HKSCAN GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2011
STOCK EXCHANGE RELEASE 6 May 2011 at 08:00

STRONG GROWTH IN HKSCAN'S NET SALES, POOR PORK PROFITABILTY ERODES PERFORMANCE IN Q1

*** The HKScan Group's net sales in the first quarter amounted to EUR 592.7 million (EUR 483.6 m). Net sales grew by more than 22 percent, mainly as a result of completed corporate acquisitions. Organic growth stood at approximately 4 percent.**

*** Group EBIT came in at EUR 1.4 million (EUR 5.5 m).**

*** The HKScan Group's market standing is strong and the company is a leading player in all its market areas.**

*** The Group's performance was eroded by the poor profitability of the pork business in Finland and Sweden.**

*** The Group's efficiency programmes in Finland and Sweden as well as Rose Poultry's integration into the HKScan Group in Denmark progressed as planned.**

*** Business in the Baltics and Poland was developed as planned.**

*** The company reaffirms its previously given guidance. The Group's full-year EBIT is expected to improve compared with 2010.**

HKSCAN GROUP
(EUR million)

	Q1/2011	Q1/2010	2010
Net sales	592.7	483.6	2 113.9
EBIT	1.4	5.5	48.0
- EBIT margin, %	0.2	1.1	2.3
Profit/loss before taxes	-3.3	3.9	36.5
Earnings per share, EUR	-0.06	0.06	0.52

CEO MATTI PERKONOJA:

"Business in the HKScan Group developed as planned during Q1 resolutely implementing the agreed efficiency programmes to build future competitiveness. Within its market areas the company performed in line with its targets in the processed meat and poultry businesses. With respect to meat, the most significant success was the Rapeseed pork launched in Finland in February. The product's success will open the prospect of the return of pork's popularity among consumers.

In Finland and Sweden, the pork business chain in its entirety has been negatively affected for an exceptionally long time by very low profitability, which is clearly reflected in HKScan's results. Overproduction of pork elsewhere in Europe has resulted in greater than usual pressure to import meat to HKScan’s market area. Disgorgement of pork stocks – accumulated during the dioxin scandal in Germany – on the market during the latter part of the year will continue to disrupt the pork market. At the same time, in Finland, the release on the export market of stocks which arose due to the ban on exports to Russia last year is creating additional challenges for profitability in the business with respect to pork meat.

HKScan has been a large exporter of pork from Finland and Sweden. As the profitability of HKScan’s pork exports has weakened for an extended period, the company has decided to significantly reduce exporting pork.

Easter, which is an import season for the company and which has a significant impact on sales and profitability, was at the end of April this year. This weakens the comparability of the period under review with the previous year.

Profitable business at HKScan is developed on the terms of customers and consumers and by meeting their expectations. Profitable business is based on a supply chain that is efficient and transparent and which operates responsibly. The company has defined principles of responsibility to which it commits itself, which apply to all the market areas.”

MARKET AREA: FINLAND
(EUR million)

	Q1/2011	Q1/2010	2010
Net sales	188.0	167.8	718.5
EBIT	-0.6	-0.6	10.7
- EBIT margin, %	-0.3	-0.4	1.5

In Finland, Q1 net sales grew compared with the previous year standing at EUR 188.0 million (EUR 167.8 m.) Part of the increase was attributable to Järvi-Suomen Portti Oy's merger with the Group as of 1 January 2011. EBIT stood at EUR -0.6 million (EUR -0.6 m). Q1 EBIT was eroded in particular by weakened pork profitability.

The early part of the year progressed as planned in Finland with respect to poultry meat and processed meats. Rapeseed pork launched in February has been extremely well received by customers and consumers.

The productivity programme of HKScan Finland’s subsidiary, HK Ruokatalo, concerning the period 2011–2013 is ready, and the employer-employee negotiations relating thereto concerning blue and white collar employees in HK Ruokatalo’s industrial processes, which started in November, came to an end in January. HK Ruokatalo and its blue and white collar personnel employed in industrial processes agreed on a target programme which, when implemented, will improve the productivity of the company's industrial processes on average by 20 percent.

HK Ruokatalo’s industrial activity will be enhanced by returning HK Ruokatalo’s partially outsourced operations relating to its core business (e.g. pork cutting) in stages to the company during the current year. Implementation of the productivity programme will mean a reduction of roughly 230 person-years in HK Ruokatalo’s business chain, including subcontractors and outsourced operations, by the end of 2011.

The productivity programme is envisioned to deliver productivity benefits of EUR 12 million on an annual level. The impacts will be evident in full by the end of next year.

In order to ensure adequate slaughtering and cutting capacity for Finnish beef, HK Ruokatalo has signed a service agreement with the western Finland-based slaughterhouse Paimion Teurastamo on the slaughter of beef purchased by its procurement company HK Agri. The service agreement covers slaughtering amounting to about 3-6 million kg a year. In conjunction with this, HK Ruokatalo and Kaivon Liha, which belongs to the same group as Paimion Teurastamo, signed a major agreement on the supply of Finnish beef. In terms of volume, the agreement covers approximately 3-4 million kg.

The agreement constitutes part of the measures designed to develop HK Agri’s beef procurement in Finland. During the early part of the year, procurement has been enhanced in, among other areas, eastern Finland, where new production contracts, with dairy farms in particular, have been concluded.

The new corporate entity Järvi-Suomen Portti Oy established by HKScan Finland Oy and Osuuskunta Karjaportti began operations at the beginning of 2011. The new company will continue the production of processed meats at Osuuskunta Portti's plant located in Tikkala in the town of Mikkeli.

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

MARKET AREA: SWEDEN
(EUR million)

	Q1/2011	Q1/2010	2010
Net sales	252.3	230.5	997.1
EBIT	0.3	2.7	20.4
- EBIT margin, %	0.1	1.2	2.0

In Sweden, net sales were EUR 252.3 million (EUR 230.5 m) and EBIT EUR 0.3 million (EUR 2.7 m).

Sales volumes in Swedish retail have declined by an exceptional amount during the early part of the year, and the Swedish food industry has failed to obtain its share of the growth in consumer purchasing power.

The strong Swedish krona has continued to exert an impact on the growth of imported raw material volumes. Moreover, the overproduction of pork meat in Europe and the dioxin scandal regarding production-animal feed in Germany at the beginning of the year have lowed the price of imported meat and undermined the competitiveness of production based on Swedish meat raw material.

To restore the profitability of its business, Scan AB will towards the end of the year launch products based on imported raw material under its own brand. The meat raw material will be imported primarily from other production facilities belonging to the HKScan Group. Products marketed under the Scan brand will continue to be made from Swedish meat raw material.

Sales of the Pärsons brand of cold cuts have developed as planned.

In March, Scan announced that in autumn 2012 it will be launching a new pork meat, Rapsgris, for the Swedish market based on the Finnish Rapeseed pork concept.

The efficiency programme underway at Scan is proceeding as planned.

MARKET AREA: DENMARK
(EUR million)

	Q1/2011	Q1/2010	2010
Net sales	57.5	-	21.8*)
EBIT	-0.5	-	-0.0*)
- EBIT margin, %	-0.9		0.0*)

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

In Denmark, Rose Poultry's net sales stood at EUR 57.5 million. EBIT was EUR -0.5 million.

The integration of Rose Poultry A/S, which joined the HKScan Group in November, is progressing according to plan. In the future Rose Poultry's fresh product range will be developed through HKScan's strong know-how in poultry and the company's position in its home market in Denmark, in Sweden and in the UK will be further strengthened.

In April, Rose Poultry decided to concentrate and improve its operations in the production facilities located in Vinderup and Skovsgaard and discontinue slaughtering operations at the Padborg plant in southern Denmark.

MARKET AREA: BALTICS
(EUR million)

	Q1/2011	Q1/2010	2010
Net sales	39.3	35.8	160.4
EBIT	0.9	1.1	8.7
- EBIT margin, %	2.2	3.0	5.4

Net sales in the market area of the Baltic increased compared with the previous year standing at EUR 39.3 million (EUR 35.8 m). EBIT came in at EUR 0.9 million (EUR 1.1 m). As in the other HKScan market areas, the price of meat in the Baltics has risen. Energy costs too have risen in the Baltic states.

High unemployment and higher food prices continue to affect consumers' purchasing behaviour in the Baltics. Demand for more affordable products has continued to grow, and food is increasingly being prepared from basic raw materials.

The Rakvere Group's Latvia-based subsidiary AS Rigas Miesnieks acquired last year a total of 98.8 percent of AS Jelgavas Galas Kombinats, a Latvian company specializing in smoked meat products. Integration of the company in Rigas Miesnieks has gone as planned. The companies' production-related activities will be centralized during the course of the year mainly in Jelgavas' new and efficient facility. Rigas Miesnieks's dispatching department and administration will remain in Riga. During Q1, integration has given rise to some overlapping expenditure.

In Latvia, the Group's market share has increased to nearly a third with the Jelgavas Galas Kombinats acquisition.

Despite the challenges, our business in the Baltics has adjusted to the prevailing market conditions in an exemplary manner.

MARKET AREA: POLAND
(EUR million)

*)	Q1/2011	Q1/2010	2010
Net sales	70.5	63.9	279.3
EBIT	3.0	4.2	15.5
- EBIT margin, %	4.2	6.6	5.6

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

In Poland, Sokolów's net sales were EUR 70.5 million (EUR 63.9 m) and EBIT EUR 3.0 million (EUR 4.2 m).

Sokolów has continued to increase its sales in all market channels. Growth has been strongest in the modern retail supermarkets and hypermarkets and in exports making it possible to offset the strong rise in raw material costs.

CHANGES IN GROUP STRUCTURE

The new corporate entity Järvi-Suomen Portti Oy established by HKScan Finland Oy and Osuuskunta Karjaportti began operations at the turn of the year. The new company will continue and develop the production of processed meats at Osuuskunta Portti's plant located in Tikkala in the town of Mikkeli. HKScan Finland is a majority shareholder in the new company with a 90 percent holding.

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

CHANGES IN ORGANIZATION

Sirpa Laakso (Econ. & Bus. Adm.) assumed the post of Executive Vice President, HR at HKScan Corporation and membership on the Management Team on 13 January 2011. Ms Laakso is responsible for HKScan's HR functions and for their development in all of the Group's market areas. She reports to CEO Matti Perkonoja.

CAPITAL EXPENDITURE AND FINANCE

The Group's production-related gross investments in the first quarter of 2011 totalled EUR 15.1 million (EUR 18.9 m) and were divided among production-related investments in the market area as follows: Finland EUR 4.7 million (EUR 8.9 m), Sweden EUR 2.5 million (EUR 6.0 m), Denmark EUR 1.1 million (EUR – m) and the Baltics EUR 2.9 million (EUR 2.1 m). HKScan's share of Sokolów investments in Poland was EUR 3.9 million (EUR 1.9 m).

In Finland, the most important investments concerned the modernization of Järvi-Suomen Portti's production line and the expansion of HK Ruokatalo's beef slaughterhouse in Outokumpu. In Sweden Scan invested in, among other things, improvement of the pork slaughter process in Kristianstad and Pärsons's new cold-cut line in Halmstad. In Denmark, investments involved the integration of Rose Poultry A/S and modernization of the production lines to ensure efficiency and growth. In the Baltics, the main investments were the transfer of Rigas Miesnieks's production to Jelgava's new production facility and the modernizations carried out on the production lines to secure manufacturing capacity.

The Group's interest-bearing debt at the end of March stood at EUR 509.5 million (EUR 435.0 m). Gross interest-bearing debt at the turn of the year was EUR 514,2 million. The growth in debt from the corresponding period a year earlier (Q1/2010) is attributable mainly to the Rose Poultry deal executed in November 2010.

In January, relending by the pension company was increased by 30 million with the aim of diversifying the loan portfolio. At the end of period under review, part of Rose Poultry's financing was rearranged through the parent company.

Rising interest rates and increase in total loans have resulted in a substantial rise in net financial expenses. Untapped credit facilities at 31 March 2011 stood at EUR 189.4 million (EUR 212.3 m). In addition, the Group has other untapped overdraft and other facilities of EUR 49.1 million (EUR 42.0 m). The EUR 100 million commercial paper programme had been drawn in the amount of EUR 58.0 million (EUR 18.0 m).

At the end of the period under review, the equity ratio was 34.4 percent (37.2%). The equity ratio at the turn of the year was 34.0 percent.

TREASURY SHARES

At 31 March 2011, HKScan held a total of 53 734 of its A Shares. These had a market value of EUR 0.36 million (EUR 6.63 each) and accounted for 0.10% of all shares and 0.03% of all votes. No dividend is paid on treasury shares.

RESOLUTIONS PASSED BY EXTRAORDINARY GENERAL MEETING

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

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

In accordance with the proposal of HKScan's largest shareholder, LSO Osuuskunta, the Extraordinary General Meeting elected to HKScan's Board of Directors on 4 February 2011 Juha Kylämäki, Niels Borup and Tero Hemmilä. At the organisation meeting held immediately following the Extraordinary General Meeting, the Board elected Juha Kylämäki as its Chairman and Niels Borup as Deputy Chairman. In addition to the above-mentioned new members Matti Karppinen, Pasi Laine and Otto Ramel continued as members of HKScan's Board of Directors.

BOARD OF DIRECTORS' EXISTING AUTHORIZATIONS

See "Events taking place since 31 March 2011"

EMPLOYEES

In the first three months of 2011, HKScan had an average workforce of 8 227 employees (6 825 in Q1/2010).

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

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

	Q1/2011	Q1/2010
Finland	2 524	2 183
Sweden	2 882	2 862
Denmark	917	-
Baltics	1 904	1 780

Sokolów employed an average of 5 877 (5 586) persons.

Analysis of employees by country at 31 March is as follows:

	31.3.2011	31.3.2010
Sweden	32.4%	37.6%
Finland	30.9%	32.0%
Estonia	19.4%	23.0%
Denmark	11.7%	0.6%
Latvia	2.9%	2.6%
Poland (Scan)	2.1%	3.2%
Other countries	0.6%	1.0%

Additionally, the Sokolów Group had 6 025 (5 611) employees at the end of the period under review.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

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

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

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

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

The Group is currently involved in certain legal proceedings and civil litigation. The cases remain pending, but are not expected to have significant impacts on the Group’s financial standing.

EVENTS TAKING PLACE AFTER THE END OF THE REVIEW PERIOD

(1) In Denmark, Rose Poultry decided in April to concentrate its operations in the production facilities located in Vinderup and Skovsgaard and discontinue slaughtering operations at the Padborg plant in southern Denmark.

(2) The Annual General Meeting of HKSCan Corporation held on April 27, 2011 adopted the parent company's and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the year 2010. The Annual General Meeting resolved on the payment of EUR 0.22 per share in dividend for 2010 in accordance with the proposal of the Board of Directors.

(3) In departure from the recommendation of the Board of Directors, the Annual General Meeting resolved, on the proposal of HKScan's largest shareholder, LSO Osuuskunta, that the number of members of the company's Board of Directors be six (6). Juha Kylämäki, Niels Borup, Matti Karppinen, Tero Hemmilä and Otto Ramel were, in accordance with the proposal of the Board of Directors, re-elected to a new term and, on the recommendation 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.

(4) The AGM resolved to elect PricewaterhouseCoopers Ltd, an audit firm chartered by the Central Chamber of Commerce, with APA Johan Kronberg as responsible auditor, and APA Petri Palmroth as the Company's auditors until the close of the next Annual General Meeting. APA Mika Kaarisalo and APA Jari Viljanen were elected as deputy auditors.

(5) The Annual General Meeting authorised the Board of Directors to resolve on purchasing the Company's own Series A shares and/or on the acceptance of own series A shares as pledge, as follows:

The aggregate number of Series A shares to be purchased and/or accepted as pledge shall not exceed 2,500,000, which corresponds to approximately 4.5% of all the shares in the Company and approximately 5.0% of all the Series A shares in the Company.

The Company's own shares may be purchased on the basis of the authorisation only by using non-restricted equity which consequently reduces the amount of the funds available for distribution of profits. 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 shares may be purchased under the proposed authorisation in order to develop the capital structure of the Company. In addition, the shares may be repurchased under the proposed authorisation in order to finance or carry out acquisitions or other arrangements, to be transferred for other purposes, or to be 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 purchase of the Company's own shares always requires a weighty economic reason for the Company and the authorisation may not be utilized inconsistently with the principle of equal treatment of shareholders. The authorisation is effective until 30 June 2012.

The authorisation revokes that granted on 23 April 2010 by the Annual General Meeting to the Board of Directors to acquire the company's own A Shares.

(6)The Annual General Meeting authorised the Board of Directors to resolve on an issue of shares, options, as well as other instruments entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Companies Act, as follows:

This authorisation concerns the issuance of Series A shares. The Board of Directors shall be authorised to decide on the number of shares to be issued. The authorisation shall, however, be limited to a maximum of 2,500,000 Series A shares. The maximum amount of the shares covered by the authorisation corresponds to approximately 4.5% of all the registered shares of the Company and approximately 5.0% of all the Series A shares in the Company.

The Board of Directors shall be authorised to resolve upon all the terms and conditions of the issue of shares and other instruments 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 instruments entitling to shares may be implemented as a directed issue. The authorisation shall be effective until 30 June 2012.

The authorisation revokes authorisation granted on 23 April 2010 by the Annual General Meeting to the Board of Directors to resolve on an issue of shares, options as well as other instruments entitling to shares.

The authorisation to issue new shares, options as well as other instruments entitling to shares were granted in order to enable the Board of Directors to decide flexibly on capital markets transactions that are beneficial for the Company, such as securing the financing needs of the Company or implementing acquisitions. A directed share issue always requires a weighty economic reason for the Company and the authorisation may not be utilized inconsistently with the principle of equal treatment of shareholders.

FUTURE OUTLOOK

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

If it continues, the difficult situation in the international pork market will erode the profitability of the business in the early part of the year, especially in Finland and Sweden. Pork profitability will be improved by raising prices and adjusting volume.

The company reaffirms its previously given guidance. The Group's full-year EBIT is expected to improve compared with 2010.

CONSOLIDATED FINANCIAL STATEMENTS
1 JANUARY - 31 MARCH 2011

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Note	Q1/2011	Q1/2010	2010
NET SALES		592.7	483.6	2 113.9
Operating income and expenses	1.	-573.5	-464.1	-2 006.2
Share of associates' results		0.2	0.5	1.8
Depreciation and impairment		-18.0	-14.6	-61.5
EBIT		1.4	5.5	48.0
Financial income		2.6	2.2	8.1
Financial expenses		-7.8	-4.8	-21.9

Share of associates' results		0.6	1.0	2.2
PROFIT/LOSS BEFORE TAXES		-3.3	3.9	36.5
Income taxes		0.7	0.1	-5.7
PROFIT/LOSS FOR THE PERIOD		-2.7	4.0	30.8
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:				
Equity holders of the parent		-3.1	3.4	27.9
Non-controlling interests		0.4	0.6	2.9
Total		-2.7	4.0	30.8

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

EPS, undiluted, continuing operations, EUR/share	-0.06	0.06	0.52
EPS, diluted, continuing operations, EUR/share	-0.06	0.06	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 MARCH
(EUR million)

	Q1/2011	Q1/2010	2010
Profit/loss for the period	-2.7	4.0	30.8
OTHER COMPREHENSIVE INCOME (after taxes):			
Exchange differences on translating foreign operations	1.1	7.2	13.5
Available-for-sale investments	0.0	0.4	0.0
Cash flow hedging	2.7	-2.8	1.8
TOTAL OTHER COMPREHENSIVE INCOME	3.8	4.8	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.1	8.8	46.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent	0.6	8.0	42.6
Non-controlling interests	0.5	0.8	3.5
Total	1.1	8.8	46.1

CONSOLIDATED BALANCE SHEET
(EUR million)

	Note	31.3.2011	31.3.2010	31.12.2010
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	2.	76.8	68.3	77.1
Goodwill	3.	100.2	90.3	100.4
Tangible assets	4.	534.7	479.4	537.8
Holdings in associates		28.0	22.7	27.0

Trade and other receivables		27.0	21.0	25.3
Available-for-sale investments		12.5	11.1	13.1
Deferred tax asset		14.4	14.2	14.4
NON-CURRENT ASSETS		793.7	707.0	795.0
CURRENT ASSETS				
Inventories	5.	187.1	133.5	159.9
Trade and other receivables		231.6	199.6	240.6
Income tax receivable		2.3	0.3	0.3
Other financial assets		0.4	2.1	3.9
Cash and cash equivalents		48.3	49.5	69.5
CURRENT ASSETS		469.7	385.1	474.1
ASSETS		1 263.4	1 092.1	1 269.2
EQUITY AND LIABILITIES				
EQUITY				
Share capital	6.	66.8	66.8	66.8
Share premium reserve		73.3	74.2	73.4
Treasury shares		-0.0	-0.0	-0.0
Fair value reserve and other reserves		157.3	146.7	154.4
Translation differences		0.6	-7.1	0.6
Retained earnings		123.8	115.7	124.4
Equity attributable to equity holders of the parent		421.8	396.2	419.6
Non-controlling interests		11.2	9.5	11.1
EQUITY		433.0	405.7	430.6
NON-CURRENT LIABILITIES				
Deferred tax liability		37.6	31.7	38.9
Non-current interest-bearing liabilities		380.7	335.6	361.2
Non-current non-interest bearing liabilities		13.2	5.0	12.4
Non-current provisions		1.7	6.0	2.4
Pension obligations		3.1	3.5	3.1
NON-CURRENT LIABILITIES		436.2	381.9	418.0
CURRENT LIABILITIES				
Current interest-bearing liabilities		128.8	99.4	153.0
Trade and other payables		262.0	199.0	262.5
Income tax liability		2.5	3.0	2.7
Current provisions		0.8	3.1	2.3
CURRENT LIABILITIES		394.2	304.5	420.6
EQUITY AND LIABILITIES		1 263.4	1 092.1	1 269.2

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(EUR million)

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 01.01.11	66.8	73.4	-6.5	143.5	0.0	17.4	0.6	0.0	124.4	419.6	11.1	430.6
Income and expenses recognized during the period, total		-0.0	2.7			-0.2	0.0		-1.9	0.6	0.5	1.1
Share-based compensation expense										0.0		0.0
Other change						0.4				0.4		0.4
Direct recognition in retained earnings									1.2	1.2		1.2
Transfers between items										0.0		0.0
Share issue										0.0		0.0
Purchase of treasury shares										0.0		0.0
Increase in holdings in subsidiaries										0.0		0.0
Dividend distribution										0.0	-0.3	-0.3
EQUITY AT 31.03.11	66.8	73.3	-3.8	143.5	0.0	17.6	0.6	0.0	123.8	421.8	11.2	433.0

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY AT 1.1.2010	66.8	74.2	-8.4	143.5	0.0	14.6	-13.1	0.0	111.6	389.3	9.4	398.7
Income and expenses recognized during the period, total		0.1	-2.4			0.3	6.0		4.0	8.0	0.8	8.8
Share-based compensation expense		-0.2								-0.2		-0.2
Other						-1.0				-1.0	0.0	-1.0

change												
Direct recognition in retained earnings									0.1	0.1	-0.2	-0.1
Transfers between items										0.0		0.0
Share issue										0.0		0.0
Purchase of treasury shares										0.0		0.0
Increase in holdings in subsidiaries										0.0		0.0
Dividend distribution										0.0	-0.6	-0.6
EQUITY AT 31.03.10	66.8	74.2	-10.8	143.5	0.0	13.9	-7.1	0.0	115.7	396.2	9.5	405.7

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

CASH FLOW STATEMENT
(EUR million)

	Q1/2011	Q1/2010	2010
Operating activities			
EBIT	1.4	5.5	48.0
Adjustments to EBIT	-0.2	-0.7	-4.6
Depreciation and amortization	18.0	14.6	61.5
Change in provisions	-2.2	-2.8	-7.9
Change in net working capital	-13.1	-27.2	-3.7
Financial income	0.8	2.2	8.1
Financial expenses	-6.8	-4.8	-21.9
Taxes	-1.5	0.1	-5.7
Net cash flow from operating activities	-3.6	-13.1	73.8
Investing activities			
Gross investments in property, plant and equipment	-15.5	-16.1	-73.6
Disposals of property, plant and equipment	1.4	1.5	7.0
Investments in subsidiary	-	-	-25.2
Shares in associates purchased	-0.2	-0.3	-1.6
Shares in associates sold	-	-	1.3
Loans granted	-1.5	-0.7	-1.0
Repayments of loans receivable	0.1	0.1	1.2
Net cash flow from investing activities	-15.7	-15.5	-91.9
Cash flow before financing activities	-19.3	-28.6	-18.1
Financing activities			
Current borrowings raised	22.6	31.2	169.9

Current borrowings repaid	-49.4	-22.5	-159.1
Non-current borrowings raised	81.2	10.4	45.2
Non-current borrowings repaid	-59.5	-16.0	-33.0
Dividends paid	-	-	-11.9
Purchase of treasury shares	-	0.0	-0.0
Net cash flow from financing activities	-5.1	3.2	11.1
Change in cash and cash equivalents	-24.5	-25.5	-7.0
Cash and cash equivalents at 1.1.	73.4	75.9	75.9
Effect of changes in exchange rates on cash and cash equivalents	-0.2	1.2	4.5
Cash and cash equivalents at 31.3.	48.7	51.6	73.4

FINANCIAL INDICATORS

	31.3.2011	31.3.2010	31.12.2010
EPS, undiluted, EUR	-0.06	0.06	0.52
EPS, diluted, EUR	-0.06	0.06	0.52
Equity per share, 31.3, EUR	7.67	7.34	7.63
Equity ratio, %	34.4	37.2	34.0
Adjusted average			
number of shares, mill.	55.0	54.0	54.0
Gross capital expenditure			
on PPE, EUR million	15.1	18.9	70.7
Employees, end of month			
average	8 227	6 825	7 491

NOTES TO THE GROUP'S INTERIM REPORT

ACCOUNTING POLICIES

HKScan Corporation’s interim report for 1 January – 31 March 2011 has been prepared in compliance with IAS 34 Interim Financial Reporting. The same accounting principles have been applied in the interim report as in the annual financial statements for 2010. These accounting principles are explained in the financial statements for 2010.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2010 except for the following new standards, interpretations and standard amendments which are effective as of 1 January 2011.

- Change to IAS 32, Financial Instruments: Presentation - Classification of Rights Issues (effective from 1 February 2010 or the succeeding financial periods). The change applies to the accounting treatment (classification) for the issue of shares, options and warrants outside the issuer’s functional currency. The amendments have no impact on consolidated reporting.

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010 or the succeeding financial periods). The interpretation clarifies accounting where an entity renegotiates the terms of a financial liability and as a result, issues its own equity instruments to the creditor to settle all or a part of the financial liability. The amendments have no impact on consolidated reporting.

- Amendments to IFRIC 14 interpretation, Prepayment of Minimum Funding Requirement (effective from 1 January 2011 or the succeeding financial periods). The amendment is aimed at correcting the unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. After the amendments, entities are permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. The amendments have no impact on consolidated reporting.

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

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

	Q1/2011	Q1/2010	2010
NET SALES			
- Finland	188.0	167.8	718.5
- Sweden	252.3	230.5	997.1
– Denmark	57.5	-	21.8
- Baltics	39.3	35.8	160.4
- Poland	70.5	63.9	279.3
- Between segments	-15.0	-14.3	-63.3
Group total	592.7	483.6	2 113.9
EBIT			
- Finland	-0.6	-0.6	10.7
- Sweden	0.3	2.7	20.4
– Denmark	-0.5	-	-0.0
- Baltics	0.9	1.1	8.7
- Poland	3.0	4.2	15.5
- Between segments	-	-	-
Segments total	3.1	7.4	55.2
Group administration costs	-1.7	-1.9	*-7.2
Group total	1.4	5.5	48.0

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

NOTES TO THE INCOME STATEMENT

1. NON-RECURRING ITEMS
(EUR million)

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

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

NOTES TO THE BALANCE SHEET

2. CHANGES IN INTANGIBLE ASSETS
(EUR million)

	Q1/2011	Q1/2010	2010
Carrying amount at beginning of period	77.1	65.7	65.7
Translation differences	0.2	3.2	8.1
Increase	0.3	0.2	1.2
Increase (acquisitions)	0.0	0.0	4.2
Decrease	0.0	-0.0	-0.2
Depreciation and impairment	-0.9	-0.8	-3.5
Transfer to other balance sheet item	0.1	0.0	1.5
Carrying amount at end of period	76.8	68.3	77.1

3. CHANGES IN GOODWILL
(EUR million)

	Q1/2011	Q1/2010	2010
Carrying amount at beginning of period	100.4	88.2	88.2
Translation differences	-0.5	2.1	4.2
Increase	0.3	0.0	1.3
Increase (acquisitions)	0.0	0.0	6.8
Decrease	0.0	0.0	0.0
Depreciation and impairment	0.0	0.0	0.0
Transfer to other balance sheet item	0.0	0.0	0.0
Carrying amount at end of period	100.2	90.3	100.4

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

	Q1/2011	Q1/2010	2010
Carrying amount at beginning of period	537.8	469.1	469.1
Translation differences	0.6	10.0	17.4
Increase	13.8	17.0	71.6
Increase (acquisitions)	1.0	0.0	43.0
Decrease	-1.1	-2.3	-2.4
Depreciation and impairment	-17.3	-14.4	-59.5
Transfer to other balance sheet item	-0.1	0.0	-1.5
Carrying amount at end of period	534.7	479.4	537.8

5. INVENTORIES
(EUR million)

	Q1/2011	Q1/2010	2010
Materials and supplies	101.7	82.6	88.8
Unfinished products	10.8	7.8	8.8
Finished products	54.6	29.6	45.7
Goods	0.0	0.1	0.0
Other inventories	7.5	3.9	6.2
Prepayments for inventories	4.5	2.4	2.6
Live animals, IFRS 41	7.9	7.2	7.6
Total inventories	187.1	133.5	159.9

6. NOTES TO EQUITY

Share capital and share share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2011	54 972 788	66.8	72.9	151.1	0.0	290.8
31.3.2011	54 972 788	66.8	72.9	151.1	0.0	290.8

RIUE = Reserve for invested unrestricted equity

DERIVATIVE INSTRUMENT LIABILITIES
(EUR million)

	31.3.2011	31.3.2010	31.12.2010
Nominal values of derivative instruments			
Foreign exchange derivatives	77.6	* 136.5	149.9
Interest rate derivatives	246.9	206.8	247.0
Electricity derivatives	10.3	11.1	10.2
Fair values of derivative instruments			
Foreign exchange derivatives	0.9	-0.7	-0.3
Interest rate derivatives	-12.4	-14.7	-16.8
Electricity derivatives	1.3	-1.0	2.2

* the figure includes EUR 35.5 million in foreign exchange derivatives maturing in early April 2010 and already extended

CONSOLIDATED OTHER CONTINGENT LIABILITIES
(EUR million)

	31.3.2011	31.3.2010	31.12.2010
Debts secured by			
pledges or mortgages			
- loans from financial institutions	37.9	35.6	56.1
Given as security			
- real estate mortgages	61.9	53.1	48.9
- pledges	6.3	32.4	20.8
- floating charges	44.8	21.4	47.3
For associates			
- guarantees	5.3	5.0	5.3
For others			
- guarantees and pledges	13.8	11.7	13.8
Other contingencies			
Leasing commitments	25.7	20.6	25.5
Rent liabilities	64.5	41.7	56.3
Other commitments	20.3	6.1	6.5

BUSINESS TRANSACTIONS WITH RELATED PARTIES
(EUR million)

	Q1/2011	Q1/2010	2010
Sales to associates	15.9	9.2	40.4
Purchases from associates	13.0	9.2	35.1
Trade and other receivables	2.0	2.0	1.8
Trade and other payables	8.3	9.1	8.8

The figures presented in the interim report are unaudited.

Vantaa, 6 May 2011

HKScan Corporation
Board of Directors

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

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

DISTRIBUTION:
NASDAQ OMX Helsinki
Main media
www.hkscan.com