HKSCAN GROUP'S INTERIM REPORT 1 JANUARY – 30 JUNE 2010
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HKScan advances internationally, half-year earnings burdened by challenges in market area of Finland

*** The profitability of the HKScan Group continued to develop in Sweden and the Baltics and especially in Poland.**

*** In Finland, the industrial action in April/May had a considerable impact on earnings in the early part of the year.**

*** Group EBIT for the entire first half of the year fell short of 2009 and stood at EUR 13.6 million (EUR 22.5m).**

*** Group net sales were EUR 985.9 million (EUR 1 033.6m). The lower net sales are attributable to lower sales volume caused in turn mainly by the labour market disputes in Finland and the cattle shortage in Sweden.**

*** The company reaffirms its earnings guidance given in the Q1 interim report. Full-year EBIT exclusive of non-recurring items is estimated to fall somewhat short of the level seen in 2009.**

HKSCAN GROUP
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
Net sales	502.3	541.6	985.9	1 033.6	2 124.7
EBIT	8.1	14.3	13.6	22.5	55.1
- EBIT margin, %	1.6	2.6	1.4	2.2	2.6
Profit/loss before taxes	5.0	9.4	8.9	11.1	37.3
Earnings per share, EUR	0.07	0.16	0.13	0.15	0.64

Per-share data has been adjusted for the share offering in 2009.

Q2, APRIL-JUNE 2010

- The Group's net sales in the second quarter of the year were EUR 502.3 million (EUR 541.6m), i.e. 7.3 percent lower than in the comparison period.
- EBIT came in at EUR 8.1 million (EUR 14.3m).
- Earnings in Finland were eroded and EBIT depressed into the red by the industrial action taking place in April/May. EBIT came to EUR -0.1 million (EUR 6.7m).
- In Sweden and the Baltics, EBIT was in line with a year earlier.
- In Poland, EBIT increased significantly.

CEO MATTI PERKONOJA:

“The second quarter of the year was in line with expectations for HKScan.

In Finland, the unanticipated industrial action in spring had a crucial impact on the negative earnings delivered for the quarter. The poor performance in the first half of the year calls for rapid and intensive development measures throughout the business chain.

The industrial restructuring and streamlining programme underway in Sweden has progressed on schedule and its impact on earnings will become apparent in Q3.

In the Baltics, Rakvere Lihakombinaat and Tallegg delivered good earnings development in a challenging business environment. With the business environment growing more stable over the course of the early part of the year lends support to our view of the positive trend in the Baltic companies’ earnings development.

In Poland, the profitability of Sokolów’s business improved considerably, with the most powerful development seen in modern retail. A strong ownership base together with Sokolów’s market standing provides an excellent framework for the company’s future development.

The key objective for the HKScan Group is to grow its profitability. The Group has several major development projects underway designed to maintain competitiveness and also safeguard consumer and customer satisfaction.”

MARKET AREA: FINLAND
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
Net sales	173.5	190.2	341.3	365.5	732.5
EBIT	-0.1	6.7	-0.7	12.9	27.0
- EBIT margin, %	-0.1	3.5	-0.2	3.5	3.7

The industrial action in the food industry taking place in April/May had a clear depressive effect on sales and earnings in the business segment of Finland in Q2. The negative earnings impact of the industrial action is estimated at roughly EUR 0.5 million per day. The effects of the industrial action will extend to third-quarter sales and earnings as well. The challenge in this respect lies in clearing the backlog of slaughter animals remaining from spring and in restoring market positions.

The industrial action along with price competition in meat in particular served to hold second-quarter EBIT in the red in Finland, where EBIT came in at EUR -0.1 million (EUR 6.7m).

The amended EU marketing standard for poultry meat that took effect in early May will in the long run strengthen the market standing of locally produced fresh poultry meat.

The earnings development seen in the early part of the year has brought forward the implementation of the Group’s business chain development projects in Finland. The preliminary plans announced in April to bolster business profitability extend across the entire chain of operations and are envisaged to deliver annual earnings improvements of EUR 12 million. The appropriate negotiations will be started with the employees of the business segment of Finland once the plans have been worked out.

In the area of primary production, HK Ruokatalo will centralize its meat procurement and primary production as well as feed trade into a single company at the beginning of 2011. This will be accomplished by merging the primary production duties of feed company Lounaisfarmi and the chicken production chain of HK Ruokatalo into LSO Foods. The aim is to clarify and streamlines primary production service processes, to simplify operations and to achieve synergies through the consolidation of support functions.

On 24 June 2010, HKScan Finland Oy and Järvi-Suomen Portti Oy agreed on plans to establish a new company, with Järvi-Suomen Portti as a minority shareholder, to carry on the production of processed meats at Portti's current plant in Mikkeli. The plant will be made available for ongoing operations through a long-term lease. The planned transaction includes the production machinery at the Tikkala plant as well as Järvi-Suomen Portti's brands. The new company will continue to sell and market Portti products. The arrangement is subject to the approval of the Finnish Competition Authority.

The four-year collective agreement concluded in May and the duty to maintain industrial peace imposed thereby provide a foundation for the stable development of operations.

Second-quarter earnings include a non-recurring expense of EUR 0.9 million recognized in Group administration costs and arising from soil decontamination at the Turku plant sold in late 2006. The expense is not included in EBIT for the business segment of Finland.

MARKET AREA: SWEDEN
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
Net sales	241.9	264.5	472.3	502.9	1 037.4
EBIT	3.1	3.0	5.7	5.1	16.7
- EBIT margin, %	1.3	1.1	1.2	1.0	1.6

In the market area of Sweden, net sales declined when measured in both euro and krona due to e.g. delivery issues resulting from the cattle shortage and the ramp-up of the logistics centre. EBIT for the quarter came in at EUR 3.1 million (EUR 3.0m).

The short supply of Swedish beef cattle hampered earnings development in the market area. The degree of self-sufficiency for beef in Sweden declined to 50% in the review period, raising the purchase prices of Swedish beef to an extent that could not be passed on to sales prices at the same rate.

The industrial restructuring launched in September 2009 at Scan is proceeding on schedule and according to plans. The first quarter of the year saw beef slaughter centralized to Linköping and pork cutting to Kristianstad as well as hamburger patty production transferred from Linköping to Skara. In the second quarter, the consumer-packed meat facility has been transferred from Uppsala to Linköping, where the new logistics centre is also at the ramp-up stage. Owing to difficulties in the ramp-up, delivery reliability in Sweden declined in June and problems were experienced in July as well. Every effort will be made to restore normal delivery reliability during the third quarter.

The restructuring has given rise and will in Q3 continue to give rise to additional expenditure relating to logistics and production transfers.

In early June, Scan AB signed an agreement to sell its production facility in Visby on the island of Gotland to a new company, Gotlands Slagteri AB, which is to start up in September 2010. The company is owned by Svenskt Butikskött and Scan AB with holdings of 75 and 25 percent, respectively. At the same time, Scan will take a 25-percent stake in Svenskt Butikskött. The intention is for the new company to carry on the business at its earlier level and thus contribute to the development of meat production in Gotland.

MARKET AREA: THE BALTICS
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
Net sales	40.2	40.9	76.0	78.2	156.9
EBIT	3.3	3.5	4.3	4.5	9.8
- EBIT margin, %	8.1	8.6	5.7	5.8	6.3

The business environment in the Baltics continued to present a challenge due to recession, intensifying competition and erosion in consumer purchasing power. The net sales of HKScan's Baltic Group in the second quarter were in line with the previous year. Second-quarter earnings were EUR 3.3 million (EUR 3.5 million).

Rakvere Lihakombinaat and Tallegg maintained their competitiveness through adaptation of the product portfolio and tight cost control. HKScan's Baltic Group as a whole performed well and delivered the highest EBIT margin among the Group's market areas, 8.1% (8.6%).

The Rakvere Group's Latvia-based subsidiary AS Rigas Miesnieks signed in March an agreement on acquiring a holding in excess of 90 percent in the Latvian AS Jelgavas Galas Kombinats, a company specializing in smoked meat products. The acquisition strengthens the position of the HKScan Group as industry leader in Latvia. The deal was approved by the Latvian competition authorities in late June.

In order to streamline operations in Latvia, the sales and logistics functions of Rigas Miesnieks and Jelgavas Galas Kombinats will be consolidated as of September. Most of the production-related activities in Riga will be transferred to Jelgava's new and efficient plant in the coming year. The company's dispatching department and administration will remain in Riga.

MARKET AREA: POLAND
(EUR million)

*)	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
Net sales	66.0	60.9	129.9	117.3	251.7
EBIT	4.0	2.5	8.3	4.1	9.3
- EBIT margin, %	6.1	4.1	6.4	3.5	3.7

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

In Poland, Sokolów's Q2 net sales grew by 8.3 percent from the corresponding period in 2009 when measured in euro but fell by 2.4 percent when measured in zloty. The reason for this was the sales prices of meat depressed by intense competition. Spring floods in Poland moreover eroded sales in the review period.

Robust progress in modern retail chains, accomplished cost control, good subsidiary performance and momentum in exports brought Sokolów's second-quarter EBIT to EUR 4.0 million (EUR 2.5m in 2009).

Sokolów's profitability has climbed to a new high in the first half of the year and the company exceeds the Group's long-term EBIT target.

CHANGES IN GROUP STRUCTURE

HKScan Corporation transitioned to a holding company structure in its Finnish business. The reorganization, which streamlines financial reporting and internal supervision, 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 Finnish 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, 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 accomplished in the form of a minority holding in the company, with the current operators continuing to carry on the company's business proper. The company will be consolidated as a subsidiary based on control.

The Rakvere Group's Latvia-based subsidiary AS Rigas Miesnieks signed in March an agreement on acquiring a holding in excess of 90 percent in the Latvian AS Jelgavas Galas Kombinats, a company specializing in smoked meat products. The deal was approved by the Latvian competition authorities in late June.

CHANGES IN ORGANIZATION

In January 2010, the Board of Directors and HKScan Corporation CEO Matti Perkonoja agreed that he would stay on as CEO for longer than initially announced. The appointment is effective until the end of February 2012, at which time Mr Perkonoja is to retire. He had earlier planned to retire after 2010.

Effective 1 January 2010, Olli Antniemi, MSc (Econ & Bus Admin), was appointed senior vice president in charge of strategy and development. He also joined the Management Team. Mr Antniemi is responsible for strategic business planning with an emphasis on Group synergies and management of the Group's strategy process. He previously served as executive vice president of the HKScan Group's Baltic Group, managing director of Scan AB and most recently as development director at HK Ruokatalo Oy.

HKScan Corporation's Management Team as of 1 January 2010 consists of CEO Matti Perkonoja as Chairman along with CFO Irma Kiilunen, senior vice president for strategy and development Olli Antniemi, HKScan Finland Oy managing director Jari Leija and Scan AB managing director Denis Mattsson. Management Team meetings are also attended by managing directors Anne Mere of AS Rakvere Lihakombinaat and Teet Soorm of AS Tallegg. VP and Management Team member Tero Hemmilä left HKScan at the beginning of 2010. CFO Irma Kiilunen serves as deputy to the CEO of HKScan Corporation.

CAPITAL EXPENDITURE AND FINANCE

The Group's gross investments in Q2 totalled EUR 18.0 million (Q2/2009: EUR 11.8m). Gross investments for the entire first half of 2010 totalled EUR 36.9 million (Q1-Q2/2009: EUR 24.5m) and were divided among production-related investment in the market areas as follows: Finland EUR 13.3 million (EUR 7.1m), Sweden EUR 14.1 million (EUR 9.9m) and the Baltics EUR 6.0 million (EUR 2.1m). In Poland, HKScan's share of Sokolów investments was EUR 3.5 million (EUR 5.4m).

The Group's interest-bearing debt at the end of June stood at EUR 465.6 million (EUR 495.6m). Gross interest-bearing debt at the turn of the year was EUR 417.4 million. The decline in debt from the corresponding period a year earlier (02/2009) is attributable to the EUR 78.0 million share offering executed in December 2009. The company allocated EUR 20 million of the proceeds of the offering to repaying its hybrid bond. The remaining proceeds of the offering were used to pay other interest-bearing debts.

The considerable strengthening of the Swedish krona since the turn of the year, a higher need for working capital, and dividend payments increased the company's gross interest-bearing debt in the early part of the year.

Net financial expenses have clearly fallen from a year ago owing to lower interest rates, a reduced loan portfolio and a decline in the costs of hedging equity denominated in EEK. Untapped credit facilities at 30 June 2010 stood at EUR 212.0 million (EUR 155.1m). In addition, the Group had other untapped overdraft and other facilities of EUR 22.6 million (EUR 39.3m). The EUR 100 million commercial paper programme had been drawn in the amount of EUR 23.0 million (EUR 3.0m).

At the end of June, the equity ratio stood at 35.2 percent (29.8%). A material contributor to the stronger equity ratio was the share offering executed in December 2009. The equity ratio at the turn of the year was 37.1 percent.

INSIDER INVESTIGATION RELATING TO SHARE PURCHASES BY LSO OSUUSKUNTA

HKScan Corporation was informed on 29 April 2010 that the pre-trial investigation into the share trading of LSO Osuuskunta in August 2006 and the related consideration of charges had been completed. In respect of HKScan CEO Matti Perkonoja and one company official, the Helsinki district prosecutor had resolved not to bring charges.

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

HKScan will monitor the progress of the proceedings and revisit the issue at the latest when the outcome of the case has been determined.

TREASURY SHARES

At 30 June 2010, HKScan held a total of 51 982 of its A Shares. These had a market value of EUR 0.39 million (EUR 7.55 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 THE ANNUAL GENERAL MEETING

The Annual General Meeting held on 23 April 2010 adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for 2009. It was decided to pay a dividend of EUR 0.22 per share, i.e. a total of EUR 11.9 million, as recommended by the Board of Directors.

The number of members of the Board of Directors was confirmed as six. Markku Aalto, Tiina Varho-Lankinen, Matti Murto and Matti Karppinen were re-elected, with Pasi Laine and Otto Ramel elected to the Board as new members. The Board re-elected Markku Aalto as chairman and Tiina Varho-Lankinen as vice chairman.

Authorized public accountants PricewaterhouseCoopers Oy, with APA Johan Kronberg as principal auditor, and Petri Palmroth APA were appointed as HKScan's auditors for the 2010 financial year. Mika Kaarisalo APA and Pasi Pietarinen APA were re-appointed as the company's deputy auditors.

The authorizations granted by the Annual General Meeting to the Board are presented below under "Board of Directors' existing authorizations".

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 shareholders' equity. The company's own 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 own 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 own 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 own 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 own 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

In the first six months of the year, the Group had an average workforce of 7 136 employees (7 265 in Q1-Q2/2009). Analysis of employees by market area:

	Q1-Q2/2010	Q1-Q2/2009
Finland	2 496	2 391
Sweden	2 829	3 067
Baltics	1 811	1 807

In addition, Sokolów had an average of 5 615 (5 656) employees.

Analysis of employees by country:

	30.6.2010	30.6.2009
Sweden	33.2%	39.7%
Finland	38.5%	34.3%
Estonia	21.7%	19.4%
Poland (Scan)	2.9%	2.7%
Latvia	2.3%	2.6%
Other countries	1.4%	1.3%

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, in future possibly also the availability of these. Market area-specific uncertainty factors have to do especially with the success of the business development programmes in Finland and Sweden.

The international economic situation is stabilizing. Ongoing major fluctuations in the Group's central currencies may affect the Group's net sales, earnings and balance sheet. Changes in demand owing to e.g. rising unemployment and attributable to the financial climate may occur in the Group's market areas or its export markets. These may erode Group net sales and earnings.

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

The possibility of animal diseases can never be fully excluded in the food industry.

The industrial action in the food industry taking place in April/May in Finland will affect the development of net sales and earnings in Q3 as well.

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.

THE FUTURE

Consumer demand for food is still expected to remain steady in the Group's home markets and export markets are anticipated to pick up somewhat towards the end of the year. Business streamlining programmes, in particular the progress of the restructuring programme in Sweden and the launch of the streamlining programme planned in Finland, provide the foundation for the stronger development of the Group's competitiveness and profitability. Improved profitability furthermore requires the business in Finland to be restored from the effects of the labour market disturbances.

This anticipation of the future gains further support from the good performance of segments of the Baltics and Poland, which in part serves to even out the earnings development of the entire Group.

With performance in the first half of the year falling markedly short of the same a year ago, the Group's full-year EBIT exclusive of non-recurring items is estimated to be at a level somewhat lower than in 2009.

Consolidated financial statements 1 January - 30 June 2010

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
NET SALES	502.3	541.6	985.9	1 033.6	2 124.7
Operating income and expenses	-479.9	-513.7	-944.0	-984.0	-2 013.3
Share of associates' result	0.3	0.1	0.8	0.2	0.9
Depreciation and impairment	-14.5	-13.6	-29.1	-27.2	-57.2
EBIT	8.1	14.3	13.6	22.5	55.1
Financial income	1.3	1.3	3.5	3.1	5.2
Financial expenses	-4.9	-6.8	-9.7	-15.4	-24.9
Share of profit of associates	0.5	0.6	1.5	0.9	2.0
PROFIT/LOSS BEFORE TAXES	5.0	9.4	8.9	11.1	37.3
Income taxes	-0.8	-0.9	-0.6	-2.2	-4.9
PROFIT/LOSS FOR THE PERIOD	4.3	8.5	8.3	8.9	32.5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	3.6	7.5	7.0	7.6	29.9
Minority interests	0.7	1.0	1.2	1.3	2.6
Total	4.3	8.5	8.3	8.9	32.5

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

EPS, undiluted (EUR), continuing operations	0.07	0.16	0.13	0.15	0.64
EPS, diluted (EUR), continuing operations	0.07	0.16	0.13	0.15	0.64

Per-share data has been adjusted for the share offering in 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY - 30 JUNE 2010
(EUR million)

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
PROFIT/LOSS FOR THE PERIOD	4.3	8.5	8.3	8.9	32.5
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on translating foreign operations	-0.2	2.8	7.0	-3.6	1.8
Available-for-sale investments	-0.4	0.1	0.0	-0.1	0.4
Cash flow hedging	-1.1	1.0	-3.9	0.4	-7.1
TOTAL OTHER COMPREHENSIVE INCOME	-1.7	3.9	3.1	-3.3	-4.8
TOTAL COMPREHENSIVE INCOME	2.6	12.4	11.4	5.6	27.6

FOR THE PERIOD					
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	1.9	11.2	9.9	4.3	24.8
Minority interests	0.7	1.2	1.5	1.3	2.8
Total	2.6	12.4	11.4	5.6	27.6

In calculating EPS, the interest on the hybrid bond accrued in the period adjusted for taxes has been deducted from the earnings for the period. The bond has not affected the diluted number of shares.

Per-share data has been adjusted for the share offering in 2009.

CONSOLIDATED BALANCE SHEET
(EUR million)

	Note	30.6.2010	30.6.2009	31.12.2009
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	1.	69.2	60.7	65.7
Goodwill	2.	90.9	83.7	88.2
Property, plant and equipment	3.	482.3	467.5	469.1
Holdings in associates		22.7	19.0	20.9
Trade and other receivables		20.6	19.8	18.2
Available-for-sale investments		11.3	10.0	10.5
Deferred tax asset		13.2	9.7	12.3
NON-CURRENT ASSETS		710.2	670.4	685.0
CURRENT ASSETS				
Inventories	4.	134.0	133.1	118.7
Trade and other receivables		207.4	202.4	194.3
Income tax receivable		2.2	1.4	0.2
Other financial assets		2.2	2.2	2.0
Cash and cash equivalents		68.6	57.8	73.9
CURRENT ASSETS		414.4	396.9	389.0
ASSETS		1 124.6	1 067.2	1 074.0
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	5.	66.8	66.8	66.8
Share premium reserve		74.1	73.8	74.2
Treasury shares		-0.0	-0.0	-0.0
Fair value reserve and other reserves		144.4	99.5	149.7
Translation differences		-6.1	-18.3	-13.1
Retained earnings		107.5	90.5	111.6
Equity attributable to equity holders of the parent		386.6	312.3	389.3

Minority interest		9.4	5.3	9.4
SHAREHOLDERS' EQUITY		396.1	317.6	398.7
NON-CURRENT LIABILITIES				
Deferred tax liability		32.5	33.5	32.2
Non-current interest-bearing liabilities		352.1	430.4	329.9
Non-current non-interest bearing liabilities		5.0	4.7	5.9
Pension obligations		3.5	3.6	3.6
Non-current provisions		2.8	3.2	8.5
NON-CURRENT LIABILITIES		395.9	475.3	380.1
CURRENT LIABILITIES				
Current interest-bearing liabilities		113.5	65.2	87.5
Trade and other payables		213.3	206.1	202.0
Income tax liability		2.8	0.3	2.7
Current provisions		3.1	2.6	2.8
CURRENT LIABILITIES		332.7	274.3	295.1
EQUITY AND LIABILITIES		1 124.6	1 067.2	1 074.0

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
(EUR million)

	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
Income and expenses recognized during the period, total		-0.1	-3.8			-0.6	7.0	0.0	7.5	9.9	1.5	11.4
Share-based compensation 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
Purchase of treasury shares										0.0		0.0
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

	1.	2.	3.	4.	5.*	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 1.1.2009	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		-0.1	0.3			-0.3	-2.5		6.8	4.3	1.3	5.6
Share-based compensatio n expense		0.3								0.3		0.3
Other change										0.0	-0.1	-0.1
Direct recognition in retained earnings**)									-1.2	-1.2		-1.2
Transfers between items			0.2			2.5			-2.7	0.0		0.0
Purchase of treasury shares										0.0		0.0
Increase in holdings in subsidiaries										0.0	-0.6	-0.6
Dividend distribution									-9.4	-9.4	-0.7	-10.2
EQUITY AT 30.6.2009	66.8	73.8	-1.7	66.7	20.0	14.4	-18.3	0.0	90.5	312.3	5.3	317.6

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. Minority interest, 12. Total

*) Comprising a hybrid bond classified as equity
**) Comprising interest paid on hybrid bond

In the interim reports for 2009, the company reported re-measurement of net investment hedges in the revaluation reserve. In the financial statements for 2009, the manner of reporting has been changed and hedging is recognized as an adjustment to translation differences. The figures for the comparison year have been modified to correspond to the current practice.

CASH FLOW STATEMENT
(EUR million)

	Q1-Q2/2010	Q1-Q2/2009	2009
Operating activities			
EBIT	13.6	22.5	55.1
Adjustments to EBIT	-0.6	-2.0	-0.4
Depreciation and amortization	29.1	27.2	57.2
Change in provisions	-5.8	2.6	7.6
Change in net working capital	-25.4	-8.7	2.5
Financial income	3.5	3.1	5.2
Financial expenses	-9.7	-15.4	-24.9

Taxes	-0.6	-2.2	-4.9
Net cash flow from operating activities	4.1	27.1	97.4
Investing activities			
Gross investments in property, plant and equipment	-35.7	-26.0	-43.7
Disposals of property, plant and equipment	2.3	1.5	2.9
Investments in subsidiary	0.0	-0.3	-4.7
Shares in associates purchased	0.0	0.0	-0.3
Loans granted	-1.3	0.0	-0.0
Repayments of loans receivable	1.1	0.2	5.1
Net cash flow from investing activities	-33.6	-24.6	-40.8
Cash flow before financing activities	-29.5	2.5	56.6
Financing activities			
Proceeds from share offering	0.0	0.0	76.8
Repayments of hybrid bond	0.0	0.0	-20.0
Current borrowings raised	93.8	32.5	46.6
Current borrowings repaid	-67.4	-44.9	-82.3
Non-current borrowings raised	9.5	28.7	74.7
Non-current borrowings repaid	-1.7	-41.6	-160.8
Interest on hybrid bond	0.0	-1.3	-2.1
Dividends paid	-12.0	-9.4	-9.4
Purchase of treasury shares	0.0	0.0	0.0
Net cash flow from financing activities	22.1	-36.0	-76.5
Change in cash and cash equivalents	-7.4	-33.5	-19.9
Cash and cash equivalents at 1.1.	75.9	94.4	94.4
Effect of changes in exchange rates on cash and cash equivalents	2.3	-1.0	1.4
Cash and cash equivalents at 30.6.	70.8	59.9	75.9

FINANCIAL INDICATORS

Per-share data has been adjusted for the share offering in 2009.

	30.6.2010	30.6.2009	31.12.2009
EPS, undiluted, EUR	0.13	0.15	0.64
EPS, diluted, EUR	0.13	0.15	0.64
Equity per share at 30 June, EUR 1)	7.16	7.00	7.21
Equity ratio, %	35.2	29.8	37.1
Adjusted average			
number of shares, mill.	54.0	39.3	44.9
Gross capital expenditure			
on property, plant and equipment, EUR million	36.9	24.5	41.3
Employees, end of month			
average	7 136	7 265	7 429

1) Excluding minority's share of equity.

Notes to the Group's interim report

ACCOUNTING POLICIES

HKScan Corporation's interim report for 1 January – 30 June 2010 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 2009. These accounting principles are explained in the financial statements for 2009.

As of 1 January 2010, the Group has adopted the following new IFRS standards and interpretations:

- Revised IAS 27. Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The revised 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 revision, the losses of a subsidiary can be allocated to the minority also when the losses exceed the minority's investment.

The figures presented in the interim report are unaudited.

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

	Q2/2010	Q2/2009	Q1-Q2/10	Q1-Q2/09	2009
NET SALES					
-Finland	173.5	190.2	341.3	365.5	732.5
-Sweden	241.9	264.5	472.3	502.9	1 037.4
-Baltics	40.2	40.9	76.0	78.2	156.9
-Poland	66.0	60.9	129.9	117.3	251.7
-Between segments	-19.3	-15.0	-33.6	-30.3	-53.9
Group total	502.3	541.6	985.9	1 033.6	2 124.7
EBIT					
-Finland	-0.1	6.7	-0.7	12.9	27.0
-Sweden	3.1	3.0	5.7	5.1	16.7
-Baltics	3.3	3.5	4.3	4.5	9.8
-Poland	4.0	2.5	8.3	4.1	9.3
-Between segments	0.0	0.0	0.0	0.0	0.0
Segments total	10.3	15.7	17.6	26.6	62.8
-Group administration costs	**)-2.1	-1.4	**)-4.0	*) -4.1	*)-7.7
Group total	8.1	14.3	13.6	22.5	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 a non-recurring expense of EUR 0.9 million recognized in Q2 and arising from soil decontamination at the Turku plant sold in late 2006.

NOTES TO THE BALANCE SHEET

1. CHANGES IN INTANGIBLE ASSETS
(EUR million)

	Q1-Q2/2010	Q1-Q2/2009	2009
Carrying amount at beginning of period	65.7	57.8	57.8
Translation differences	4.5	0.2	3.0
Increase	0.3	0.5	2.8
Increase (acquisitions)	0.0	0.0	2.0
Decrease	-0.2	-0.0	0.0
Depreciation and impairment	-1.6	-1.1	-2.7
Transfer to other balance sheet item	0.4	3.4	2.8
Carrying amount at end of period	69.2	60.7	65.7

2. CHANGES IN GOODWILL
(EUR million)

	Q1-Q2/2010	Q1-Q2/2009	2009
Carrying amount at beginning of period	88.2	81.7	81.7
Translation differences	2.7	0.2	1.6
Increase	0.0	1.8	1.9
Increase (acquisitions)	0.0	0.0	3.0
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	90.9	83.7	88.2

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

	Q1-Q2/2010	Q1-Q2/2009	2009
Carrying amount at beginning of period	469.1	479.3	479.3
Translation differences	5.7	-3.9	6.6
Increase	37.5	23.1	41.2
Increase (acquisitions)	0.6	0.0	3.8
Decrease	-2.3	-1.5	-3.3
Depreciation and impairment	-27.9	-26.1	-55.8
Transfer to other balance sheet item	-0.4	-3.4	-2.6
Carrying amount at end of period	482.3	467.5	469.1

4. INVENTORIES
(EUR million)

	Q1-Q2/2010	Q1-Q2/2009	2009
Materials and supplies	81.2	82.2	73.9
Unfinished products	8.7	7.5	7.1
Finished products	29.1	28.8	23.7
Goods	0.2	0.1	0.0
Other inventories	3.9	4.2	4.1
Prepayments	3.0	2.1	2.1
Live animals, IFRS 41	7.9	8.2	7.6
Total inventories	134.0	133.1	118.7

5. NOTES TO SHAREHOLDERS' EQUITY

Share capital and 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	143.5	0.0	283.2
30.6.2010	53 974 540	66.8	72.9	143.5	0.0	283.2

RIUE = Reserve for invested unrestricted equity

DERIVATIVE INSTRUMENT LIABILITIES
(EUR million)

	30.6.2010	30.6.2009	31.12.2009
Derivative instrument liabilities			
Nominal values of derivative instruments			
Foreign exchange derivatives	98.8	110.8	104.6
Interest-rate derivatives	208.0	177.0	203.5
Electricity derivatives	10.3	8.6	10.8
Fair values of derivative instruments			
Foreign exchange derivatives	0.0	0.1	-1.1
Interest-rate derivatives	-17.1	-13.4	-11.3
Electricity derivatives	0.0	-1.5	-0.6

CONSOLIDATED OTHER CONTINGENT LIABILITIES
(EUR million)

	30.6.2010	30.6.2009	31.12.2009
Debts secured by			
pledges or mortgages			
- loans from financial institutions	37.4	37.2	33.9
Given as security			
- real estate mortgages	50.4	47.3	55.5
- pledges	31.4	23.2	30.4
- floating charges	20.3	16.1	20.7
For associates			
- guarantees	5.0	5.5	5.0
For others			
- guarantees and pledges	11.7	12.7	12.4
Other contingencies			
Leasing commitments	19.6	19.0	19.0
Rent liabilities	41.2	39.1	40.6
Other commitments	6.2	4.2	5.8

BUSINESS TRANSACTIONS WITH RELATED PARTIES

	Q1-Q2/2010	Q1-Q2/2009	2009
Sales to associates	18,0	15,2	34,9
Purchases from associates	17,6	18,3	35,2
Trade and other receivables	2,1	1,4	2,5
Trade and other payables	9,0	8,7	8,5
Severance pay to the CEO	0,0	1,3	1,3

NON-RECURRING ITEMS
(EUR million)

	Q1-Q2/2010	Q1-Q2/2009	2009
Employee benefits expenses	-	-4.1	-10.8
Depreciation and impairment	-	0.0	-1.9
Soil decontamination expense on sold land	-0.9	-	-
Total non-recurring items	-0.9	-4.1	-12.7

The figures presented in the interim report are unaudited.

Vantaa, 10 August 2010

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, the Baltics 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 10,000 employees. It had net sales of 2.1 billion euro in 2009.

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