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HKSCAN GROUP'S FINANCIAL STATEMENT RELEASE 1 JAN–31 DEC 2011
HKScan's ebit strengthens during the last quarter

*** In 2011, HKScan's net sales rose to EUR 2 491.3 million (EUR 2 113.9 m): up by 17.9 %.**

*** EBIT came in at EUR 39.6 million (EUR 48.0 m).**

*** The protracted challenges in the pork business began to ease towards the end of the year, and the situation is stabilizing, especially in the market area of Finland.**

*** There have been no significant changes in market position in any of the Group's market areas during the year. The market position continued to strengthen in Finland, however.**

*** Net financial expenses were EUR -30.9 million (EUR -13.8 m); the rise compared with the previous year was considerable. Higher loan margins were the main reason for the rise.**

*** Guidance for 2012: EBIT is estimated to be better than in 2011.**

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

	Q4/2011	Q4/2010	2011	2010
Net sales	649.8	595.7	2 491.3	2 113.9
EBIT	17.6	15.7	39.6	48.0
- % of net sales	2.7	2.6	1.6	2.3
Share of associates' result	0.6	-0.1	2.5	2.2
Financial income and expenses, net	-9.1	-4.5	-30.9	-13.8
Profit before taxes	9.1	11.1	11.3	36.5
- % of net sales	1.4	1.9	0.5	1.7
Income tax	-0.7	-2.4	1.0	-5.7
Profit for the period	8.3	8.7	12.2	30.8
- % of net sales	1.3	1.5	0.5	1.5
Profit attributable to:				
- Equity holders of the parent	7.5	8.0	10.1	27.9
– Non-controlling interests	0.8	0.7	2.1	2.9
Total	8.3	8.7	12.2	30.8
EPS, undiluted, EUR	0.14	0.15	0.18	0.52
EPS, diluted, EUR	0.14	0.15	0.18	0.52

Q4/2011, OCTOBER-DECEMBER

- The Group's net sales grew in the last quarter of the year by 9.1% and totalled EUR 649.8 million (EUR 595.7 m).
- EBIT came in at EUR 17.6 million (EUR 15.7 m), up by 12.1%.
- In Finland, net sales were EUR 217.6 million (EUR 198.2 m) and EBIT EUR 7.2 million (EUR 4.7 m). Measured by profitability, the quarter was one of the best in recent years.
- In Sweden, net sales were EUR 275.6 million (EUR 275.0 m) and EBIT EUR 7.4 million (EUR 8.0 m). The movement in net sales was a result of, among other things, a quieter Christmas season than expected.
– In Denmark, net sales came to EUR 54.3 million (EUR 21.8 m) and EBIT to EUR -1.3 million (EUR -0.0 m). The business development programme continued to erode performance in the last quarter too. When considering the figures, it should be taken into account that the company was consolidated into the HKScan Group since 29 November 2010.
- In the Baltics, net sales grew to EUR 44.9 million (EUR 42.0 m) and EBIT stood at EUR 2.8 million (EUR 1.8 m). Development of the business continued to be strong.
– In Poland, business progressed as planned. Net sales came to EUR 73.9 million (EUR (72.6 m) and EBIT to EUR 3.5 million (EUR 3.0m).

CEO MATTI PERKONOJA:

"HKScan's EBIT in the last quarter of 2011 recovered after the poor trend at the beginning of the year. The quarter went as expected, and in terms of performance, was the year's best.

HKScan's market position is strong in all the company's market areas and there have not been any significant changes in it.

In Finland, sales price increases implemented at the end of the year and cuts in costs, for their part, returned the profitability of the business to a better level. The transition to more controlled contract production in the pork chain is proceeding as planned. The most important launch in 2011 in Finland was Rapeseed pork, which turned out to be commercially very successful. HKScan is launching similar pork meat on the Swedish market in 2012 under the name Svensk Rapsgris.

In Sweden, the market continued to be challenging throughout the year. Swedish meat raw materials are in short supply and producer prices are high. Meat imports to Sweden have increased significantly, which is largely based on the favourable exchange rate situation for importers.

In Denmark, considerable effort was devoted in 2011 to the new structuring of the business. In accordance with its strategy, Rose Poultry is developing fresh produce for its domestic markets, especially for Sweden.

In the Baltics and Poland, strong development of the business continued both in the last quarter and throughout the whole year.

The Group's financial costs have increased substantially. A key near-term goal is to strengthen cash flow and with this to reduce interest-bearing liabilities.

Meat consumption has increased in all the Group's market areas. Consumers want high-quality and responsibly produced food. The Group is a responsible player in the meat sector whose starting point in product development and production is excellent taste and high quality. The basis is an efficient and transparent production chain. In 2011, a corporate responsibility scheme was implemented by the HKScan Group in the subsidiaries in Finland, Sweden and the Baltics. In Denmark, Rose Poultry A/S joined the scheme during the year.

The problems in the global economy have only a minimal impact on consumer demand for HKScan's products, as the Group's comprehensive product portfolio offers options for the diverse needs of different consumers groups.

The prevailing trend in which the consumer market is becoming fragmented into smaller consumer groups is continuing to grow. Successful operators in the industry are those who understand and exploit the change more readily. A key success factor for the future is to develop the offering under the strong brands of the HKScan Group to meet consumer expectations. The taste and quality of food, sustainable production methods and the positive experience engendered by good food are highlighted."

MARKET AREA: FINLAND
(EUR million)

	Q4/2011	Q4/2010	2011	2010
Net sales	217.6	198.2	812.4	718.5
EBIT	7.2	4.7	12.1	10.7
- EBIT margin, %	3.3	2.4	1.5	1.5

In Finland, net sales rose to EUR 812.4 million (EUR 718.5 m). Järvi-Suomen Portti Oy's merger with the Group at the beginning of 2011 accounted for approximately half of this growth. EBIT came in at EUR 12.1 million, (EUR 10.7 m).

The profitability of the business in Finland improved in the last quarter. The protracted difficulties in the pork business stabilized towards the end of the year. Surplus pork stocks were offloaded onto the market profitably. The implemented price increases together with more efficient production management, rectified the situation towards the end of the year.

Rapeseed pork, launched in February, has proved to be a success in the market. Boosted by the strong demand in rapeseed pork products, the total consumption of pork in Finland grew by some 5 percent annually (Source: TNS Gallup, Meat Barometer). The market position strengthened in poultry, fresh meat and cold cuts.

The year 2011 was good commercially. The Group succeeded in the summer barbeque season. Performance at the end of the year was also successful, especially in Christmas sales, thanks to Rapeseed Christmas pork. The market position strengthened in Finland.

HKScan Finland Oy's subsidiary Järvi-Suomen Portti Oy began operations at the beginning of 2011. During the summer an efficiency programme was announced which would increase production efficiency and improve capacity utilization at the plant in Mikkeli between 2011 and 2012. To eliminate overlaps with HKScan Finland's other operations, the transfer of logistics operations in Mikkeli to Vantaa was started.

MARKET AREA: SWEDEN
(EUR million)

	Q4/2011	Q4/2010	2011	2010
Net sales	275.6	275.0	1 045.7	997.1
EBIT	7.4	8.0	17.2	20.4
- EBIT margin, %	2.7	2.9	1.6	2.0

In Sweden, Scan AB's net sales in 2011 amounted to EUR 1 045.7 million (EUR 997.1 m). Net sales in krona remained on the same level as the previous year. EBIT in 2011 came in at EUR 17.2 million (EUR 20.4 m). When considering the comparison year, EUR 7.9 in million non-recurring gains realized in 2010 must be taken into account. Implementation of the efficiency programme in 2010 gave rise to substantial exceptional costs as well.

Development in net sales was affected by the halt in the growth of consumer staples in Sweden and the strong growth in the share of private label brands during the year. In addition, the Christmas season in 2011 was quieter than expected.

Production volumes of pork have decreased further in Sweden. Imports cover over 35 percent of consumption. Imports of beef already account for over 50 percent of consumption. Scarcity in the supply of Swedish beef and pork places pressure on local raw material purchase prices, which rose considerably at the end of the year.

In the autumn, it was announced a new Hansa brand range of products would be launched on the market as an alternative to private brands. Meat primarily from other units of the HKScan Group outside Sweden are used in Hansa-products, taking into account the Group's balance meat sheet, price level and exchange rates.

At the end of the year, Scan AB's subsidiary Annerstedt Flodins AB launched the origin-labelled Chosen by Farmers concept for the consumer-packed meat category. High-quality beef and lamb comes from selected beef cattle breeders mainly from Uruguay, Australia and New Zealand. Chosen by Farmers has awakened trade and consumers interest in Sweden.

Early in 2012, Scan AB is bringing Swedish rapeseed pork (Svensk Rapsgris) to restaurant customers. The concept is expanding to include the retail trade during summer 2012. During the pilot phase, the concept evoked significant interest within primary production too. The aim is to achieve an upturn in the primary production of pork, which for many years has been declining.

MARKET AREA: DENMARK
(EUR million)

	Q4/2011	Q4/2010*)	2011	2010*)
Net sales	54.3	21.8	228.1	21.8
EBIT	-1.3	-0.0	-3.7	-0.0
- EBIT margin, %	-2.4	0.0	-1.6	0.0

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

In Denmark, Rose Poultry's net sales in 2011 were EUR 228.1 million (EUR 21.8 m) and EBIT stood at EUR -3.7 million (EUR -0.0 m). When considering the figures, it should be taken into account that the company has been consolidated into the HKScan Group since 29 November 2010.

The weak development in the business during 2011 was attributable to the low level of sales prices, especially for chicken leg quarters, in the EU markets and the Middle East. At the same time costs increased at the beginning of the year, mainly due to high raw material prices.

The poor profitability during the last quarter was attributable, among other things, to the clearing of export stocks of chicken leg quarters. The Malaysian export market, which re-opened at the end of the year, will improve export volumes and profitability. The ongoing business development programme in the company is advancing according to plan, although it also resulted in additional expenditure in the second half of 2011.

Rose Poultry's development and centralization activities continued at the Vinderup and Skovsgaard production facilities. Discontinuation of slaughtering at the Padborg facility during the second quarter decreased the company's workforce by 50.

In line with its strategy, Rose Poultry will focus increasingly in the future on fresh poultry products, particularly in the Danish and Swedish markets. During 2012 it will launch a range of new products on these markets.

MARKET AREA: BALTICS
(EUR million)

	Q4/2011	Q4/2010	2011	2010
Net sales	44.9	42.0	173.3	160.4
EBIT	2.8	1.8	9.8	8.7
- EBIT margin, %	6.2	4.3	5.6	5.4

In the market area of the Baltics, net sales in 2011 came to EUR 173.3 million (EUR 160.4 m) and EBIT to EUR 9.8 million (EUR 8.7 m).

High raw material prices and increased energy costs made the year challenging. Inflation throughout the Baltic countries increased food prices, which in turn affected consumption. During the second half of year, in particular, consumer behaviour became clearly more uncertain. HKScan's Baltic units have nevertheless adapted to the prevailing market situation well and maintained strong profitability in line with targets. Success has been achieved with the right product range and active cost discipline. Sales in the entire Baltic region grew. The highest growth in net sales was in Lithuania.

Sales of Rakvere Lihakombinaat's and especially of Tallegg's seasonal products succeeded well. Tallegg has developed its products and modernized its production processes and lines to meet growing demand. In Latvia, the reorganization of production was completed as planned in late May. In Lithuania, the new, successful products and development of customer relationships contributed to growth.

MARKET AREA: POLAND
(EUR million)

*)	Q4/2011	Q4/2010	2011	2010
Net sales	73.9	72.6	298.9	279.3
EBIT	3.5	3.0	12.7	15.5
- EBIT margin, %	4.7	4.1	4.2	5.6

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

In Poland, Sokolów's net sales were up on the previous year. The share recognized for the HKScan Group (50%) amounted to EUR 298.9 million (EUR 279.3 m). EBIT came in at EUR 12.7 million (EUR 15.5 m). December sales reached all-time record.

Sokolów's sales improved as planned, both in modern and in traditional retail chains. Costs continued to rise in pork production in Poland. Transferring price increases to consumers has posed a challenge, which has weakened the profitability of pork.

The year 2011 was overall challenging in the Polish meat sector. The most seriously affected were small and medium-sized companies specializing in slaughtering and cutting. Large and diverse companies such as Sokolów have coped with the situation better. The most significant investment in Poland involved improvement of processed meat production.

INVESTMENTS

The Group's production-related gross investments in 2011 totalled EUR 61.0 million (EUR 70.7 m). Breakdown of investments by market areas was as follows:

(EUR million)

	2011	2010
Finland	17.3	20.2
Sweden	8.9	27.5
Denmark	7.8	0.7 [2)]
Baltics	12.4	14.5
Poland [1)]	14.5	7.8

1) HKScan's share (50%) of Sokolów investments.

2) Rose Poultry 29 November–31 December 2010.

In Finland, the most important investments were the expansion of the beef slaughterhouse at Outokumpu. In addition, the cooling capacity of the carcass cold storage facility was increased in Forssa. In Sweden, the main investments were development of the processes at the Kristianstad and Linköping units. In Denmark, the investments involved development of Rose Poultry's production processes. In the Baltics, the main investments continued to involve the modernizations carried out on the production lines at Rakvere to secure manufacturing capacity and the programme for restructuring production at Tallegg. In Poland, the most important projects were improvement of the Sokolów Podlaski production facility and the beef slaughtering line at the Tarnów plant.

FINANCING

The Group's interest-bearing debt at year-end stood at EUR 504.2 million (EUR 514.2 m). Debt decreased only slightly compared with the previous year, although the amount was for most of the year clearly higher than in the comparison year due to the Rose Poultry acquisition executed in November 2010.

Net financial expenses rose considerably compared with the previous year, and totalled EUR -30.9 million (EUR -13.8 m). The main reasons for the increase were higher margins on loans, growth in loans arising from the Rose Poultry acquisition, interest rate derivative costs and higher rates.

The Group's liquidity has been good throughout the financial year. Untapped committed credit facilities at 31 December 2011 stood at EUR 204 million (EUR 203 m). In addition, the Group had other untapped overdraft and other facilities of EUR 26 million (EUR 34 m). In November 2011, the company increased the size of its commercial paper programme from EUR 100 million to EUR 200 million. At the turn of the year, the commercial paper programme had been drawn in the amount of EUR 109.3 million (EUR 37 m).

A large proportion of the company's loans mature in 2013–2014. The company has started negotiations on refinancing. The debt crisis of euro zone countries, the euro crisis, and at the same time stricter capital requirements for banks increase the risk of a rise in financial costs. The company's current loan agreements are subject to ordinary terms relating to profit and balance sheet. The financial covenants are net gearing ratio and ratio of net debt to EBITDA.

At the end of the year, the equity ratio stood at 33.6 percent (34.0 %).

TAXES

The Group's taxes during 2011 were EUR 1.0 million (EUR -5.7 m). The effective tax rate was positive (-15.6 %). This was the result of a number of factors. Tax losses are recognized in deferred tax assets using local tax rates. In the Baltic operations, advantage was taken of Estonia's zero tax rate as, so far, the company has not planned on distributing profits from the Baltics.

EFFECT OF CURRENCY EXCHANGE RATES

With respect to the Group's main currencies, the Swedish krona fluctuated during the year, but finished at the level at the end of 2010. The Polish zloty weakened by over 10 percent. Changes in the rate of the Danish krone were minimal, as the krone is tied to the euro with a certain fluctuation margin.

Fluctuations in currency exchange rates become visible upon the consolidation of the figures of foreign business segments. At the closing date, half of the equities of foreign subsidiaries on average had been hedged. As Estonia adopted the euro in January 2011, EEK-denominated equity hedges ended.

RESEARCH AND DEVELOPMENT

Research and development in the HKScan Group involves mainly standard product development, meaning the development of new products over a span of one to two years and the updating of products already on the market. A total of EUR 11.2 million (EUR 9.6 m) was spent on R&D in 2011, equal to 0.4 percent of net sales.

A project of more than usual significance is Rapeseed pork, the marketing of which was started in Finland in February 2011. In accordance with a feeding programme developed through extensive research, Rapeseed pigs are fed with Finnish grain and rapeseed oil, which improves the quality of the fat in their meat. Two-thirds of the fat in Rapeseed pork is soft, and it contains as much as four times more omega 3 fatty acids than ordinary pork. During 2011, the Rapeseed pork range was expanded and innovative adaptation for the Swedish market under the name Svensk Rapsgris was started.

CORPORATE RESPONSIBILITY

As a major northern European meat company that recognizes its responsibilities HKScan operates in accordance with legislation and the requirements of the authorities. As part of continuous improvement of its operations, HKScan's subsidiaries are actively involved in industry-wide research and development projects. HKScan endeavours to increase the transparency of its operating chain and thus strengthen stakeholders' confidence in the operations of the entire chain of operations.

HKScan's responsibility scheme concentrates on the most pertinent aspects of responsibility for its sector. For the food industry the most important areas are product safety, nutrition, environmental matters, employee wellbeing at work, wellbeing of production animals, local aspects and economic responsibility (MTT 2009). HKScan's day-to-day operations are guided by responsibility principles drawn up for each aspect. In 2011, a corporate responsibility scheme was implemented in the subsidiaries in Finland, Sweden and the Baltics. In Denmark, Rose Poultry A/S joined the scheme during the year.

In product development HKScan invests in high-quality and nutritionally balanced products. An example of this is Rapeseed pork developed in Finland by HK Ruokatalo. Rapeseed oil added to the pigs' feed softens the quality of the fat in a natural way.

Most of the Group's production plants have an ISO 22000 certified product safety management system either from the British Retail Consortium (BRC) or a German IFS certification. The majority of the plants in Finland, Sweden and the Baltics have in place a quality management system compliant with the ISO 9001 standard and an environmental management compliant with the ISO 14001 standard.

HKScan operates on the principle of causing minimum adverse environmental impact during production. This principle is put into practice in all market areas, taking into account existing local and Union-wide regulations and certification processes.

In the food industry, energy, water, waste arising from processing biological materials, wastewater and flue gases from heating plants cause the greatest environmental loading. HKScan seeks to reduce the amount of energy and water consumed in relation to production (= specific consumption), to reduce waste and improve sorting. Use of more environmentally-friendly and renewable packaging materials will be increased gradually.

The health and welfare of production animals are the prerequisite for the operation and profitability of the entire meat chain. Wellbeing reduces production animals' stress and morbidity, and thus the need for medication. Welfare is also taken into account in animal breeding, animal housing conditions and transportation. HKScan subsidiaries monitor the welfare of production animals and develop its measurement.

CHANGES IN THE BOARD OF DIRECTORS

The composition of the company's Board of Directors changed on 4 February 2011 when the convened Extraordinary General Meeting of Shareholders elected as new members of the Board Juha Kylämäki, Niels Borup and Tero Hemmilä. The election of new members became necessary after Board members Markku Aalto, Tiina Varho-Lankinen and Matti Murto had announced their resignation on 4 January 2011. The matter has been reported in more detail in the stock exchange release published on 4 January 2011. In addition to the elected new members, the Board included Matti Karppinen, Pasi Laine and Otto Ramel from before.

HKScan's Annual General Meeting, held on 27 April 2011 re-elected Juha Kylämäki, Niels Borup, Matti Karppinen, Tero Hemmilä and Otto Ramel and elected as a new member Henrik Treschow.

CHANGES IN MANAGEMENT

On 17 November 2011, HKScan's Board of Directors appointed Hannu Kottonen as the company's next CEO. He will take up the post at the beginning of March 2012 when the current CEO Matti Perkonoja retires. Mr Kottonen is moving to HKScan from Metsä Tissue Corporation, whose CEO he has been since 2006. Prior to this, he has served as head of M-real Corporation's Consumer Packaging business area between 2004 and 2006. He has also been employed by the Huhtamaki Group in various positions, including CFO and president of the Fresh Food Packaging Division.

Sirpa Laakso, M Sc (Econ.) assumed the post of executive vice president, HR at HKScan Corporation and membership on the Management Board on 13 January 2011. Ms Laakso is responsible for HKScan's HR functions and their development in all of the Group's market areas.

The Group's lawyer Markku Suvanto, LL.M. trained on the bench, assumed the post of administrative and legal director and membership on the Management Board on 10 May 2011. He is responsible for the 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.

The position of managing director of Rose Poultry A/S remained vacant, as Olli Antniemi, BSc (Econ) died of a sudden illness on 24 November 2011. Mr Antniemi participated in a key manner in the Group's strong process of internationalization. Prior to being Rose Poultry's managing director, he was senior vice president of strategy and development at HKScan, managing director of Scan AB, executive vice president of HKScan's Baltic Group as well as marketing and exports director at HK Ruokatalo. Thomas Olander, BSc (Econ & Bus Admin), was appointed as Rose Poultry's new managing director on 11 January 2012. The appointment is reported below in "Events taking place after 31 December 2011".

CHANGES IN GROUP STRUCTURE

Järvi-Suomen Portti Oy established on a 90/10 basis by HKScan Finland Oy and Osuuskunta Karjaportti began operations at the beginning of 2011. The company produces processed meats in Mikkeli at Osuuskunta Portti's Tikkala plant. In May, HKScan Finland raised its holding in Järvi-Suomen Portti to 100 percent.

Meat procurement and primary production as well as feed trading in the Group's operations in Finland were merged 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 Oy.

RESOLUTIONS PASSED BY THE GENERAL MEETINGS OF SHAREHOLDERS

(1) The resolutions of HKScan Corporation's Extraordinary Meeting of Shareholders, which convened on 4 February 2011, are reported below in "Changes in the Board of Directors".

(2) HKScan Corporation's AGM adopted on 27 April 2011 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 decided to distribute a dividend of EUR 0.22 per share as recommended by the Board of Directors.

On the proposal of HKScan's largest shareholder, LSO Osuuskunta, the AGM resolved that the number of members of the company's Board of Directors be six. 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.

In accordance with the recommendation of the Board of Directors' Nomination Committee, the AGM resolved that remuneration for members of the Board remain unchanged; that as annual remuneration members of the Board be paid EUR 21 000, the deputy chairman EUR 25 800 and the chairman EUR 51 600 per year. In addition, an attendance fee of EUR 500 per meeting would be paid for Board and committee meetings. Travel expenses would be reimbursed in accordance with the company's travel policy.

Authorised Public Accountants PricewaterhouseCoopers Oy, with APA Johan Kronberg as principal auditor, and APA Petri Palmroth were appointed as auditors until the end of the next AGM. The deputy auditors are APA Mika Kaarisalo and APA Jari Viljanen.

The authorizations granted by the AGM on 27 April 2011 are explained below under the heading "Board of Directors' existing authorizations".

SHAREHOLDERS AND SHARE CAPITAL

At the end of 2011, the shareholder register maintained by Euroclear Finland Ltd included 11 802 shareholders. The number totalled 12 524 a year earlier. Nominee-registered and foreign shareholders held 20.1 percent (23.3 %) of all the company's shares.

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

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

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

NOTIFICATIONS OF CHANGES IN HOLDINGS

HKScan did not receive any notifications of changes in holdings during 2011.

CHANGES IN SHARE CAPITAL FROM 2010 TO 2010

The company did not increase share capital during the financial year 2010. The proceeds of EUR 8.0 million from the share offering to the shareholders of Rose Poultry A/S (Vinderup Poultry A/S, Skovsgaard Fjerkræslagteri A/S and Hedegaard A/S) executed in December 2010 were recognized in full in the reserve for invested unrestricted equity (RIUE), and for this reason the share capital was not increased.

STOCK EXCHANGE LISTINGS

HKScan's A Share has been quoted on NASDAQ OMX Helsinki Ltd since 6 February 1997. During 2011, a total of 11 765 471 of the company’s shares with a total value of EUR 71 137 019 were traded. The highest price quoted was EUR 7.98 and the lowest EUR 4.08. The middle price was EUR 6.05 and the year-end closing price was EUR 5.64. The share price fell by 21.1 percent on the year while the index for the Food Products sector (HX302020GI) fell by 17.5 percent on or 36.0 points on the year.

The company's market capitalization at the end of the financial year stood at EUR 310.3 million, and a year earlier at EUR 393.1 million. It breaks down as follows: Series A shares had a market value of EUR 279.9 million and the unlisted Series K shares a calculational market value of EUR 30.5 million.

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

TREASURY SHARES

At the beginning and at the end of the financial year 2011, HKScan held a total of 53 734 of its treasury A Shares. These had a market value at year-end of EUR 0.30 million and accounted for 0.10% of all shares and 0.03% of all votes. No dividend is paid on treasury shares.

BOARD OF DIRECTORS’ EXISTING AUTHORIZATIONS

(1) The AGM of 27 April 2011 authorized the Board to decide on acquiring and/or accepting as pledge treasury A Shares in such a way that the shares acquired and/or accepted as pledge total a maximum of 2 500 000 shares, equal to roughly 4.5 % of total registered shares and 5.0 % of total A Shares. Treasury shares may 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 to strengthen the company's capital structure. In addition, shares can be acquired under the 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 and cancels the authorization granted to the Board by the AGM of 23 April 2010 to decide on acquiring treasury A Shares.

(2) The AGM also authorized the Board of Directors to decide 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 decide on the issue of a maximum of 2 500 000 Series A Shares, corresponding to approximately 4.5 % of all registered shares in the company and approximately 5.0 % of all Series A Shares.

The Board may decide upon all the terms and conditions of the issue of shares and other special rights entitling to shares. The authorization to issue shares shall cover the issuing of new shares as well as the transfer of the company’s treasury shares. The issue of shares and other special rights entitling to shares may be implemented as a directed issue. This authorization is valid until 30 June 2012 and cancels the authorization granted to the Board by the AGM of 23 April 2010 on deciding 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.

The Board did not exercise the authorizations received from the AGM during 2011.

EMPLOYEES

The HKScan Group had in 2011 on average 8 287 employees. (In 2010, excluding Denmark, the Group had on average 7 491 employees.). At the end of 2011, the Group had 7 882 (8 058) employees.

The increase in employees was due the restructuring arrangements in 2010. The Danish company, Rose Poultry A/S, and the Latvian company, AS Jelgavas Galas Kombinats, joined the Group in the latter part of 2010 and Järvi-Suomen Portti Oy early in 2011.

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

	2011	2010
Finland	2 750	2 464
Sweden	2 789	3 143
Denmark	867	-
Baltics	1 881	1 884
Total	**8 287**	**7 491**

The figures for the comparison year do not take into account Denmark, which consolidated into the Group only on 29 November 2010.

In addition, Sokolów had on average 6 191 (5 734) employees.

Employees by country at the end of the financial year:

	31.12.2011	%	31.12.2010	%
Finland	2 564	32.5%	2 325	28.9%
Sweden	2 511	31.9%	2 622	32.5%
Estonia	1 543	19.6%	1 605	19.9%
Denmark	844	10.7%	969	12.0%
Latvia	208	2.6%	292	3.6%
Poland (Scan)	153	1.9%	189	2.3%
Other countries	59	0.7%	57	0.8%
Total	**7 882**		**8 058**	

In addition, Sokolów had 6 175 (6 145) employees.

The HKScan Group has employees in ten European countries. Executive management in each country ensures that Group companies have regard to the legislation and agreements governing employment, remuneration and other terms of employment, and occupational safety in their respective countries. During 2011, effort was devoted to developing a human resources management model covering the whole Group. A key area was competence development.

The HKScan Group’s European Works Council (EWC), which promotes dialogue between representatives of the Group management and personnel, began its activities in autumn 2011. The Council functions as a cooperation body for discussion between the Group’s management and personnel in issues that are significant and, due to their scope, transnational. The EWC convenes biannually in one of countries within HKScan’s field of activities. The first meeting was organized in Vantaa, Finland.

SHARE-BASED INCENTIVE SCHEMES

The company has no share-based incentive schemes in place.

During the years 2006–2008, the company had in place a share-based incentive scheme for key employees. The three-year commitment period relating to it ended on 31 December 2010 and the shares were released for the unrestricted use of their recipients.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant uncertainty factors in the HKScan Group’s business involve price trends of raw materials and availability, especially with respect to Finnish and Swedish pork and to Danish poultry meat. Market area-specific uncertainty factors have to do with the success of the business development programmes in Finland and Sweden and the implementation of Rose Poultry’s new business model Denmark.

Challenges in the global economic situation will continue. Major fluctuations in the Group’s central currencies and increases in the price of money 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 31 DECEMBER 2011

Thomas Olander, BSc (Econ & Bus Admin), was appointed as the new managing director of HKScan's Danish subsidiary, Rose Poultry A/S 11 January 2011. He transferred to the post from the position of managing director of Pärsons Sverige AB, which is part of the Group. Mr Olander has been employed at HKScan Group since 2008 and before that was managing director of the Swedish company Ugglarps Slakteri AB. Mr Olander continues to act as managing director of Kreatina A/S and of Scan Foods UK Ltd. Mr Olander reports to Denis Mattsson, managing director of Scan AB, who is responsible for both the Swedish and Danish market areas on HKScan's Management Board.

HKScan is combining and rendering closer to each other the operative management of the market areas of Finland and the Baltics. Anne Mere, MBA, managing director of HKScan's Estonian subsidiary AS Rakvere Lihakombinaat, was appointed to the post as of 10 February 2012. She also became a member of HKScan's Management Board. Ms Mere will be responsible for HKScan's market area of Finland as HKScan Finland Oy's managing director, and for the market area of the Baltics.

Along with Ms Mere's appointment, Teet Soorm was appointed managing director of AS Rakvere Lihakombinaat. He is also continuing as managing director of AS Tallegg and AS Ekseko. Jari Leija is continuing as managing director of HK Ruokatalo Oy, the largest subsidiary in the market area of Finland.

FUTURE OUTLOOK

Consumer demand for meat is expected to remain steady in the Group's domestic markets. Cost changes in production inputs can still be forecast only for the near future.

HKScan's different product groups and different geographical areas, and the ongoing efficiency and development programmes further strengthen the Group's competitiveness and profitability.

Sales prices of the company's products this year will be increased selectively in different product groups and in different market areas.

The group's EBIT for 2012 is estimated to be better than in 2011.

BOARD OF DIRECTORS' PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company's distributable assets stand at EUR 166.2 million including the reserve for invested unrestricted equity (RIUE), which holds EUR 151.1 million. The Board of Directors recommends that the company pays a dividend of EUR 0.17 per share for 2011, i.e. a total of approximately EUR 9.3 million.

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

ANNUAL GENERAL MEETING

HKScan Corporation's Annual General Meeting will be held at 11 am on 25 April 2012 in the Ballroom of Helsinki Fair Centre (address: Messuaukio 1, 00520 Helsinki). To be eligible to attend the Annual General Meeting, shareholders should be registered by 13 April 2012 in HKScan Corporation's shareholder register maintained by Euroclear Finland Ltd. Notice of and Board proposals to the Annual General Meeting will be published at a later date.

HKSCAN GROUP'S CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2011

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Note	2011	2010
NET SALES		2 491.3	2 113.9
Change in inventories of finished goods and work in progress		16.1	3.5
Work performed for own use and capitalized		1.3	1.3
Other operating income	1.	9.2	13.6
Share of associates' results		1.1	1.8
Materials and services		-1 740.8	-1 445.9
Employee benefits expenses	1.	-379.3	-316.6
Depreciation and amortization	1.	-72.3	-61.5
Other operating expenses	1.	-286.9	-262.0
EBIT		39.6	48.0
Financial income		7.4	8.1
Financial expenses		-38.3	-21.9
Share of associates' results		2.5	2.2
PROFIT/LOSS BEFORE TAXES		11.3	36.5
Income tax		1.0	-5.7
PROFIT/LOSS FOR THE PERIOD		12.2	30.8
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent		10.1	27.9
Non-controlling interests		2.1	2.9
Total		12.2	30.8

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

EPS, undiluted, continuing operations, EUR/share	0.18	0.52
EPS, diluted, continuing operations, EUR/share	0.18	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1 JANUARY – 31 DECEMBER 2011
(EUR million)

	2011	2010
Profit/loss for the period	12.2	30.8
OTHER COMPREHENSIVE INCOME (after taxes):		
Exchange differences on translating foreign operations	-2.5	13.5
Available-for-sale investments	0.0	0.0
Cash flow hedging	-7.4	1.8
Revaluation	0.0	0.0
TOTAL OTHER COMPREHENSIVE INCOME	-9.8	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2.4	46.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	0.3	42.6
Non-controlling interests	2.1	3.5
Total	2.4	46.1

CONSOLIDATED BALANCE SHEET
(EUR million)

	Note	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	2.	76.6	77.1
Goodwill	3.	101.0	100.4
Tangible assets	4.	516.5	537.8
Shares in associates		29.9	27.0
Trade and other receivables		31.1	25.3
Available-for-sale investments		13.0	13.1
Deferred tax asset		21.1	14.4
NON-CURRENT ASSETS		789.2	795.0
CURRENT ASSETS			
Inventories	5.	190.2	159.9
Trade and other receivables		223.8	240.6
Income tax receivable		1.5	0.3
Other financial assets		0.4	3.9
Cash and cash equivalents		48.0	69.5
CURRENT ASSETS		463.8	474.1
ASSETS		1 253.0	1 269.2

EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.	66.8	66.8
Share premium reserve		73.4	73.4
Treasury shares		0.0	0.0
Fair value reserve and other reserves		153.2	154.4
Translation differences		-1.9	0.6
Retained earnings		117.9	124.4
Equity attributable to equity holders of the parent		409.3	419.6
Non-controlling interests		12.2	11.1
EQUITY		421.5	430.6
NON-CURRENT LIABILITIES			
Deferred tax liability		36.9	38.9
Non-current interest-bearing liabilities		333.5	361.2
Non-current non-interest bearing liabilities		3.0	12.4
Non-current provisions		0.6	2.4
Pension obligations		3.1	3.1
NON-CURRENT LIABILITIES		377.1	418.0
CURRENT LIABILITIES			
Current interest-bearing liabilities		170.6	153.0
Trade and other payables		282.9	262.5
Income tax liability		0.1	2.7
Current provisions		0.7	2.3
CURRENT LIABILITIES		454.4	420.6
EQUITY AND LIABILITIES		1 253.0	1 269.2

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(EUR million)

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Equity at 1.1. 2011	**66.8**	**73.4**	**-6.5**	**143.5**	**17.4**	**0.6**	**0.0**	**124.5**	**419.6**	**11.1**	**430.6**
Result for the financial year								10.1	10.1	2.1	12.2
Translation differences						-2.5			-2.5	0.0	-2.5

Available –for-sale investments											
Cash flow hedging			-7.4						-7.4		-7.4
Revaluation					0.0				0.0		0.0
Total comprehensive income for the period			**-7.4**		**0.0**	**-2.5**		**10.1**	**0.3**	**2.1**	**2.4**
Share-based compensation expense											
Other change					0.0				0.0	-0.1	-0.1
Direct recognition in retained earnings								1.5	1.5		1.5
Transfers between items					6.1			-6.1			
Share issue											
Purchase of treasury shares											
Increase in holdings in subsidiaries											
Dividend distribution								-12.1	-12.1	-0.9	-13.0
Equity at 31.12. 2011	**66.8**	**73.4**	**-13.9**	**143.5**	**23.5**	**-1.9**	**0.0**	**117.9**	**409.3**	**12.2**	**421.5**

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Equity at 1.1. 2010	66.8	74.2	-8.4	143.5	14.6	-13.1	0.0	111.6	389.3	9.4	398.7
Result for the								27.9	27.9	2.9	30.8

financial year											
Translation differences		-0.1	0.1		-0.6	13.7		-0.2	12.9	0.6	13.5
Available –for-sale investments			0.0						0.0		0.0
Cash flow hedging			1.8						1.8		1.8
Total comprehensive income for the period		**-0.1**	**1.9**		**-0.6**	**13.7**		**27.7**	**42.6**	**3.5**	**46.1**
Share-based compensation expense		-0.8							-0.8		-0.8
Other change					-0.9				-0.9	0.0	-1.0
Direct recognition in retained earnings								1.2	1.2	-0.2	1.1
Transfers between items					4.3			-4.3			
Share issue											
Purchase of treasury shares											
Increase in holdings in subsidiaries								0.0	0.0	-0.1	0.0
Dividend distribution								-11.9	-11.9	-1.6	-13.5
Equity at 31.12. 2010	66.8	73.4	-6.5	143.5	17.4	0.6	0.0	124.5	419.6	11.1	430.6

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

CASH FLOW STATEMENT
(EUR million)

	2011	2010
Operating activities		
EBIT	39.6	48.0
Adjustments to EBIT	-0.7	-4.6
Depreciation and amortization	72.3	61.5
Change in provisions	-3.0	-7.9
Change in net working capital	-28.3	-3.7
Financial income	12.1	8.1
Financial expenses	-31.8	-21.9
Taxes	-6.4	-5.7
Net cash flow from operating activities	53.9	73.8
Investing activities		
Gross investments in property, plant and equipment	-60.4	-73.6
Disposals of property, plant and equipment	1.9	7.0
Investments in subsidiary		-25.2
Shares in associates purchased	-1.0	-1.6
Shares in associates sold	0.0	1.3
Loans granted	-1.8	-1.0
Repayments of loans receivable	2.1	1.2
Net cash flow from investing activities	-59.2	-91.9
Cash flow before financing activities	-5.4	-18.1
Financing activities		
Current borrowings raised	76.8	169.9
Current borrowings repaid	-98.3	-159.1
Non-current borrowings raised	159.4	45.2
Non-current borrowings repaid	-142.4	-33.0
Dividends paid	-12.7	-11.9
Net cash flow from financing activities	-17.1	11.1
Change in cash and cash equivalents	-22.5	-7.0
Cash and cash equivalents at 1.1.	73.4	75.9
Effect of changes in exchange rates on cash and cash equivalents	-2.5	4.5
Cash and cash equivalents at 31.12.	48.4	73.4

FINANCIAL INDICATORS

	2011	2010
Net sales, EUR mill.	2 491.3	2 113.9
Operating profit/loss (EBIT), EUR million	39.6	48.0
- % of net sales	1.6	2.3
Profit/loss before taxes, EUR million	11.3	36.5
- % of net sales	0.5	1.7
Return on equity (ROE), %	2.9	7.4
Return on investment (ROI), %	4.8	6.3
Equity ratio, %	33.6	34.0
Net gearing ratio, %	107.2	101.7
Gross investments, EUR million	61.0	70.7
- % of net sales	2.4	3.3
R&D expenses, EUR million	11.2	9.6
- % of net sales	0.4	0.5
Average no. of employees	8 287	7 491

PER SHARE DATA

	2011	2010
Earnings per share (EPS), undiluted, EUR*	0.18	0.52
Earnings per share (EPS), diluted, EUR*	0,18	0.52
Equity per share, EUR*	7.67	7.63
Dividend per share, EUR*	0.17*	0.22
Dividend payout ratio, undiluted, %	92.1*	42.6
Dividend payout ratio, diluted, %	92.1*	42.6
Effective dividend yield, %	3.0*	3.1
Price/earnings ratio (P/E)		
- undiluted	30.6	13.9
- diluted	30.6	13.9
Lowest trading price, EUR*	4.08	7.07
Highest trading price, EUR*	7.98	10.20
Middle price, EUR*	6.05	8.18
Closing price on year, EUR	5.64	7.15
Market capitalization, EUR million	310.3	393.1
Shares traded, 1 000	11 765	23 674
- % of average number	21.4	43.8
Adjusted number of outstanding shares in thousands		
- average during the financial year	54 973	54 015
- at end of financial year	54 973	54 973
- fully diluted	54 973	54 973

* Based on the Board of Directors' dividend recommendation

FORMULAE FOR FINANCIAL INDICATORS

Return on equity (%)	Profit before taxes - taxes -------------------------------------- Total shareholders' equity (average)	x 100
Return on investment (%)	Profit before taxes + interest and other financial expenses -------------------------------------- Balance sheet total – non-interest-bearing debt (average)	x 100
Equity ratio (%)	Total shareholders' equity -------------------------------------- Balance sheet total – advances received	x 100
Net gearing ratio (%)	Interest-bearing debt – interest-bearing loan receivables – cash and cash equivalents -------------------------------------- Total shareholders' equity	x 100
Earnings per share	Profit for the period attributable to equity holders of the parent -------------------------------------- Average adjusted number of shares during the financial year	
Equity per share	Equity attributable to holders of the parent -------------------------------------- Average adjusted number of shares at the end of the financial year	
Dividend per share	Dividend per share -------------------------------------- Coefficient of share issues after the financial year	
Dividend payout ratio (%)	Adjusted dividend per share -------------------------------------- Earnings per share	x 100
Effective dividend yield (%)	Dividend per share --------------------------------------	x 100

	Adjusted closing price on the last trading day of the financial year
P/E ratio	Adjusted closing price on the last trading day of the financial year -------------------------------------- Earnings per share
Market capitalization	The number of outside shares at the end of the financial period x the closing price on the last trading day of the financial year
Employee numbers	Average of workforce figures calculated at the end of calendar months

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

HKScan Corporation's financial statement release for 1 January – 31 December 2011 has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS and IFRS standards and SIC and IFRIC interpretations effective at 31 December 2011.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2010. Due to the rounding of the figures to the nearest million euros, some totals may not agree with the constituent parts. There are no IFRS standards or IFRIC interpretations that have become effective in the financial year that would have a material impact on the Group.

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

- Amendment to IFRS 7, Financial Instruments: Disclosures (effective for financial years beginning on or after 1 July 2011) The amendment will increase transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment has not yet been endorsed for application in the EU. The Group has yet to assess the impacts of the amendment.

- Amendment to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 July 2012). The main change resulting is a requirement to group items presented in 'other comprehensive income' on the basis of whether they are potentially subsequently reclassifiable to profit or loss. The amendment has not yet been endorsed for application in the EU. The Group has yet to assess the impacts of the amendment.

- Amendment to IAS 19 Employee Benefits (effective for financial years beginning on or after 1 January 2013). In the future, all actuarial gains and losses shall be recognized immediately under other comprehensive income, i.e. the 'corridor method' will be eliminated and finance costs will be calculated on a net funding basis. The amendment has not yet been endorsed for application in the EU. The Group has yet to assess the impacts of the amendment, but it will affect the Group's figures.

- IFRS 9, Financial Instruments (date of effectiveness yet to be confirmed). IFRS 9 is the first phase in a broader project to replace IAS 39 with a new standard. Different measurement methods have been maintained, but they have been simplified. IFRS 9 divides financial assets into two classifications: those measured at amortized acquisition cost and those measured at fair value. The classification depends on the company's business model and the contractual cash flow characteristics. The IAS 39 guidance on impairment and hedge accounting continues to apply. According to the new standard, recording and valuation of financial liabilities should remain unchanged, except in those financial liabilities to which a so-called 'fair value option' is applied. The standard has not yet been endorsed for application in the EU. The Group has yet to assess the impacts of IFRS 9.

- IFRS 10 Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2013). Based on existing principles, the standard defines control as a primary factor when determining whether an entity should be included within the consolidated financial statements. In addition, the standard provides further guidance on how to assess control in difficult cases. The standard has not yet been endorsed for application in the EU. The impacts of IFRS 10 are yet to be assessed, and the Group plans its adoption in 2013.

- IFRS 11 Joint Arrangements (effective for financial years beginning on or after 1 January 2013). The standard focuses on the rights and obligations in the accounting of joint arrangements rather than on their legal form. There are two types of joint arrangement: joint operations and joint ventures. The standard also requires a single method, the equity method, in joint venture reporting and the previous option to apply proportionate consolidation is no longer allowed. The standard has not yet been endorsed for application in the EU. The new standard will significantly change reporting of the Group's figures and the segment of Poland. The Group is planning to adopt the new standard in 2013.

- IFRS 12 Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2013). The standard includes the disclosure requirements for various interests in other entities, including associates, joint arrangements, special purpose companies and other off-balance sheet companies. The standard has not yet been endorsed for application in the EU. The impacts of IFRS 12 are yet to be assessed, and the Group plans its adoption in 2013.

- IFRS 13 Fair Value Measurement (effective for financial years beginning on or after 1 January 2013). The standard aims to improve consistency and reduce complexity, as it provides a precise definition of fair value and combines in a single source the requirements for fair value measurement and disclosure. The use of fair value accounting is not extended, but guidance is provided on how it should be applied where its use is already required or permitted in another standard. The standard has not yet been endorsed for application in the EU. The impacts of IFRS 13 are yet to be assessed, and the Group plans its adoption in 2013.

- IAS 28 (revised 2011) Associates and Joint Ventures (effective for financial years beginning on or after 1 January 2013). The revised standard includes requirements for accounting of joint ventures as well as associates with the equity method following the issue of IFRS 11. The revised standard has not yet been endorsed for application in the EU.

ANALYSIS BY SEGMENT (EUR million)

Net sales and EBIT by main market area

	Q4/2011	Q4/2010	2011	2010
NET SALES				
- Finland	217.6	198.2	812.4	718.5
- Sweden	275.6	275.0	1 045.7	997.1
– Denmark	54.3	21.8	228.1	21.8
- Baltics	44.9	42.0	173.3	160.4

- Poland	73.9	72.6	298.9	279.3
- Between segments	-16.4	-14.0	-67.1	-63.3
Group total	649.8	595.7	2 491.3	2 113.9
EBIT				
- Finland	7.2	4.7	12.1	10.7
- Sweden	7.4	8.0	17.2	20.4
– Denmark	-1.3	0.0	-3.7	0.0
- Baltics	2.8	1.8	9.8	8.7
- Poland	3.5	3.0	12.7	15.5
- Between segments	0.0	0.0	0.0	0.0
Segments total	19.6	17.5	48.0	55.3
Group administration costs	-2.0	-1.8	-8.4	*) -7.2
Group total	17.6	15.7	39.6	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)

	Q4/2011	Q4/2010	2011	2010
Soil decontamination expense on sold land 1)	-	-	-	-0.9
Gains on disposal of production facilities 2)	-	-	-	7.9
Total non-recurring items	-	-	-	7.0

1) Included in the income statement in the item “Other operating expenses”
2) Included in the income statement in the item “Other operating income”

NOTES TO THE BALANCE SHEET

2. CHANGES IN INTANGIBLE ASSETS
(EUR million)

	1-12/2011	1-12/2010
Carrying amount at beginning of period	77.1	65.7
Translation differences	0.3	8.1
Increase	2.3	1.2
Increase (acquisitions)	0.0	4.2
Decrease	-0.3	-0.2
Depreciation and impairment	-4.0	-3.5
Transfer to other balance sheet item	1.1	1.5
Carrying amount at end of period	76.6	77.1

3. CHANGES IN GOODWILL
(EUR million)

	1-12/2011	1-12/2010
Carrying amount at beginning of period	100.4	88.2
Translation differences	0.2	4.2
Increase	0.4	1.3
Increase (acquisitions)	0.0	6.8
Decrease	0.0	0.0
Depreciation and impairment	0.0	0.0
Transfer to other balance sheet item	0.0	0.0
Carrying amount at end of period	101.0	100.4

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

	1-12/2011	1-12/2010
Carrying amount at beginning of period	537.8	469.1
Translation differences	-7.9	17.4
Increase	56.2	71.6
Increase (acquisitions)	1.3	43.0
Decrease	-1.2	-2.4
Depreciation and impairment	-67.7	-59.5
Transfer to other balance sheet item	-1.8	-1.5
Carrying amount at end of period	516.5	537.8

5. INVENTORIES
(EUR million)

	1-12/2011	1-12/2010
Materials and supplies	88.7	88.8
Unfinished products	9.1	8.8
Finished products	72.1	45.7
Goods	0.0	0.0
Other inventories	7.7	6.2
Prepayments for inventories	4.5	2.6
Live animals, IFRS 41	7.9	7.6
Total inventories	190.2	159.9

6. NOTES TO EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury shares	Total
1.1.2011	54 972 788	66.8	72.9	143.5	0.0	283.2
31.12.2011	54 972 788	66.8	72.9	143.5	0.0	283.2

A dividend for the financial year 2010 was paid on 10 May 2011. At EUR 0.22 per share, the total came to EUR 12 million.

INTEREST-BEARING LIABILITIES

The Group's interest-bearing debt at year-end stood at EUR 504.2 million (EUR 514.2 m). Debt decreased only slightly compared with the previous year, although the amount was for most of the year clearly higher than in the comparison year due to the Rose Poultry acquisition executed in November 2010.

FINANCIAL RISKS

Financial risks consist of refinancing and liquidity risks, counterparty risks in financial contracts, foreign exchange risks, interest rate risks, commodity risks and credit risks. Financial risks and financial risk management are part of the Group's treasury policy. The policy observed has been adopted by the Board and its implementation is centralized to a finance unit led by the Group's CFO. The treasury policy was not amended in the financial year 2011.

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

Financial risks and capital management will be discussed in more detail in the Notes to the 2011 financial statements.

DERIVATIVE INSTRUMENT LIABILITIES
(EUR million)

	31.12.2011	31.12.2010
Nominal values of derivative instruments		
Foreign exchange derivatives	63.2	149.9
Interest rate derivatives	283.8	247.0
Electricity derivatives	11.1	10.2
Fair values of derivative instruments		
Foreign exchange derivatives	-0.5	-0.3
Interest rate derivatives	-23.0	-16.8
Electricity derivatives	-1.1	2.2

CONSOLIDATED OTHER CONTINGENT LIABILITIES
(EUR million)

	31.12.2011	31.12.2010
Debts secured by		
pledges or mortgages		
- loans from financial institutions	34.1	56.1
Given as security		
- real estate mortgages	63.0	48.9
- pledges	5.1	20.8
- floating charges	22.8	47.3
Security for debts of participating interests		
- guarantees	5.2	5.3
For others		
- guarantees and pledges	14.0	13.8
Other contingencies		
Leasing commitments	26.2	25.5
Other rent commitments	61.0	45.6
Other commitments	7.8	6.5

BUSINESS TRANSACTIONS WITH RELATED PARTIES
(EUR million)

	2011	2010
Sales to associates	73.0	40.4
Purchases from associates	47.3	35.1
Trade and other receivables	2.8	1.8
Trade and other payables	9.1	8.8

BUSINESSES ACQUIRED

Järvi Suomen Portti Oy

HKScan Finland Oy and Järvi-Suomen Portti Osuuskunta announced on 24 June 2010 that they had concluded an agreement concerning a business arrangement and were establishing a new company to continue and develop processed meat production in Mikkeli. The competition authorities' approval was received in October 2010.

The new corporate entity, Järvi-Suomen Portti Oy, established by HKScan Finland Oy and Järvi-Suomen Portti Osuuskunta (currently Osuuskunta Karjaportti) began operations on 1 January 2011. The new company is continuing the production of processed meats at Osuuskunta Karjaportti's plant located in Tikkala in the town of Mikkeli.

The transaction includes the production machinery and business at the Tikkala plant as well as Järvi-Suomen Portti's brands. The plant in Mikkeli has been made available through a long-term lease. Personnel affected by the arrangement transferred to the new company as so-called 'old employees', i.e. with the terms of their employment unchanged.

The goodwill of EUR 0.4 million arising from the acquisition is based on the potential to achieve synergetic benefits in merging the business operations of Järvi-Suomen Portti with the Group.

The goodwill recognized is not tax-deductible. The following table summarizes the consideration paid on the deal and the recognized assets and liabilities assumed on the date of the acquisition.

Consideration at 1 January 2011
(EUR million)

	Note	
Total consideration		1.3
The assets and liabilities arising from the acquisitions are as follows		
Property, plant and equipment	4.	0.5
Inventories	5.	1.2
Other receivables		0.2
Other liabilities		-1.0
Total identifiable net assets		0.9
Goodwill		0.3

Other operating expenses do not include material costs relating to the acquisition in the 2011 consolidated income statement.

Järvi-Suomen Portti Oy's net sales, which were included in the consolidated income statement as of 1 January 2011, totalled EUR 47.6 million and EBIT was EUR -2.0 million.

The figures reported in the financial statement release are unaudited.

NEXT FINANCIAL REPORT

The HKSCan Group's interim report for January–March 2012 will be published on 8 May 2012.

Vantaa, 17 February 2012

HKScan Corporation
Board of Directors

Further information is available from HKScan Corporation's CEO, Matti Perkonoja. Please leave any messages for him to call with Marja Siltala, Communications Manager, firstname.lastname@hkscan.com, tel. +358 10 570 2290.

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 ten countries and has some 11 400 employees. It had net sales of EUR 2.5 billion in 2011.

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