HKScan Group interim report 1 January - 30 June 2009

Published on 6 August 2009, at 8am

*** EBIT for the first half of 2009 stood at EUR 22.5 million. HKScan achieved positive and improved results in all market areas.**
*** Performance continued to develop favourably in Q2, with EBIT rising to EUR 14.3 million.**
*** Owing to changes in exchange rates, net sales in euro showed a decline in the first half of the year, yet rose by roughly 4% at fixed rates.**

HKSCAN GROUP
(EUR million)

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
Net sales	541.6	591.9	1 033.6	1 102.0	2 294.6
EBIT	14.3	4.4	22.5	10.5	38.1
- EBIT margin, %	2.6	0.7	2.2	1.0	1.7
Profit/loss before taxes	9.4	-2.3	11.1	-2.4	9.0
Earnings per share, EUR	0.18	-0.09	0.18	-0.11	0.12

Q2, APRIL-JUNE 2009

* Net sales came to EUR 541.6 million (EUR 591.9m in Q2/2008). The reduction of 8.5% was mainly due to a major decline in the Group's central currencies since autumn 2008. Using fixed exchange rates, net sales increased by just under two percent.

* EBIT for the quarter came to EUR 14.3 million (EUR 4.4m). In evaluating the increase, it should be noted that the first half and Q2 in particular of the comparison year 2008 were exceptionally weak.

* The strongest improvement was seen in Finland, as anticipated, with EBIT coming in at EUR 6.7 million (EUR -0.5m).

* EBIT in Sweden was EUR 3.0 million (Q2/2008: EUR 3.3m). The figure includes EUR 0.5 million in non-recurring charges.

* In the Baltics, EBIT rose to EUR 3.5 million (EUR 2.7m), a year-on-year increase of 28.8% despite the extremely difficult economic situation in the Baltic countries.

* EBIT in Poland improved considerably, coming in at EUR 2.5 million (Q2/2008: EUR -0.2m).

* Group EBIT for the current year is estimated to clearly surpass that for 2008.

CEO MATTI PERKONOJA:

"The second quarter on the whole was a period of steady development, as anticipated. HKScan's business continued along the favourable lines first seen in late 2008.

Performance in Finland picked up as anticipated. HK Ruokatalo's robust EBIT development was based on cost-effective operations and a strengthening of market standing.

In Sweden, Scan’s three-year business development programme, which was started in March, progressed on track. Market standing was also maintained.

In the Baltics, vigorous adjustment measures and operational cost controls enabled Rakvere Lihakombinaat and Tallegg to improve and boost their competitiveness in a highly demanding business environment.

In Poland, Sokolów solidified its market standing while delivering improved performance both domestically and in the export market.

The Group’s business performance indicators continued to reflect exchange rate fluctuation. Both the Swedish krona and the Polish zloty, which declined considerably in autumn 2008, have yet to bounce back. This explains the decline in the Group’s euro-denominated net sales. Earnings were also weakened somewhat by the fluctuations.

The Group's financing situation remained stable throughout the period under review.

Despite the positive development seen in the first and second quarters of the year, the Group’s long-term financial targets still remain a ways off.”

MARKET AREA: FINLAND
(EUR million)

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
Net sales	190.2	194.5	365.5	359.5	740.4
EBIT	6.7	-0.5	12.9	3.5	14.4
- EBIT margin, %	3.5	-0.3	3.5	1.0	1.9

The positive development in the EBIT delivered by the market area of Finland was built on the business and market standing of HK Ruokatalo continuing to grow stronger through the second quarter. Net sales, on the other hand, fell from the same period a year ago owing to a reduction in export revenues.

Earnings development was underpinned by several factors. Processed meat deliveries, of great importance to the company, increased in terms of both volume and value. Basic products in particular, such as ground meat products and sausages, enjoyed robust demand. The sales of poultry products also rose. Cost-efficiency in production was in line with target, and delivery reliability stood at a very good level.

The focus in whole meat products was on the summer grilling season, catered for with several new product launches as well. Greater in-store visibility was achieved for seasonal summer products.

Owing to the overall economic situation in Finland and changes in consumption, sales to customers in the HoReCa sector have declined somewhat.

The profitability of pork exports was eroded by the decline in world market prices and reduced demand.

The first-half earnings include a non-recurring cost provision of EUR 1.1 million recognised in Q1 and relating to personnel cuts at HK Ruokatalo's Forssa production facilities in 2006. The severance pay of EUR 1.3 million to HKScan Corporation’s former CEO is included in Q1 Group administration costs.

MARKET AREA: SWEDEN
(EUR million)

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
Net sales	264.5	305.0	502.9	562.4	1 179.3
EBIT	3.0	3.3	5.1	3.9	18.0
- EBIT margin, %	1.1	1.1	1.0	0.7	1.5

In Sweden, net sales in krona held steady at the level seen in the second quarter of 2008. The weaker krona results in a 13.3-percent reduction in net sales when translated into euro.

The three-year development programme launched in March 2009 progressed according to plan. The aim is to bring the EBIT level of the Swedish business up to the five-percent figure outlined in the Group's financial targets. Means employed to achieve this aim include enhancing the company's cost structure, investing in higher value-added and reorganising Scan's commercial operations. With regard to meat raw material sourcing, the programme was implemented through the establishment of sourcing company Svenska Livdjur & Service AB in order to improve Scan's competitiveness at the beginning of the production chain.

Despite tighter competition and the ongoing development programme, Scan was able to gain in market standing especially in the retail sector.

Personnel downsizing gave rise to non-recurring charges totalling EUR 1.7 million in the first half of the year. Of this sum, EUR 1.2 million was recognised in Q1 and EUR 0.5 million in Q2.

Former deputy to the managing director Denis Mattsson was appointed managing director of Scan AB effective 23 June 2009.

MARKET AREA: THE BALTICS
(EUR million)

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
Net sales	40.9	43.0	78.2	81.0	168.2
EBIT	3.5	2.7	4.5	4.2	6.4
- EBIT margin, %	8.6	6.4	5.8	5.1	3.8

The business environment in the Baltics presented more of a challenge than the Group's other markets due to the deep recession and the ensuing erosion in consumer purchasing power. Nonetheless, HKScan's Baltic Group delivered clearly better performance than anticipated. The EBIT of EUR 1.0 million achieved in Q1 climbed to EUR 3.5 million in Q2.

Rakvere Lihakombinaat and Tallegg maintained their competitiveness and further solidified their market standing. This success was built on adaptation of the product range as well as rapid and vigorous adjustment and cost-cutting measures.

A profound restructuring is underway in the Baltic meat industry.

MARKET AREA: POLAND
(EUR million)

*)	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
Net sales	60.9	69.3	117.3	130.4	270.9
EBIT	2.5	-0.2	4.1	0.7	4.2
- EBIT margin, %	4.1	-0.3	3.5	0.5	1.6

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

In the Polish market, net sales in Q2 in zloty were up by roughly 14% from previous year. Owing to the weaker zloty, net sales declined by 12.2% when translated into euro.

Sokolów's profitability developed favourably. In the domestic market, its sales to modern retail chains in particular increased considerably. Exports were also on the rise, and the weaker zloty both increased export volumes and improved the profitability of exports.

Subsidiary Pozmeat and primary production company Agro-Sokolów made headway in the first half of the year towards achieving the planned level of business activities.

CAPITAL EXPENDITURE AND FINANCE

The Group's gross investments in Q2 totalled EUR 11.8 million (Q2/2008: EUR 25.7m). Gross investments for the entire first half of 2009 totalled EUR 24.5 million (Q1-Q2/2008: EUR 53.6m) and were divided among production-related investment in the market areas as follows: Finland EUR 7.1 million, Sweden EUR 9.9 million and the Baltics EUR 2.1 million. In Poland, HKScan's share of Sokolów investments was EUR 5.4 million.

The installations of machinery and equipment continued at the new distribution centre rising in Linköping, Sweden. No major investments were underway in Finland or the Baltics.

The Group's interest-bearing debt at the end of June stood at EUR 495.6 million (EUR 549.8m). The reduction is partly attributable to the weakening of the Group's central currencies. Net financing costs in the half-year period fell by roughly EUR 1 million year on year owing to lower interest rates and the reduction in total loans. On the other hand, financing costs are burdened by rising hedging expenditure. Untapped credit facilities at 30 June 2009 stood at EUR 156.5 million (EUR 174m). In addition, the Group had other untapped overdraft and other facilities of EUR 38.7 million (EUR 35m). The EUR 100 million commercial paper programme had been drawn upon in the amount of EUR 3 million (EUR 39m).

At the end of June, the equity ratio stood at 29.8 percent (28.3%). The weakening of the Group's central currencies (SEK, PLN) is also evident in the negative translation differences in equity. Stronger cash flow and reducing net liabilities remain key priorities, to be achieved through means such as more effective working capital management and extremely careful consideration of which investments to implement.

TREASURY SHARES

In June, a total of 7 008 A Shares assigned to participants in the company's Share Incentive Scheme 2006–2008 reverted gratuitously back to the company.

At 30 June 2009, the company held a total of 51 982 of its A Shares. These had a market value of EUR 0.46 million and accounted for 0.13% of all shares and 0.04% of all votes.

NOTICE OF CHANGE IN OWNERSHIP

Fund company Artio Global Management LLC announced, in accordance with Chapter 2:9 of the Securities Markets Act, that as a result of a share transaction executed on 17 April 2009 its shareholding in HKScan Corporation had fallen to zero.

RESOLUTIONS PASSED BY THE ANNUAL GENERAL MEETING

The Annual General Meeting held on 23 April 2009 adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for 2008. It was decided to pay a dividend of EUR 0.24 per share, i.e. a total of EUR 9.4 million, as recommended by the Board of Directors.

The number of members of the Board of Directors was confirmed as five. Markku Aalto, Tiina Varho-Lankinen, Matti Murto and Matti Karppinen were re-elected, with Lars Hultström joining the Board as a new member. The Board re-elected Markku Aalto as chairman and Tiina Varho-Lankinen as deputy chairman.

Authorised public accountants PricewaterhouseCoopers Oy, with APA Johan Kronberg as principal auditor, and Petri Palmroth APA were appointed as HKScan's auditors for the 2009 financial year. Mika Kaarisalo APA and Pasi Pietarinen APA were appointed as the company's deputy auditors.

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

BOARD OF DIRECTORS' EXISTING AUTHORISATIONS

(1) The AGM of 23 April 2009 authorised the Board to resolve on acquiring a maximum of 3 500 000 Series A shares as treasury shares, equal to roughly 8.9% of total registered shares and 10.3% 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 utilised in purchasing the shares. The shares may be purchased in a proportion other than that of the shares held by the shareholders (directed purchase). The authorisation is valid until 30 June 2010.

(2) The AGM also authorised 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 authorised to resolve on the issue of a maximum of 5 500 000 A Shares, corresponding to ca. 14.0% of all registered shares in the company and ca. 16.2% 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 authorisation 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. The authorisation is valid until 30 June 2010.

The authorisations 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 own shares or directed share issue can only be executed for reasons of weighty financial consequence to the company and the authorisation 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 7 265 employees (7 536 in Q1-Q2/2008). The average number of employees in each market area was as follows: 2 391 persons in Finland, 3 067 in Sweden and 1 807 in the Baltics. In addition, Sokolów had 5 656 employees.

An analysis of employees by country at the end of June is as follows: Sweden 39.7%, Finland 34.3%, Estonia 19.4%, Poland (Scan) 2.7%, Latvia 2.6%, other countries 1.3%.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant business risks faced by the HKScan Group involve developments in the price of raw materials and pork in particular, in future possibly the availability of these as well. Country-specific uncertainties involve the success of the business development programmes in Sweden and the development of the national economies in the Baltics.

The current crisis in the international financial markets increases the risk of customer credit losses. The problems experienced by customers are due to the state of the economy in their country of operation as well as the availability of financing. Ongoing major fluctuations in the Group's central currencies may affect the Group's net sales, earnings and balance sheet. Any devaluation of local currencies in particular may have a negative effect on the Group's Baltic operations.

Changes in demand attributable to the financial climate may occur in the Group's market areas or its export markets, which may erode Group net sales and earnings.

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

In the event of an escalation of the A(H1N1)v influenza epidemic, temporary arrangements may need to be put into place in all of the Group’s market areas to ensure uninterrupted production.

FUTURE OUTLOOK

The conditions of exceptional uncertainty arising from the global economic and financial situation continue to prevail. Consumer demand for food is nonetheless anticipated to remain unchanged in Finland and in Sweden, which provides the foundation for stable business development in the Group’s main market areas. Signs of sharp fluctuations in demand are visible in the Group's other market areas as well as its export markets.

Based on business performance and the outlook in the near term, Group EBIT for the current year is estimated to clearly surpass that for 2008.

Consolidated financial statements
1 January - 30 June 2009

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
NET SALES	541.6	591.9	1 033.6	1 102.0	2 294.6
Operating income and expenses	-513.7	-573.6	-983.9	-1 064.4	-2 202.5
Depreciation and impairment	-13.6	-13.9	-27.2	-27.1	-54.0
EBIT	14.3	4.4	22.5	10.5	38.1
Financial income	1.3	1.3	2.7	2.4	5.4
Financial expenses	-6.7	-8.0	-15.4	-15.4	-34.4
Currency exchange gains and losses and changes in fair values	-0.1	-0.4	0.3	-0.4	-1.1
Share of associates' results	0.6	0.4	0.9	0.5	0.9
PROFIT/LOSS BEFORE TAXES	9.4	-2.3	11.1	-2.4	9.0
Income taxes	-0.9	-0.7	-2.2	-1.3	-1.4
PROFIT/LOSS FOR THE FINANCIAL YEAR	8.5	-2.9	8.9	-3.7	7.6
OTHER COMPREHENSIVE INCOME (after taxes):					
Exchange differences on translating foreign operations	4.0	2.1	-3.3	3.5	-28.9
Hedging of net investment in a foreign unit	-1.2	0.5	-0.3	0.2	7.1
Available-for-sale investments	0.4	0.0	0.2	0.2	-0.2
Cash flow hedging	0.7	1.6	0.1	1.1	-2.0
TOTAL OTHER COMPREHENSIVE INCOME	3.9	4.2	-3.3	5.0	-24.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.4	1.3	5.6	1.3	-16.5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	7.5	-3.3	7.6	-4.3	4.7
Minority interests	1.0	0.4	1.3	0.6	2.9
Total	8.5	-2.9	8.9	-3.7	7.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	11.2	0.1	4.3	0.3	-19.0
Minority interests	1.2	1.2	1.3	1.0	2.5
Total	12.4	1.3	5.6	1.3	-16.5
Earnings per share calculated on profit attributable to equity					

holders of the parent:					
EPS, undiluted (EUR), continuing operations	0.18	-0.09	0.18	-0.11	0.12
EPS, diluted (EUR), continuing operations	0.18	-0.09	0.18	-0.11	0.12

In calculating the EPS figures, the interest on the hybrid bond has been deducted from the profit for the period.

CONSOLIDATED BALANCE SHEET
(EUR million)

	30.6.2009	30.6.2008	31.12.2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	60.7	64.9	57.8
Goodwill	83.7	85.0	81.7
Tangible assets	467.5	502.1	479.3
Holdings in associates	19.0	21.5	17.8
Trade and other receivables	19.8	15.8	17.4
Available-for-sale investments	10.0	11.4	9.9
Deferred tax asset	9.7	8.3	10.1
NON-CURRENT ASSETS	670.4	708.9	673.9
CURRENT ASSETS			
Inventories	133.1	140.8	128.3
Trade and other receivables	202.4	229.1	198.4
Income tax receivable	1.4	6.0	1.5
Other financial assets	2.2	3.6	2.2
Cash and cash equivalents	57.8	47.5	92.2
CURRENT ASSETS	396.9	427.0	422.6
ASSETS	1 067.2	1 135.9	1 096.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	66.8	66.8	66.8
Share premium reserve	73.8	74.7	73.5
Treasury shares	-0.0	-0.1	-0.0
Fair value reserve and other reserves	108.5	82.3	106.0
Translation differences	-27.3	5.3	-25.1
Retained earnings	90.5	90.2	97.0
Equity attributable to equity holders of the parent	312.3	319.2	318.2
Minority interest	5.3	2.4	5.4
SHAREHOLDERS' EQUITY	317.6	321.6	323.7
NON-CURRENT LIABILITIES			
Deferred tax liability	33.5	35.3	33.6
Non-current interest-bearing liabilities	430.4	429.8	442.1

Non-current non-interest bearing liabilities	4.7	6.3	7.9
Pension obligations	3.6	3.1	3.7
Non-current provisions	3.2	0.2	1.4
NON-CURRENT LIABILITIES	475.3	474.7	488.7
CURRENT LIABILITIES			
Current interest-bearing liabilities	65.2	120.0	82.4
Trade payables and other liabilities	206.1	218.0	199.4
Income tax liability	0.3	0.1	0.5
Current provisions	2.6	1.4	1.9
CURRENT LIABILITIES	274.3	339.5	284.2
SHAREHOLDERS' EQUITY AND LIABILITIES	1 067.2	1 135.9	1 096.5

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

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
SHAREHOLDERS' EQUITY 1.1.2009	66.8	73.5	8.1	66.7	20.0	11.2	-25.1	0.0	97.0	318.2
Income and expenses recognised during the period, total		-0.1	0.0			-0.3	-2.2	0.0	6.8	4.3
Recognition of expenses relating to share-based schemes		0.3								0.3
Direct recognition in retained earnings*)									-1.2	-1.2
Transfers between items						2.7			-2.7	0.0
Purchase of treasury shares										0.0
Dividend distribution									-9.4	-9.4
SHAREHOLDERS' EQUITY 30.6.2009	66.8	73.8	8.1	66.7	20.0	13.7	-27.3	0.0	90.5	312.3

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity, 5. Other equity items, 6. Other reserves, 7. Translation differences, 8. Treasury shares, 9. Retained earnings, 10. Total

*) Comprising a hybrid bond classified as equity and interest paid thereon

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
SHAREHOLDERS' EQUITY 1.1.2008	66.8	73.4	3.0	66.7	0.0	10.8	3.0	-0.7	105.5	328.5
Income and expenses recognised during the period, total		0.1	1.5			0.3	2.2		-3.7	0.3
Recognition of expenses relating to share-based schemes		0.3								0.3
Direct recognition in retained earnings										0.0
Transfers between items		1.0							-1.0	0.0
Purchase of treasury shares								-0.1		-0.1
Payments made in treasury shares								0.8		0.8
Dividend distribution									-10.6	-10.6
SHAREHOLDERS' EQUITY 30.6.2008	66.8	74.7	4.5	66.7	0.0	11.1	5.3	-0.1	90.2	319.2

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity, 5. Other equity items, 6. Other reserves, 7. Translation differences, 8. Treasury shares, 9. Retained earnings, 10. Total

CASH FLOW STATEMENT
(EUR million)

	1-6/2009	1-6/2008	1-12/2008
EBIT	22.5	10.5	38.1
Adjustments to EBIT	-1.8	-3.5	-1.3
Depreciation and amortisation	27.2	27.1	54.0
Change in provisions	2.6	-1.5	1.4
Change in net working capital	-8.7	2.0	1.3
Financial income and expenses	-12.5	-13.3	-29.9
Taxes	-2.2	-1.3	-1.4
Net cash flow from operating activities	27.1	20.0	62.2
Investing activities			
Gross investments in fixed assets	-26.0	-53.7	-84.1
Disposals of fixed assets	1.5	8.4	12.0
Investments in subsidiary	-0.3	0.0	0.0
Loans granted	0.0	0.0	-0.2
Repayments of loans receivable	0.2	0.6	2.0
Net cash flow from investing activities	-24.6	-44.7	-70.3
Cash flow before financing activities	2.5	-24.7	-8.1

Financing activities			
Capital loan payments received	0.0	0.0	20.0
Current borrowings raised	32.5	59.9	187.9
Current borrowings repaid	-44.9	-31.3	-164.2
Non-current borrowings raised	28.7	1.3	27.4
Non-current borrowings repaid	-41.6	0.0	-7.3
Interest on hybrid bond	-1.3	0.0	0.0
Dividends paid	-9.4	-10.6	-10.6
Purchase of treasury shares	-0.0	-0.1	-0.1
Net cash flow from financing activities	-36.0	19.2	53.0
Change in cash and cash equivalents	-33.5	-5.5	44.9
Cash and cash equivalents at 1.1.	94.4	56.8	56.8
Effect of changes in exchange rates of cash and cash equivalents	-1.0	-0.2	-7.3
Cash and cash equivalents at 30.6.	59.9	51.1	94.4

FINANCIAL INDICATORS

	30.6.2009	30.6.2008	31.12.2008
Earnings per share	0.18	-0.11	0.12
Equity per share at 30.6, EUR 1)	7.95	8.12	8.10
Equity ratio, %	29.8	28.3	29.5
Adjusted average			
number of shares, mill.	39.3	39.3	39.3
Gross capital expenditure			
on fixed assets, EUR million	24.5	53.6	84.0
Employees, end of month			
average	7 265	7 536	7 421

1) Excluding minority’s share of equity.

Notes to the Group's interim report

ACCOUNTING PRINCIPLES

HKScan Corporation's interim report for 1 January – 30 June 2009 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 2008. These accounting principles are explained in the financial statements for 2008.

On 1 January 2009 the Group adopted the following new IFRS standards and interpretations:

- IAS 1 (revised) Presentation of Financial Statements. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The means to achieve this include separating changes in a company's equity resulting from transactions with owners in their capacity as owners from other changes in equity. Non-owner-related changes are presented in the statement of comprehensive income.

- IAS 23 (revised) Borrowing Costs. The standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production facility, are included in the cost of that asset. The Group has previously recognised borrowing costs as an expense during the period in which they are incurred, in the manner permitted. The revised standard means that borrowing costs concerning construction projects undertaken after 1 January 2009 are allocated to the project and capitalised in the balance sheet.

- IFRS 8 Operating Segments. The standard replaces IAS 14 and requires adoption of the 'management approach' to presenting segment information, meaning that information is reported in the same manner as in internal reporting. The standard does not alter the Group's segment reporting breakdown.

The figures presented in the interim report are unaudited.

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

	Q2/2009	Q2/2008	Q1-Q2/09	Q1-Q2/08	2008
NET SALES					
-Finland	190.2	194.5	365.5	359.5	740.4
-Sweden	264.5	305.0	502.9	562.4	1 179.3
-Baltics	40.9	43.0	78.2	81.0	168.2
-Poland	60.9	69.3	117.3	130.4	270.9
-Between segments	-15.0	-19.9	-30.3	-31.6	-64.3
Group total	541.6	591.9	1 033.6	1 102.0	2 294.6
EBIT					
-Finland	6.7	-0.5	12.9	3.5	14.4
-Sweden	3.0	3.3	5.1	3.9	18.0
-Baltics	3.5	2.7	4.5	4.2	6.4
-Poland	2.5	-0.2	4.1	0.7	4.2
-Between segments	0.0	0.0	0.0	0.0	0.0
-Group admin. costs	-1.4	-0.9	*) -4.1	-1.8	-4.9
Group total	14.3	4.4	22.5	10.5	38.1

*) Includes EUR 1.3 million in non-recurring severance pay relating to the termination of the former CEO's employment and recognised in Q1.

CHANGES IN TANGIBLE AND INTANGIBLE ASSETS

	Q1-Q2/2009	Q1-Q2/2008	2008
Carrying value at 1 Jan	618.8	627.2	627.2
Translation differences	-3.8	4.8	-36.0
Increase	25.6	54.0	80.9
Increase (acquisitions)	0.0	0.0	0
Decrease	-1.5	-6.5	-11.9
Depreciation and impairment	-27.2	-27.5	-50.3
Transfer to other balance sheet item	0.0	0.0	8.9
Carrying value at 30 Jun	611.9	652.0	618.8

INVENTORIES

	Q1-Q2/2009	Q1-Q2/2008	2008
Materials and supplies	82.2	86.0	80.9
Unfinished products	7.5	8.3	7.1
Finished products	28.8	32.0	25.6
Goods	0.1	0.1	0.0
Other inventories	4.2	4.7	4.2
Prepayments	2.1	0.8	2.2
Live animals, IFRS 41	8.2	8.9	8.2
Total inventories	133.1	140.8	128.3

NOTES TO SHAREHOLDERS' EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2009	39 301 719	66.8	72.9	66.7	0.0	206.4
Revert of treasury shares	-47 508				0.0	0.0
30.6.2009	39 254 211	66.8	72.9	66.7	0.0	206.4

RIUE = Reserve for invested unrestricted equity

CONSOLIDATED CONTINGENT LIABILITIES
(EUR million)

	30.6.2009	30.6.2008	31.12.2008
Debts secured by			
pledges or mortgages			
- loans from financial institutions	37.2	42.4	41.3
Given as security			
- real estate mortgages	47.3	65.6	36.0
- pledges	23.2	5.5	15.4
- floating charges	16.1	24.0	19.7
For associates			
- guarantees	5.5	8.4	5.5
For others			

- guarantees and pledges	12.7	10.2	9.6
Other contingencies			
Leasing commitments	19.0	21.3	23.0
Rent liabilities	39.1	17.1	42.4
Other liabilities	4.2	3.3	4.7
Derivative instrument liabilities			
Nominal values of derivative instruments			
Foreign exchange derivatives	110.8	63.3	84.4
Interest-rate derivatives	177.0	206.3	276.8
Electricity derivatives	8.6	5.7	8.6
Fair values of derivative instruments			
Foreign exchange derivatives	0.1	-0.9	-2.0
Interest-rate derivatives	-13.4	3.7	-11.5
Electricity derivatives	-1.5	2.7	-1.9

BUSINESS TRANSACTIONS WITH ASSOCIATES

	Q1-Q2/2009	Q1-Q2/2008	2008
Sales to associates	15.2	21.9	37.6
Purchases from associates	18.3	21.5	37.0
Trade and other receivables	1.4	2.2	2.2
Trade payables and other liabilities	8.7	12.1	9.0

Vantaa, 6 August 2009

HKScan Corporation
Board of Directors

Further information is available from HKScan 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. Annual net sales are 2.3 billion euro.

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