HKSCAN GROUP'S INTERIM REPORT 1 JANUARY – 30 JUNE 2011
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STRONG GROWTH IN HKSCAN GROUP'S NET SALES

*** The HKScan Group's net sales in the first six months of the year grew to EUR 1 223.3 million (EUR 985.9 m). The growth in net sales (24%) was mainly attributable to completed corporate acquisitions. Eliminating changes in currency rates, organic growth stood at approximately 5 percent.**

*** Group EBIT for the first six months of the year came in at EUR 8.0 million (EUR 13.6 m).**

*** The Group's performance continued to be eroded by the poor profitability of pork.**

*** HKScan has been able to retain and even strengthen its market position.**

*** The company amended its EBIT guidance on 26 July 2011: The Group's full-year EBIT is expected to fall short of 2010 levels.**

HKSCAN GROUP
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	630.6	502.3	1 223.3	985.9	2 113.9
EBIT	6.7	8.1	8.0	13.6	48.0
- EBIT margin, %	1.1	1.6	0.7	1.4	2.3
Profit/loss before taxes	-0.1	5.0	-3.5	8.9	36.5
Earnings per share, EUR	0.01	0.07	-0.05	0.13	0.52

APRIL–JUNE 2011

- The Group's net sales in the second quarter of the year were EUR 630.6 million (EUR 502.3 m).
- EBIT came in at EUR 6.7 million (EUR 8.1 m).
- With respect to the comparison year of 2010, the impact of industrial action in Finland in the quarter should be taken into account.
- In Finland, the profitability of the business fell short of the targets and EBIT stood at EUR 0.7 million (EUR -0.1 m).
- In Sweden, the results of operations improved and EBIT came in at EUR 4.0 million (EUR 3.1 m).
- In Denmark, profitability fell short of the targets and EBIT was EUR -0.5 million.
– In the Baltics and Poland, business operations progressed according to plan. In the Baltics, EBIT stood at EUR 2.7 million (EUR 3.3 m) and in Poland at EUR 2.8 million (EUR 4.0m).
- Group administration costs of EUR -2.9 million (EUR -2.1 m) were exceptionally high on account of the Group's development projects and other non-recurring expenses.

CEO MATTI PERKONOJA:

“HKScan’s EBIT for the early part of the year was adequate in the challenging market conditions. With respect to pork, the difficult global market situation will continue. The rise in the prices of meat raw materials and other inputs have eroded business profitability in all of HKScan’s market areas.

The production of meat products in HKScan's main market areas is more expensive than in Europe’s major agricultural countries. The inflexibility of labour costs is emphasized in an open market competition situation. In continuing, the current situation will reduce the amount of food produced in these areas. The situation is alarming at the moment, particularly with respect to pork, which among the meat categories used by the company is most clearly within the sphere of global competition. Development of the entire food supply chain right from primary production will be important for the industry's future.

HKScan operates responsibly in the meat sector. Its basis is created by an efficient, transparent and responsibly-operating production chain. Although HKScan operates internationally, it provides consumers in its market areas with locally-produced, safe and reliable food suited to local tastes the origin of which is traceable right to the farm. Only by developing the entire product offering in accordance with the expectations of consumers and the retail trade can development of the business in the right direction be ensured.

Profitability of the Group's business operations in HKScan’s market areas poses a challenge. The development and efficiency measures, both ongoing and planned for the near future will, when followed through, improve the company’s profitability. Competition in the sector is intensifying. The actors who react fastest to the situation will cope best in the market.”

MARKET AREA: FINLAND
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	207.9	173.5	395.9	341.3	718.5
EBIT	0.7	-0.1	0.1	-0.7	10.7
- EBIT margin, %	0.3	-0.1	0.0	-0.2	1.5

In Finland, net sales in the second quarter totalled EUR 207.9 million (EUR 173.5 m). Net sales were boosted by Järvi-Suomen Portti Oy's merger with the Group at the beginning of the year. With respect to the comparison year of 2010, the impact of industrial action in the quarter should be taken into account. EBIT came in at EUR 0.7 million, (EUR -0.1 m).

The profitability of business operations in Finland in the second quarter was weakened by the protracted difficulties in pork production as well as by poor pork price levels in the export and domestic markets. The business in Finland will, in addition to raising selling prices, rectify the situation by adjusting pork production volumes in a controlled manner.

Rapeseed pork, launched on the market in February, has been very well received by customers and consumers. With respect to poultry meat and processed meats, the second quarter progressed as planned. In the second quarter, the company has succeeded in enabling poultry meat production volumes plagued by insufficiency during the first quarter to meet demand. HK Ruokatalo has during the first part of the year strengthened its share of the total market.

HK Ruokatalo’s productivity programme concerning the period 2011−2013 is progressing and pork cutting operations will be centralized to the production facility in Forssa by the end of September during the current year. The beef slaughterhouse investment in Outokumpu has been completed during the summer. With the investment, it will be possible to increase and improve the profitability of the facility's beef handling capacity.

Järvi-Suomen Portti Oy announced in June the launch of a development programme through which it would increase production efficiency to utilize the capacity of the production plant located in Tikkala in the town of Mikkeli more efficiently. In the first phase of development the operations will be adjusted in such a way that overlaps with the activities of HKScan Finland will be dismantled and the operations centralized to the units in Finland best qualified to perform them. The impacts of the development programme on the personnel will be specified during the employer-employee negotiations initiated in June.

MARKET AREA: SWEDEN
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	263.0	241.9	515.4	472.3	997.1
EBIT	4.0	3.1	4.3	5.7	20.4
- EBIT margin, %	1.5	1.3	0.8	1.2	2.0

In Sweden, the profitability of business operations improved on the comparative period in the second quarter. Net sales totalled EUR 263.0 million (EUR 241.9) and EBIT came in at EUR 4.0 million (EUR 3.1 m). Net sales in krona were at the same level as the previous year.

Despite tightening competition, Scan AB's second quarter went commercially according to plan in Sweden.

Scan's ongoing efficiency programme is progressing. The start-up of the new beef cutting line located in Linköping has continued to give rise to some additional costs.

The scarcity of the supply of Swedish beef and pork has increased the purchase prices of local raw material and, on the other hand, the strong krona has contributed to an increase in the volumes of imported raw material. In particular, the share of beef imports has continued to grow. Imported beef already accounts for more than 50 percent of total consumption. With respect to the primary production of pork, production volumes have fallen by about five percent. The competitiveness of production based on Swedish meat raw material is currently poor.

MARKET AREA: DENMARK
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	55.9	-	113.5	-	21.8*)
EBIT	-0.5	-	-1.0	-	-0.0*)
- EBIT margin, %	-1.0	-	-0.9	-	0.0*)

*) Rose Poultry A/S has been merged with the HKScan Group since 29 November 2010.

In Denmark, Rose Poultry's net sales stood at EUR 55.9 million. EBIT was EUR -0.5 million.

The integration of Rose Poultry A/S, which joined the HKScan Group in November, is in progress. In future, the aim is to improve the company's profitability by developing Rose Poultry's fresh product range and further strengthen its position, especially in its home market in Denmark, in Sweden and in the UK.

Rose Poultry is concentrating and improving its operations in the production facilities located in Vinderup and Skovsgaard. Poultry slaughtering operations at the Padborg plant in southern Denmark have been discontinued during the second quarter in accordance with the announcement given in April.

MARKET AREA: BALTICS
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	44.1	40.2	83.5	76.0	160.4
EBIT	2.7	3.3	3.6	4.3	8.7
- EBIT margin, %	6.1	8.1	4.3	5.7	5.4

In the market area of the Baltics, net sales came to EUR 44.1 million (EUR 40.2 m). The merger of AS Jelgavas Galas Kombinats with the Group on 1 July 2010 has contributed to the growth in net sales. EBIT stood at EUR 2.7 million (EUR 3.3 m).

In the Baltics, the consumption of meat products is enjoying a modest recovery with the growth of the economy. HKScan's business operations in the Baltic countries have progressed steadily. The focus of development has been on the product range and operational efficiency.

Strengthening inflation in the Baltics has rapidly increased the prices of raw materials and other inputs. There is also pressure to raise personnel costs. Despite these challenges, business operations in the Baltics have adjusted to the prevailing market situation well.

MARKET AREA: POLAND
(EUR million)

*)	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Net sales	77.0	66.0	147.5	129.9	279.3
EBIT	2.8	4.0	5.8	8.3	15.5
- EBIT margin, %	3.6	6.1	3.9	6.4	5.6

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

In Poland, business has progressed in accordance with expectations, although the poor profitability of pork and increased production costs are exerting a strain on operations. Sokolów’s net sales totalled EUR 77.0 million (EUR 66.0 m) and EBIT stood at EUR 2.8 million (EUR 4.0m).

Sokolów’s sales to traditional and modern retail supermarkets and hypermarkets improved during the early part of the year as expected. Sales were boosted by successful turnover of barbecue products in the second quarter and by broad marketing campaigns.

The most important production-related development project has been the Sokolów Podlaski plant, which is being modernised during the next few years.

CHANGES IN GROUP STRUCTURE

The corporate entity Järvi-Suomen Portti Oy established by HKScan Finland Oy and Osuuskunta Karjaportti began operations at the turn of the year. The company will continue and develop the production of processed meats at Osuuskunta Portti's plant located in Tikkala in the town of Mikkeli. HKScan Finland raised its holding in the company to 100 percent.

HK Ruokatalo merged its meat procurement and primary production as well as feed trading 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.

CHANGES IN ORGANIZATION

Sirpa Laakso (Econ. & Bus. Adm.) assumed the post of Executive Vice President, HR at HKScan Corporation and membership on the Management Team on 13 January 2011. 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.

Markku Suvanto, LL.M. trained on the bench, assumed the post of Administrative and Legal Director at HKScan Corporation and membership on the Management Team on 10 May 2011. Since 2009 he has held the position of HKScan Group lawyer. Mr Suvanto is responsible for HKScan Group's legal affairs and, in respect of external administration, for relations with the authorities. He is also in charge of organizing internal administration and ensuring its effectiveness. Mr Suvanto reports to CEO Matti Perkonoja.

CAPITAL EXPENDITURE AND FINANCE

The Group's gross investments in the second quarter of 2011 totalled EUR 17.3 million (EUR 18.0 m). Gross investments for the first half of 2011 totalled EUR 32.4 million (EUR 36.9 m) and were divided among production-related investment in the market areas as follows: Finland EUR 10.3 million (EUR 13.3 m), Sweden EUR 5.7 million (EUR 14.1 m), Denmark EUR 2.8 million (EUR – m) and the Baltics EUR 6.3 million (EUR 6.0 m). HKScan's share of Sokolów investments in Poland was EUR 7.2 million (EUR 3.5 m).

In Finland, the most important investments concerned the modernization of Järvi-Suomen Portti's production line, the expansion of HK Ruokatalo's beef slaughterhouse in Outokumpu and additional capacity in Eura. In Sweden, Scan's investments in improving the pork slaughter process in Kristianstad and the investment in the Pärsons' new cold-cut line in Halmstad continued. In Denmark, investments involved the integration of Rose Poultry A/S and modernization of the production lines to ensure efficiency and growth. In the Baltics, the main investments involved the transfer of Rigas Miesnieks' production to Jelgava's new production facility, the modernizations carried out on the production lines at Rakvere to secure manufacturing capacity and programme for restructuring production at Tallegg. In Poland, the main investment project was improvement of the Sokolów Podlaski production facility.

The Group's interest-bearing debt at the end of June stood at EUR 508.7 million (EUR 465.6 m). The growth in debt from the corresponding period a year earlier (Q2/2010) is attributable mainly to the Rose Poultry deal executed in November 2010.Gross interest-bearing debt at the turn of the year was EUR 514.2 million. The decrease in debt since the turn of the year is mainly notional due to the weakening of the Swedish krona.

Due to rising monetary rates and the increase in total loans, net financial expenses have risen considerably compared with the previous year, totalling in January-June EUR 12.9 million (EUR 6.2 m). Untapped credit facilities at 30 June 11 stood at EUR 171.9 million (EUR 212.0 m). In addition, the Group had other untapped overdraft and other facilities of EUR 39.9 million (EUR 22.6 m). The EUR 100 million commercial paper programme had been drawn in the amount of EUR 60.0 million (EUR 23.0 m).

At the end of the period under review, the equity ratio was 33.7 percent (35.2 %). The equity ratio at the turn of the year was 34.0 percent.

TREASURY SHARES

At 30 June 2011, HKScan held a total of 53 734 of its A Shares. These had a market value of EUR 0.30 million (EUR 5.56 each) and accounted for 0.10% of all shares and 0.03% of all votes. No dividend is paid on treasury shares.

RESOLUTIONS PASSED BY ANNUAL GENERAL MEETING

HKScan Corporation's Annual General Meeting on 27 April 2011 adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for 2010. It was resolved that the company pay a dividend of EUR 0.22 per share for 2010 in accordance with the proposal of the Board of Directors.

In departure from the recommendation of the Board of Directors, the Annual General Meeting resolved, on the proposal of HKScan's largest shareholder, LSO Osuuskunta, that the number of members of the company's Board of Directors be six (6). Juha Kylämäki, Niels Borup, Matti Karppinen, Tero Hemmilä and Otto Ramel were, in accordance with the proposal of the Board, re-elected to a new term and, in accordance with the proposal of LSO Osuuskunta, Henrik Treschow was elected as a new member. At the organization meeting held immediately following the AGM, the Board re-elected Juha Kylämäki as chairman and Niels Borup as deputy chairman.

The Annual General Meeting resolved to elect Authorized Public Accountants PricewaterhouseCoopers Oy, with APA Johan Kronberg as principal auditor, and APA Petri Palmroth to serve as auditors as well as APA Mika Kaarisalo and APA Jari Viljanen to serve as deputy auditors until the end of the next Annual General Meeting.

BOARD OF DIRECTORS' EXISTING AUTHORIZATIONS

(1) The Annual General Meeting authorized the Board to resolve on acquiring and/or accepting as pledge the company's Series A shares as follows:

The number of Series A shares to be acquired and/or accepted as pledge shall not exceed 2 500 000, equal to approximately 4.5% of all shares and roughly 5.0% of Series A shares in the company.

Treasury shares may under the authorization only be acquired using unrestricted equity, which means that acquisitions will reduce the company's funds available for distribution of profit. 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.

Shares can be acquired on the basis of a proposed authorization to strengthen the company's capital structure. In addition, shares can be acquired under a proposed authorization to fund or implement corporate acquisitions or other arrangements or otherwise transferred or cancelled.

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). A directed acquisition of treasury shares 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. This authorization is valid until 30 June 2012.

This authorization cancels the authorization granted to the Board by the Annual General Meeting of 23 April 2010 to resolve on acquiring the company's own A Shares.

(2) The Annual General Meeting 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 as follows:

This authorization concerns the issue of Series A shares. The Board was authorized to decide on the number of shares to be issued. However, no more than 2 500 000 Series A shares may be issued under this authorization. The maximum number under the authorization equals approximately 4.5% percent of the company's total registered shares and approximately 5.0% percent of total Series A shares.

The Board is authorized to resolve upon all the terms and conditions of the issue of shares and other special rights entitling to shares. The authorization to issue shares covers 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 2012.

The authorization cancels the authorization granted to the Board by the Annual General Meeting of 23 April 2010 on resolving on an issue of shares, option rights as well as other special rights entitling to shares.

The authorization concerning the issue of shares and other special rights entitling to shares was 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 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

In the first six months of 2011, HKScan had an average workforce of 8 594 employees (7 446 in Q1-Q2/2010).

The increase in employees was due the restructuring arrangements in 2010. The Danish company, Rose Poultry A/S, and the Latvian company, Jelgavas Galas Kombinats A/S, joined the Group in the latter part of 2010 and Järvi-Suomen Portti Oy early in 2011. The comparison figures from Q1-Q2/2010 are therefore exclusive of the numbers of employees in these three companies.

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

	Q1-Q2/2011	Q1-Q2/2010
Finland	2 773	2 496
Sweden	3 008	3 139
Denmark	908	-
Baltics	1 905	1 811

Sokolów employed on average 6 192 (5 615) persons.

Analysis of employees by country at 30 June is as follows:

	30.6.2011	30.6.2010
Finland	34.9%	36.2%
Sweden	32.7%	37.2%
Estonia	17.5%	20.4%
Denmark	10.2%	0.7%
Latvia	2.5%	2.2%
Poland (Scan)	1.6%	2.7%
Other countries	0.6%	0.7%

Additionally, the Sokolów Group had 6 363 (5 890) employees at the end of the period under review.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant uncertainty factors in the HKScan Group's business involve price trends of raw materials and availability, especially with respect to Finnish and Swedish pork. Market area-specific uncertainty factors have to do 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 global economic situation will continue. Major fluctuation in the Group's central currencies and higher interest rates may affect the Group's competitiveness, net sales, earnings and balance sheet. Changes in demand attributable to the financial situation 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.

EVENTS TAKING PLACE AFTER THE END OF THE REVIEW PERIOD

(1) The Group adjusted its EBIT forecast for 2011 on 26 July 2011. According to the understanding of the Group's management, EBIT will fall short of the level previously forecast due to the difficult international market situation for pork and continuing high prices of raw materials and inputs. HKScan Corporation forecast in its Q1 interim report published on 6 May 2011 that the "the Group's full-year EBIT is expected to improve compared with 2010."

The company adjusted its earlier forecast as follows:
HKScan's full-year EBIT is expected to fall short of 2010 levels.

FUTURE OUTLOOK

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

The difficult global market situation for pork will continue during the current year in all of HKScan's market areas, especially in Finland. The protracted profitability crisis will change most permanently the structures and production volumes of the entire supply chain. With respect to pork, the company will improve profitability by raising selling prices and through the controlled adjustment of procurement volumes.

The Group's full-year EBIT is expected to fall short of 2010 levels.

CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY – 30 JUNE 2011

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Note	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
NET SALES		630.6	502.3	1 223.3	985.9	2 113.9
Operating income and expenses	1.	-605.8	-479.9	-1 179.4	-944.0	-2 006.2
Share of associates' results		0.2	0.3	0.4	0.8	1.8
Depreciation and impairment		-18.3	-14.5	-36.3	-29.1	-61.5
EBIT		6.7	8.1	8.0	13.6	48.0
Financial income		1.9	1.3	3.5	3.5	8.1
Financial expenses		-9.5	-4.9	-16.4	-9.7	-21.9
Share of associates' results		0.8	0.5	1.4	1.5	2.2
PROFIT/LOSS BEFORE TAXES		-0.1	5.0	-3.5	8.9	36.5
Income tax		1.1	-0.8	1.8	-0.6	-5.7
PROFIT/LOSS FOR THE PERIOD		1.0	4.3	-1.7	8.3	30.8
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:						
Equity holders of the parent		0.6	3.6	-2.5	7.0	27.9
Non-controlling interests		0.4	0.7	0.8	1.2	2.9
Total		1.0	4.3	-1.7	8.3	30.8

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

EPS, undiluted, continuing operations, EUR/share	0.01	0.07	-0.05	0.13	0.52
EPS, diluted, continuing operations, EUR/share	0.01	0.07	-0.05	0.13	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 30 JUNE
(EUR million)

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
Profit/loss for the period	1.0	4.3	-1.7	8.3	30.8
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on	-2.8	-0.2	-1.7	7.0	13.5

translating foreign operations					
Available-for-sale investments	0.0	-0.4	0.0	0.0	0.0
Cash flow hedging	-1.7	-1.1	1.0	-3.9	1.8
TOTAL OTHER COMPREHENSIVE INCOME	-4.5	-1.7	-0.8	3.1	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3.5	2.6	-2.5	11.4	46.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	-4.0	1.9	-3.2	9.9	42.6
Non-controlling interests	0.5	0.7	0.8	1.5	3.5
Total	-3.5	2.6	-2.5	11.4	46.1

CONSOLIDATED BALANCE SHEET
(EUR million)

	Note	30.6.2011	30.6.2010	31.12.2010
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	2.	75.0	69.2	77.1
Goodwill	3.	99.4	90.9	100.4
Tangible assets	4.	530.2	482.3	537.8
Shares in associates		27.9	22.7	27.0
Trade and other receivables		29.0	20.6	25.3
Available-for-sale investments		12.1	11.3	13.1
Deferred tax asset		14.8	13.2	14.4
NON-CURRENT ASSETS		788.4	710.2	795.0
CURRENT ASSETS				
Inventories	5.	174.3	134.0	159.9
Trade and other receivables		227.9	207.4	240.6
Income tax receivable		4.4	2.2	0.3
Other financial assets		0.4	2.2	3.9
Cash and cash equivalents		43.6	68.6	69.5
CURRENT ASSETS		450.5	414.4	474.1
ASSETS		1 238.8	1 124.6	1 269.2
EQUITY AND LIABILITIES				
EQUITY				
Share capital	6.	66.8	66.8	66.8
Share premium reserve		73.4	74.1	73.4
Treasury shares		-0.0	-0.0	-0.0
Fair value reserve and other reserves		162.3	144.4	154.4
Translation differences		-2.0	-6.1	0.6
Retained earnings		105.3	107.5	124.4
Equity attributable to equity holders		405.8	386.6	419.6

of the parent				
Non-controlling interests		10.9	9.4	11.1
EQUITY		416.7	396.1	430.6
NON-CURRENT LIABILITIES				
Deferred tax liability		37.3	32.5	38.9
Non-current interest-bearing liabilities		407.6	352.1	361.2
Non-current non-interest bearing liabilities		12.6	5.0	12.4
Non-current provisions		1.4	2.8	2.4
Pension obligations		3.0	3.5	3.1
NON-CURRENT LIABILITIES		461.9	395.9	418.0
CURRENT LIABILITIES				
Current interest-bearing liabilities		101.1	113.5	153.0
Trade and other payables		255.1	213.3	262.5
Income tax liability		3.2	2.8	2.7
Current provisions		0.8	3.1	2.3
CURRENT LIABILITIES		360.2	332.7	420.6
EQUITY AND LIABILITIES		1 238.8	1 124.6	1 269.2

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(EUR million)

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 1.1.2011	**66.8**	**73.4**	**-6.5**	**143.5**	**0.0**	**17.4**	**0.6**	**0.0**	**124.4**	**419.6**	**11.1**	**430.6**
Result for the financial year									-2.5	-2.5	0.8	-1.7
Translation differences		0.0	0.0			0.2	-2.6		0.8	-1.6	-0.1	-1.7
Available-for-sale investments										0.0		0.0
Cash flow hedging			1.0							1.0		1.0
Total comprehensive income for the period		**0.0**	**1.0**			**0.2**	**-2.6**		**-1.7**	**-3.2**	**0.8**	**-2.5**
Other change												
Direct recognition in retained earnings									1.5	1.5		1.5
Transfers						6.8			-6.8	0.0		0.0

between items												
Share issue										0.0		0.0
Purchase of treasury shares										0.0		0.0
Increase in holdings in subsidiaries										0.0		0.0
Dividend distribution									-12.1	-12.1	-0.9	-13.0
EQUITY AT 30.6.2011	**66.8**	**73.4**	**-5.5**	**143.5**	**0.0**	**24.4**	**-2.0**	**0.0**	**105.3**	**405.8**	**10.9**	**416.7**

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 1.1.2010	**66.8**	**74.2**	**-8.4**	**143.5**	**0.0**	**14.6**	**-13.1**	**0.0**	**111.6**	**389.3**	**9.4**	**398.7**
Result for the financial year									7.0	7.0	1.2	8.3
Translation differences		-0.1	0.0			-0.6	7.0		0.4	6.7	0.3	7.0
Available-for-sale investment s			0.0							0.0		0.0
Cash flow hedging			-3.9							-3.9		-3.9
Total comprehen sive income for the period		**-0.1**	**-3.8**			**-0.6**	**7.0**		**7.5**	**9.9**	**1.5**	**11.4**
Share-based compensati on expense		0.0								0.0		0.0
Other change						-0.9				-0.9	-0.0	-1.0
Direct recognition in retained earnings									0.4	0.4	-0.2	0.2
Transfers between items										0.0		0.0
Share issue										0.0		0.0
Purchase of										0.0		0.0

treasury shares												
Increase in holdings in subsidiaries										0.0		0.0
Dividend distribution									-12.0	-12.0	-1.3	-13.3
EQUITY AT 30.6.2010	**66.8**	**74.1**	**-12.2**	**143.5**	**0.0**	**13.0**	**-6.1**	**0.0**	**107.5**	**386.6**	**9.4**	**396.1**

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

CASH FLOW STATEMENT
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Operating activities			
EBIT	8.0	13.6	48.0
Adjustments to EBIT	-0.1	-0.6	-4.6
Depreciation and amortization	36.3	29.1	61.5
Change in provisions	-2.7	-5.8	-7.9
Change in net working capital	-10.6	-25.4	-3.7
Financial income	3.4	3.5	8.1
Financial expenses	-15.1	-9.7	-21.9
Taxes	-1.9	-0.6	-5.7
Net cash flow from operating activities	17.3	4.1	73.8
Investing activities			
Gross investments in property, plant and equipment	-31.7	-35.7	-73.6
Disposals of property, plant and equipment	1.0	2.3	7.0
Investments in subsidiary	0.0	0.0	-25.2
Shares in associates purchased	-0.2	0.0	-1.6
Shares in associates sold	0.0	0.0	1.3
Loans granted	-2.1	-1.3	-1.0
Repayments of loans receivable	1.1	1.1	1.2
Net cash flow from investing activities	-31.9	-33.6	-91.9
Cash flow before financing activities	-14.6	-29.5	-18.1
Financing activities			
Current borrowings raised	28.0	93.8	169.9
Current borrowings repaid	-81.8	-67.4	-159.1
Non-current borrowings raised	109.7	9.5	45.2
Non-current borrowings repaid	-57.7	-1.7	-33.0
Dividends paid	-12.1	-12.0	-11.9
Purchase of treasury shares	0.0	0.0	-0.0
Net cash flow from financing activities	-13.9	22.1	11.1
Change in cash and cash equivalents	-28.5	-7.4	-7.0

Cash and cash equivalents at 1.1.	73.4	75.9	75.9
Effect of changes in exchange rates on cash and cash equivalents	-1.0	2.3	4.5
Cash and cash equivalents at 30.6.	43.9	70.8	73.4

FINANCIAL INDICATORS

	30.6.2011	30.6.2010	31.12.2010
EPS, undiluted, EUR	-0.05	0.13	0.52
EPS, diluted, EUR	-0.05	0.13	0.52
Equity per share, 30.6., EUR	7.38	7.16	7.63
Equity ratio, %	33.7	35.2	34.0
Adjusted average			
number of shares, mill.	55.0	54.0	54.0
Gross capital expenditure			
on PPE, EUR million	32.4	36.9	70.7
Employees, end of month			
average	8 594	7 136	7 491

NOTES TO THE GROUP'S INTERIM REPORT

ACCOUNTING POLICIES

HKScan Corporation's interim report for 1 January – 30 June 2011 has been prepared in compliance with IAS 34 Interim Financial Reporting. The same accounting principles have been applied in the interim report as in the annual financial statements for 2010. Due to the rounding of the figures to the nearest million euros in the interim report, some totals may not agree with the sum of their constituent parts. These accounting principles are explained in the financial statements for 2010.

As of 1 January 2011, the Group has adopted the following new IFRS standards and interpretations:

− 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 warrants outside the issuer's functional currency. The amendments have no impact on consolidated reporting.

- 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. The amendments have no impact on consolidated reporting.

- 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. The amendments have no impact on consolidated reporting.

- 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.

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

	Q2/2011	Q2/2010	Q1-Q2/11	Q1-Q2/10	2010
NET SALES					
- Finland	207.9	173.5	395.9	341.3	718.5
- Sweden	263.0	241.9	515.4	472.3	997.1
– Denmark	55.9	-	113.5	-	21.8
- Baltics	44.1	40.2	83.5	76.0	160.4
- Poland	77.0	66.0	147.5	129.9	279.3
- Between segments	-17.4	-19.3	-32.4	-33.6	-63.3
Group total	630.6	502.3	1 223.3	985.9	2 113.9
EBIT					
- Finland	0.7	-0.1	0.1	-0.7	10.7
- Sweden	4.0	3.1	4.3	5.7	20.4
– Denmark	-0.5	-	-1.0	-	-0.0
- Baltics	2.7	3.3	3.6	4.3	8.7
- Poland	2.8	4.0	5.8	8.3	15.5
- Between segments	-	-	-	-	-
Segments total	9.6	10.3	12.7	17.6	55.2
Group administration costs	-2.9	*-2.1	-4.7	-4.0	*-7.2
Group total	6.7	8.1	8.0	13.6	48.0

* Includes EUR 0.9 million in soil decontamination expenses on sold land recognized in Q2.

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Soil decontamination expense on sold land *)	-	-0.9	-0.9
Gains on disposal of production facilities *)	-	-	7.9
Total non-recurring items	-	-	7.0

*) Included in the income statement in the item “Operating income and expenses”.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2. CHANGES IN INTANGIBLE ASSETS
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Carrying amount at beginning of period	77.1	65.7	65.7
Translation differences	-1.5	4.5	8.1
Increase	0.7	0.3	1.2
Increase (acquisitions)	0.0	0.0	4.2
Decrease	-0.1	-0.2	-0.2
Depreciation and impairment	-1.9	-1.6	-3.5

Transfer to other balance sheet item	0.7	0.4	1.5
Carrying amount at end of period	75.0	69.2	77.1

3. CHANGES IN GOODWILL
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Carrying amount at beginning of period	100.4	88.2	88.2
Translation differences	-1.4	2.7	4.2
Increase	0.4	0.0	1.3
Increase (acquisitions)	0.0	0.0	6.8
Decrease	0.0	0.0	0.0
Depreciation and impairment	0.0	0.0	0.0
Transfer to other balance sheet item	0.0	0.0	0.0
Carrying amount at end of period	99.4	90.9	100.4

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

	Q1-Q2/2011	Q1-Q2/2010	2010
Carrying amount at beginning of period	537.8	469.1	469.1
Translation differences	-1.8	5.7	17.4
Increase	30.3	37.5	71.6
Increase (acquisitions)	0.7	0.6	43.0
Decrease	-0.9	-2.3	-2.4
Depreciation and impairment	-34.4	-27.9	-59.5
Transfer to other balance sheet item	-1.5	-0.4	-1.5
Carrying amount at end of period	530.2	482.3	537.8

5. INVENTORIES
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Materials and supplies	86.3	81.2	88.8
Unfinished products	11.2	8.7	8.8
Finished products	58.3	29.1	45.7
Goods	0.0	0.2	0.0
Other inventories	8.1	3.9	6.2
Prepayments for inventories	2.2	3.0	2.6
Live animals, IFRS 41	8.2	7.9	7.6
Total inventories	174.3	134.0	159.9

6. NOTES TO EQUITY

Share capital and share share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2011	54 972 788	66.8	72.9	151.1	0.0	290.8
30.6.2011	54 972 788	66.8	72.9	151.1	0.0	290.8

RIUE = Reserve for invested unrestricted equity

DERIVATIVE INSTRUMENT LIABILITIES
(EUR million)

	30.6.2011	30.6.2010	31.12.2010
Derivative instrument liabilities			
Nominal values of derivative instruments			
Foreign exchange derivatives	77.1	98.8	149.9
Interest rate derivatives	276.5	208.0	247.0
Electricity derivatives	10.4	10.3	10.2
Fair values of derivative instruments			
Foreign exchange derivatives	0.4	0.0	-0.3
Interest rate derivatives	-12.2	-17.1	-16.8
Electricity derivatives	0.5	0.0	2.2

CONSOLIDATED OTHER CONTINGENT LIABILITIES
(EUR million)

	30.6.2011	30.6.2010	31.12.2010
Debts secured by			
pledges or mortgages			
- loans from financial institutions	39.6	37.4	56.1
Given as security			
- real estate mortgages	63.4	50.4	48.9
- pledges	6.3	31.4	20.8
- floating charges	44.6	20.3	47.3
For associates			
- guarantees	5.3	5.0	5.3
For others			
- guarantees and pledges	14.0	11.7	13.8
Other contingencies			
Leasing commitments	25.8	19.6	25.5
Rent liabilities	62.9	41.2	56.3
Other commitments	20.3	6.2	6.5

BUSINESS TRANSACTIONS WITH RELATED PARTIES
(EUR million)

	Q1-Q2/2011	Q1-Q2/2010	2010
Sales to associates	29.5	18.0	40.4
Purchases from associates	24.8	17.6	35.1
Trade and other receivables	1.7	2.1	1.8
Trade and other payables	8.7	9.0	8.8

The figures presented in the interim report are unaudited.

Vantaa, 10 August 2011

HKScan Corporation
Board of Directors

Further information is available from 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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