Scan Group. The transaction was closed and Falkbolagen was transferred to the ownership and control of Scan AB on 30 December 2010. The purchase price of Falkbolagen was EUR 0.7 million. The transaction did not generate goodwill.

Scan AB increased, in accordance with a previous agreement, its shareholding in Bertil Erikssons Slakteri AB to a full 100 percent. The fairly small slaughterhouse employing a staff of 14 located in Krylbo, central Sweden, slaughters beef for Scan and it has a significant role in ensuring the procurement of beef in central Sweden. Scan AB's holding before the transaction at the end of the year was 35 percent. The transaction was closed and Bertil Erikssons Slakteri was transferred to the ownership and control of Scan AB on 30 December 2010. The purchase price of Bertil Erikssons Slakteri was EUR 2.1 million. The preliminary goodwill of EUR 0.8 million arising from the acquisition is based on the strengthening of Scan AB's competitive position in central Sweden.

All the acquisitions have been recognized provisional as permitted under IFRS 3R. As a result, the amounts of the net assets acquired and goodwill presented below are provisional and may be subject to adjustments from the date of acquisition over the next 12 months.

The initial purchase price allocation calculation determined in local currencies has been translated into euros by using the Group reporting exchange rate.

None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as well as the fair value of the non-controlling interests.

		EUR million
Purchase consideration settled in cash		4,7
Total consideration		4,7
The assets and liabilities arising from the acquisitions are as follows		
	Note	EUR million
Cash and cash equivalents		2,0
Property, plant and equipment	4	5,9
Inventories	5	0,8
Trade and other receivables		1,7
Trade and other payables		-4,7
Loans		-3,5
Deferred tax liabilities		-1,6
Total identifiable net assets		0,7
Non-controlling interests		0,0
Goodwill		3,9

Other operating expenses do not include material costs relating to the acquisition in the 2010 consolidated income statement.

The net sales of other operations acquired, which were included in the consolidated income statement, were EUR 3.9 million and EBIT was EUR -0.8 million.

If the other operations acquired had been consolidated to the Group as of 1 January 2010, net sales in accordance with the consolidated income statement would have been EUR 2,129.1 million and EBIT EUR 49.1 million.

The figures reported in the financial statement release are unaudited.

Vantaa, 18 February 2011

HKScan Corporation
Board of Directors

Further information is available from HKScan Corporation's CEO, Matti Perkonoja. Please leave any messages for him to call with Marjukka Hujanen on +358 (0)10 570 6218.

HKScan is one of the leading food companies in northern Europe with home markets in Finland, Sweden, Denmark, the Baltic countries and Poland. HKScan manufactures, sells and markets pork and beef, poultry products, processed meats and convenience foods under several well-known local brand names. Its customers are retail, the HoReCa sector, industry and export customers. HKScan is active in nine countries and has some 11,000 employees. It had net sales of EUR 2.1 billion in 2010.

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