HKScan Group interim report 1 January – 30 June 2008

*** Second-quarter ebit in Finland and Poland eroded by high changeover costs and writedowns, pushing first half of year into the red**
*** Cost structure in Finland clearly leaner after restructuring**
*** Pork market cycle to turn around in latter half of year**

Published 8 August 2008, at 8am

GROUP
(EUR million)

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
Net sales	591.9	524.3	1 102.0	1 022.9	2 107.3
EBIT	4.4	15.1	10.5	24.3	55.3
EBIT margin, %	0.7	2.9	1.0	2.4	2.6
Profit/loss before taxes	-2.3	10.5	-2.4	16.1	36.3
Earnings per share (EPS), EUR	-0.09	0.22	-0.11	0.32	0.72

Q2, APRIL-JUNE 2008

- Net sales came to EUR 591.9 million (Q2/2007: EUR 524.3m).
- EBIT came to EUR 4.4 million (EUR 15.1m).
- Besides the situation in the international pork market, EBIT in Finland (EUR –0.5m) was depressed also by expenses arising from frozen meat destocking and the final restructuring charges which accumulated towards the end of the review period.
- A difficult economy left the business in Sweden short of target. EBIT stood at EUR 3.3 million (Q2/2007: EUR 6.4m).
- Business in the Baltics performed on target, achieving EBIT of EUR 2.7 million (Q2/2007: EUR 3.9m).
- Writedowns in the primary pork production unit left the EBIT figure for Poland in the red (EUR –0.2m).
- The company maintains its views updated on 4 July 2008 of full-year EBIT falling clearly short of that seen in 2007.

CEO KAI SEIKKU:

"The ongoing difficult situation in the pork market eroded the company's performance in all market areas. Flat across the board, earnings were especially burdened by high changeover costs and frozen meat destocking in Finland as well as the one-time writedowns taken in primary production in Poland. In addition to the high costs of raw materials, the rising prices of power and fuels also took their toll on performance.

Restructuring in Finland is for all intents and purposes now complete. Deliveries in their full volume will transfer to the new logistics centre in the current third quarter. Delivery reliability, once again restored to its regular high standard in the period under review, merits mention as a silver lining.

In Finland, the meat business fell even deeper into the red than in the first quarter of the year. This was due to the destocking of frozen pork stores at the prevailing disadvantageous market prices. Extensive final restructuring charges and the remaining cost overlaps were also recognised in the period under review, leaving Q2 performance clearly short of that seen in Q1. The new structure now in place enables steady future development with a leaner cost structure.

In Sweden as well, business continued to experience pressure from the pork market situation. Exports and industrial sales performed poorly during the period under review, and targets were also failed in processed meats. The price increases implemented for processed meats in June were of insufficient magnitude.

Business in Poland continued on a steady track in respect of Sokolów. Pozmeat losses were also substantially reduced in Q2 owing to higher volumes. The writedowns (EUR –1.5 million) taken at primary production company Agro-Sokolów are included in the EBIT for the period.

In the Baltics, pork producer Ekseko remained in the red due to current economic trends. Business in other respects developed as planned in all Baltic states. The focal uncertainty factor in the future is the slowdown in the Estonian and Latvian economies.

With the charges recognised in the second quarter to clean the slate, the entire early part of the year was thus a period of loss-making for the company. All across Europe, the industry is facing a difficult market situation. As stated in the release of 4 July 2008, costs are rising at record rates and we have been only partially able to pass on to sales prices.

The extensive restructuring of recent years will deliver greater cost-effectiveness, yet the measures have been insufficient to compensate for the swift decline in sales margins. The company must be able to reduce its exposure to future swings in the economy. Product prices must be raised in all Group markets to reflect higher costs so that normal long-term business conditions may be restored as quickly as possible."

MARKET AREA: FINLAND
(EUR million)

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
Net sales	194.5	171.2	359.5	326.7	674.3
EBIT	-0.5	5.6	3.5	12.9	22.8
EBIT margin, %	-0.3	3.3	1.0	3.9	3.4

The issues plaguing the international meat market were drawn out into Q2, weakening the profitability of the Finnish meat business in particular. The losses of the meat business increased in the first half of the year. The rising costs of raw materials, energy and labour could not be passed on to sales prices to a sufficient degree. At the same time, the company destocked frozen meat despite the poor market situation. Second-quarter EBIT in Finland was practically wiped out by the destocking costs coupled with high extraordinary changeover costs relating to the finalisation of the restructuring effort.

The company's industrial restructuring has involved a consolidation of processing activities to Vantaa and Forssa. The processed meat and convenience food business has been faced with a demanding change process in adapting to the new structure, and operations in Q2 had yet to meet expectations in respect of production efficiency and cost trends.

In the poultry business, HK Ruokatalo achieved a fair result although rising costs and logistical concerns made their presence felt here as well. The situation was alleviated by chicken meat consumption in Finland rising by some ten percent from early 2007.

Under an agreement concluded in June, HK Ruokatalo will in future source its raw materials for bone-in chicken leg and split breast products as well as its whole broilers from Ruoka-Saarioinen. Conversely, Ruoka-Saarioinen will acquire its boned chicken raw material from HK Ruokatalo. The sourcing agreement enhances production capacity utilisation at HK Ruokatalo and also secures access to domestic raw materials. These activities will commence in October–November 2008.

The ramp-up of the new logistics centre was successfully completed in June. Delivery reliability has improved markedly and the disruptions seen in the early part of the year have been all but eliminated. The plant expansion in Vantaa and the completion of the logistics centre mark the conclusion of the Finnish restructuring programme, which also entailed the shut-down of operations in Tampere in June.

MARKET AREA: SWEDEN

(EUR million)

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
Net sales	305.0	272.5	562.4	537.0	1 111.9
EBIT	3.3	6.4	3.9	6.1	23.0
EBIT margin, %	1.1	2.4	0.7	1.1	2.1

In the Swedish market, Scan's Q2 net sales surpassed those in Q1 by 18 percent. The price hikes implemented have been insufficient to shore up profitability, however.

The difficult situation in the international pork market continued to be reflected especially in the profitability of the company’s industrial sales and exports in Q2. The chances of successfully raising prices in these sectors are crucially linked to international price trends.

Sales volumes in Scan’s processed meat and convenience food business saw positive development, especially towards the end of the review period. Passing the higher raw material costs to the sales prices of processed meats and convenience foods could only be accomplished in part, however, and further effort is therefore required.

Scan had certain important projects underway to enhance efficiency in production. In Poland, the extension of the Swinoujscie plant, which answers for the entire Group’s bacon slicing and packing, became operational in June. In Sweden, Scan commenced steps to transfer slaughter operations from the Uppsala production plant to the company’s other plants. The slaughterhouse at Skellefteå was closed and the Kävlinge plant in southern Sweden is slated for closure in Q3.

MARKET AREA: THE BALTICS

(EUR million)

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
Net sales	43.0	37.9	81.0	69.7	145.3
EBIT	2.7	3.9	4.2	6.4	10.7
EBIT margin, %	6.4	10.3	5.1	9.2	7.4

The second quarter of the year was largely in line with Q1. The HKScan Group’s sales in the Baltics continued to develop positively. Performance on the whole was in line with target, aided by successful operational cost control.

The international pork market situation undermined the profitability of local raw material production. Sharply rising feed costs depressed Rakvere pork supplier Ekseko clearly into the red in Q2 as well. Despite costs rising in the poultry business as well, Tallegg was reasonably successful at balancing prices and expenditure.

The national economies in Estonia and Latvia in particular experienced decelerating growth and an accelerating rate of inflation. A significant number of consumers have switched to less expensive products due to the rapid rise in food prices. A slowdown in the national economies is an uncertainty factor that will pose challenges of its own in the future.

Many food businesses are feeling the squeeze from the overall market situation and ever fiercer competition, especially in Latvia and Lithuania. Further shakeouts may therefore be expected in the industry.

MARKET AREA: POLAND

(EUR million)

*)	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
Net sales	69.3	54.7	130.4	106.6	220.9
EBIT	-0.2	1.1	0.7	2.2	3.7
EBIT margin, %	-0.3	2.0	0.5	2.1	1.7

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

Sokolów's meat and processed meat and convenience food production performed largely in line with targets in respect of both net sales and earnings, yet this was not enough to keep the entire market area's business into the black.

The problems in Poland centre on primary production company Agro-Sokolów, where substantial writedowns of EUR 1.5 million were taken in the period under review. Pozmeat still showed a loss but the company's losses declined markedly.

Deliveries to retail chains, which as a distribution channel have come to equal in size Sokolów's own network of retail outlets, acccounted for the largest rise in Sokolów's Q2 sales.

CAPITAL EXPENDITURE AND FINANCE

Gross investments in Q2 totalled EUR 25.7 million (Q2/2007: EUR 36.9m). Gross investments for the entire first half of 2008 totalled EUR 53.6 million (Q1–Q2/2007: EUR 59.1m) and were divided among production-related investment in the market areas as follows: Finland EUR 19.2 million, Sweden EUR 18.2 million and the Baltics EUR 8.4 million. In Poland, HKScan's share of Sokolów investments was EUR 7.8 million.

In Finland, the ramp-up of the logistics centre in Vantaa was among the key targets of capital expenditure. In Sweden, construction of the new distribution centre in Linköping continued and further investment was also made in production technology to boost competitiveness. In Estonia, the new frankfurter line being built at Rakvere neared completion.

The Group's interest-bearing debt at the end of June stood at EUR 549.8 million (EUR 527.9m). Underlying the higher gearing is a cash flow from operations. Higher gearing and rising interest rates have resulted in a substantial rise in net financial expenses. Untapped credit facilities at 30 June 2008 stood at EUR 174 million (EUR 180m). In addition, the Group had other untapped overdraft and other facilities of EUR 32 million (EUR 31m). The EUR 100 million commercial paper programme had been drawn upon in the amount of EUR 39 million (EUR 29m).

At the end of the period under review, the equity ratio was 28.3 percent (29.4%). Achieving stronger cash flow and higher equity ratio are key tasks for the Group.

TREASURY SHARES

The Board assigned on 22 April 2008 free of charge a total of 45 552 A Shares held as treasury shares to the key employees covered under the Share Incentive Scheme 2006 as the share contribution of the bonus payable for the 2007 earning period. The assignment was made pursuant to the authorisation granted by the AGM on 20 April 2007. At 30 June 2008, the company held a total of 9 472 of its A Shares. These had a market value of EUR 0.09 million and accounted for 0.02% of all shares and 0.01% of all votes.

RESOLUTIONS PASSED BY THE ANNUAL GENERAL MEETING

22.4.2008 The Annual General Meeting convening on 22 April 2008 adopted the accounts and discharged the Board of Directors and the CEO from liability for 2007. It was resolved to declare a dividend of EUR 0.27 per share.

Markku Aalto, Tiina Varho-Lankinen and Johan Mattsson were elected to a new term on the Board of Directors. Matti Murto and Matti Karppinen were elected to the Board as new members. The Board elected Markku Aalto as chairman and Tiina Varho-Lankinen as deputy chairman.

Authorised Public Accountants PricewaterhouseCoopers Oy, with APA Johan Kronberg as principal auditor, and APA Petri Palmroth were appointed as auditors for the 2008 financial year. The deputy auditors are APA Mika Kaarisalo and APA Pasi Pietarinen.

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

BOARD OF DIRECTORS' EXISTING AUTHORISATIONS

(1) The AGM of 22 April 2008 authorised the Board to resolve on acquiring a maximum of 3 500 000 Series A shares as treasury shares, equal to ca. 8.9% of total registered shares and ca. 10.3% of total A Shares.

Treasury shares may only be acquired using unrestricted shareholders' equity. The company's own shares may be purchased for a price quoted in public trading on the purchase day or for a price otherwise determined by the market.

The Board of Directors shall resolve upon the method of purchase. Among other means, derivatives may be utilised in purchasing the shares. The shares may be purchased in a proportion other than that of the shares held by the shareholders (directed purchase). The authorisation is valid until 30 June 2009.

(2) The AGM also authorised the Board of Directors to resolve on an issue of shares, option rights as well as other special rights entitling to shares as referred to in Chapter 10, section 1 of the Limited Liability Companies Act. The Board was authorised to resolve on the issue of a maximum of 5 500 000 A Shares, corresponding to ca. 14.0% of all registered shares in the company.

The Board may resolve upon all the terms and conditions of the issue of shares and other special rights entitling to shares. The authorisation to issue shares shall cover the issuing of new shares as well as the transfer of the company's own shares. The issue of shares and other special rights entitling to shares may be implemented as a directed issue. The authorisation is valid until 30 June 2009.

EMPLOYEES

In the first six months of the year, the Group had an average workforce of 7 536 employees (7 932 in Q1–Q2/2007). The average number of employees in each market area was as follows: Finland 2 443, Sweden 3 229 and the Baltics 1 864. In addition, Sokolów had an average of 5 447 employees.

Analysis of employees by country at the end of the financial year: Sweden 42.0%, Finland 33.0%, Estonia 19.1%, Latvia 2.9%, Poland (Scan) 1.9%, other countries 1.1%.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The risks faced by the HKScan Group can be divided into two main groups: business risks and financial risks. The most significant near-term uncertainty factors in all markets involve:

developments in the price of raw materials and pork in particular, in future possibly the availability of these as well, and raising sales prices to correspond to rising costs.

Near-term uncertainty factors also involve strengthening customer satisfaction in Finland, the success of the business development programme in Sweden, and the development of the national economies in the Baltics.

The Group's financial risks comprise foreign exchange risk, interest rate risk, liquidity risk and credit risk, which are hedged against in accordance with the principles defined in the Group's risk management policy.

CHANGE TO PUBLICATION DATE OF Q3/2008 INTERIM REPORT

HKScan Corporation is changing the publication date of the interim report on the third quarter of 2008. The interim report for January–September will be published on 5 November 2008 instead of 4 November 2008.

EVENTS TAKING PLACE SINCE 30 JUNE 2008

HK Ruokatalo Oy, in charge of Finnish operations, is streamlining its management model to correspond to the new industrial structure. Under the new model, HK Ruokatalo's core business functions are sales, marketing, the order/supply process and industrial processes. The organisational reform takes effect on 11 August 2008.

FUTURE OUTLOOK

The company maintains its views updated on 4 July 2008 of full-year EBIT falling clearly short of that seen in 2007.

Vantaa, 8 August 2008

HKScan Corporation
Board of Directors

Consolidated financial statements
1 January – 30 June 2008

CONSOLIDATED INCOME STATEMENT
(EUR million)

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
NET SALES	591.9	524.3	1 102.0	1 022.9	2 107.3
Operating income and expenses	-573.6	-495.8	-1 064.4	-971.4	-2 000.4
Depreciation and impairment	-13.9	-13.4	-27.1	-27.2	-51.6
EBIT	4.4	15.1	10.5	24.3	55.3
Financial income	2.7	1.2	3.4	2.1	9.1
Financial expenses	-9.7	-5.6	-16.7	-10.7	-28.5
Share of associates' results	0.4	-0.2	0.5	0.4	0.4
PROFIT/LOSS BEFORE TAXES	-2.3	10.5	-2.4	16.1	36.3
Income taxes	-0.7	-1.5	-1.3	-3.0	-6.8
PROFIT/LOSS FOR THE FINANCIAL YEAR	-2.9	9.1	-3.7	13.1	29.5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the parent	-3.3	8.6	-4.3	12.1	27.8
Minority interests	0.4	0.5	0.6	1.0	1.7
Total	-2.9	9.1	-3.7	13.1	29.5
Earnings per share calculated on profit attributable to equity holders of the parent:					
EPS, (EUR) undiluted/diluted	-0.09	0.22	-0.11	0.32	0.72

CONSOLIDATED BALANCE SHEET
(EUR million)

	30.6.2008	30.6.2007	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	64.9	18.4	65.5
Goodwill	85.0	105.9	85.1
Tangible assets	502.1	460.6	476.6
Holdings in associates	21.5	16.8	20.3
Trade and other receivables	15.8	11.0	18.0
Available-for-sale investments	11.4	11.7	11.4
Deferred tax asset	8.3	2.7	8.3
NON-CURRENT ASSETS	708.9	627.0	685.1
CURRENT ASSETS			
Inventories	140.8	139.3	140.2

Trade and other receivables	229.1	272.3	244.9
Income tax receivable	6.0	2.5	2.5
Other financial assets	3.6	3.7	3.7
Cash and cash equivalents	47.5	29.7	53.2
CURRENT ASSETS	427.0	447.5	444.5
ASSETS	1 135.9	1 074.5	1 129.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	66.8	66.8	66.8
Share premium reserve	74.7	74.3	73.4
Treasury shares	-0.1	-1.8	-0.7
Fair value reserve and other reserves	82.3	77.1	80.6
Translation differences	5.3	3.0	3.0
Retained earnings	90.2	94.0	105.5
Equity attributable to equity holders of the parent	319.2	313.4	328.5
Minority interest	2.4	2.3	2.9
SHAREHOLDERS' EQUITY	321.6	315.7	331.5
NON-CURRENT LIABILITIES			
Deferred tax liability	35.3	18.3	34.0
Non-current interest-bearing liabilities	429.8	445.1	421.6
Non-current non-interest bearing liabilities	6.3	6.2	6.9
Pension obligations	3.1	5.1	4.7
Non-current provisions	0.2	2.9	0.0
NON-CURRENT LIABILITIES	474.7	477.6	467.2
CURRENT LIABILITIES			
Current interest-bearing liabilities	120.0	82.8	92.9
Trade payables and other liabilities	218.0	197.4	236.6
Income tax liability	0.1	0.0	0.1
Current provisions	1.4	0.9	1.3
CURRENT LIABILITIES	339.5	281.2	330.9
SHAREHOLDERS' EQUITY AND LIABILITIES	1 135.9	1 074.5	1 129.6

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

	Share cap-ital	Share pre-mium res.	Re-valu-ation-res.	RIUE*)	Other re-serves	Transl. diff.	Treas-ury shares	Ret. earn-ings	Tot.
SHAREHOLDERS' EQUITY 1.1.2008	66.8	73.4	3.0	66.7	10.8	3.0	-0.7	105.5	328.5
Cash flow hedging									
Gains and losses recognised in shareholders' equity			1.2						1.2
Change in translation difference		0.1			0.3	2.2		0.9	3.5
Other change					0.2				0.2
Direct recognition in retained earnings								-0.4	-0.4
Transfers between items		1.0						-1.0	0.0
Net gains and losses recognised directly in shareholders' equity	0.0	1.0	1.2	0.0	0.5	2.2	0.0	-0.4	4.6
Profit for the period								-4.3	-4.3
Total gains and losses	0.0	1.0	1.2	0.0	0.5	2.2	0.0	-4.7	0.3
Dividend distribution								-10.6	-10.6
Share issue									
Purchase of treasury shares							-0.1		-0.1
Payments made in treasury shares							0.8		0.8
Share options exercised		0.3							0.3
SHAREHOLDERS' EQUITY 30.6.2008	66.8	74.7	4.3	66.7	11.3	5.3	-0.1	90.2	319.2

*) RIUE = Reserve for invested unrestricted equity

	Share cap- ital	Share pre- mium res.	Re- valu- ation- res.	R I U E*)	Other re- serves	Transl. diff.	Treas- ury shares	Ret. earn- ings	Tot.
SHAREHOLDERS' EQUITY 1.1.2007	58.6	72.9	0.1	0.0	8.9	5.4	0.0	90.5	236.4
Cash flow hedging									
- Amount transferred to shareholders' equity during the period			1.4						1.4
Change in translation difference						-2.4			-2.4
Other change								2.0	2.0
Transfers between items		1.1						-1.1	0.0
Net gains and losses recognised directly in shareholders'									
equity	0.0	1.1	1.4	0.0	0.0	-2.4	0.0	0.9	1.0
Profit for the period								12.1	12.1
Total gains and losses	0.0	1.1	1.4	0.0	0.0	-2.4	0.0	13.0	13.1
Dividend distribution								-9.3	-9.3
Share issue	8.2			66.7					74.9
Purchase of treasury									
shares							-1.8		-1.8
Share-based transactions payable									
in equity		0.3						-0.2	0.1
SHAREHOLDERS' EQUITY 30.6.2007	66.8	74.3	1.5	66.7	8.9	3.0	-1.8	94.0	313.4

*) RIUE = Reserve for invested unrestricted equity

CASH FLOW STATEMENT
(EUR million)

	1-6/2008	1-6/2007	1-12/2007
Operating activities			
EBIT and depreciation (incl. adjustments)	32.4	43.8	97.2
Change in net working capital	2.0	-24.1	50.1
Financial income and expenses	-13.3	-8.6	-19.3
Taxes	-1.3	-2.2	-6.8
Net cash flow from operating activities	19.8	8.9	121.2
Investing activities			
Gross investments in fixed assets	-53.7	-59.1	-131.6
Disposals of fixed assets	8.4	9.6	15.8
Investments in subsidiary		-70.1	-70.1
Loans granted			-4.0
Current borrowings repaid	0.6		2.1
Net cash flow from investing activities	-44.7	-119.6	-187.8
Cash flow before financing activities	-24.9	-110.7	-66.5
Financing activities			
Current borrowings raised			
and repaid	28.6	-68.3	-102.6
Non-current borrowings raised			
and repaid	1.3	207.8	225.0
Dividends paid	-10.6	-9,3	-9.3
Purchase of treasury shares	-0.1	-1,8	-1.8
Net cash flow from financing activities	19.2	128.4	111.3
Change in cash and cash equivalents	-5.7	17.7	44.7
Cash and cash equivalents at 1.1.	56.8	12.1	12.1
Cash and cash equivalents at 30.6.	51.1	29.7	56.8
Change in cash and cash equivalents in balance sheet	-5.7	17.7	44.7

KEY INDICATORS

	30.6.2008	30.6.2007	31.12.2007
EPS	-0.11	0.32	0.72
Equity per share at 30 Jun, EUR 1)	8.12	7.99	8.36
Equity ratio, %	28.3	29.4	29.3
Adjusted average			
number of shares, mill.	39.3	38.4	38.8
Gross capital			
expenditure on PPE, EUR million	53.6	59.1	129.3
Employees, end of month			
average	7 536	7 932	7 840

1) Excluding minority's share of equity.

Notes to the group's interim report

ACCOUNTING PRINCIPLES

HKScan Corporation's interim report for 1 January – 30 June 2008 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 2007. These accounting principles are explained in the financial statements for 2007.

The figures presented in the interim report are unaudited.

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

	Q2/2008	Q2/2007	Q1-Q2/08	Q1-Q2/07	2007
NET SALES					
-Finland	194.5	171.2	359.5	326.7	674.3
-Sweden	305.0	272.5	562.4	537.0	1 111.9
-Baltics	43.0	37.9	81.0	69.7	145.3
-Poland	69.3	54.7	130.4	106.6	220.9
-Between segments	-19.9	-11.9	-31.6	-17.0	-45.0
Group total	591.9	524.3	1 102.0	1 022.9	2 107.3
EBIT					
-Finland	-0.5	5.6	3.5	12.9	22.8
-Sweden	3.3	6.4	3.9	6.1	23.0
-Baltics	2.7	3.9	4.2	6.4	10.7
-Poland	-0.2	1.1	0.7	2.2	3.7
-Between segments	0.0	0.0	0.0	0.0	0.0
-Group admin. costs	-0.9	-1.9	-1.8	-3.3	-5.0
Group total	4.4	15.1	10.5	24.3	55.3

CHANGES IN TANGIBLE AND INTANGIBLE ASSETS

	Q1-Q2/2008	Q1-Q2/2007	2007
Carrying value at 1 Jan	627.2	352.4	352.4
Translation differences	4.8	2.3	3.3
Increase	54.0	55.6	131.0
Increase (acquisitions)	0.0	211.6	209.2
Decrease	-6.5	-10.0	-16.8
Depreciation and impairment	-27.5	-27.2	-51.9
Transfer to other balance sheet item	0.0	0.1	0.1
Carrying value at 30 Jun	652.0	584.8	627.2

INVENTORIES

	Q1-Q2/2008	Q1-Q2/2007	2007
Materials and supplies	86.0	92.2	85.5
Unfinished products	8.3	7.2	10.8
Finished products	32.0	26.8	28.5
Goods	0.1	0.1	0.0

Other inventories	4.7	1.0	3.9
Prepayments	0.8	1.4	0.6
Live animals, IFRS 41	8.9	10.6	10.9
Total inventories	140.8	139.3	140.2

NOTES TO SHAREHOLDERS' EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2008	39 266 169	66.8	72.9	66.7	-0.7	205.7
Purchase of treasury shares	-15 000				-0.1	-0.1
Assignment of treasury shares	45 552				0.8	0.8
30.6.2008	39 296 721	66.8	72.9	66.7	-0.1	206.3

RIUE = Reserve for invested unrestricted equity

Financial risk management

The Group has not modified its financial risk management principles during the period under review. The principles remain the same as presented in the Group's 2007 Annual Report.

CONSOLIDATED CONTINGENT LIABILITIES
(EUR million)

	30.6.2008	30.6.2007	31.12.2007
Debts secured by			
pledges or mortgages			
- loans from financial institutions	42.4	44.1	36.0
Given as security			
- real estate mortgages	65.6	52.7	31.4
- pledges	5.5	7.9	19.1
- floating charges	24.0	13.7	10.9
For associates			
- guarantees	8.4	4.3	7.0
For others			
- guarantees and pledges	10.2	12.6	9.6
Other contingencies			
Leasing commitments	21.3	5.9	10.5
Rent liabilities	17.1	2.3	17.2
Other liabilities	3.3	0.0	2.2
Derivative instrument liabilities			
Nominal values of derivative instruments			

Foreign exchange contracts	63.3	7.8	64.9
Interest swap contracts	206.3	144.7	162.1
Electricity futures	5.7	5.8	5.1
Fair values of derivative instruments			
Foreign exchange contracts	-0.9	0.0	0.0
Interest swap contracts	3.7	0.2	0.1
Electricity futures	2.7	0.6	1.1

BUSINESS TRANSACTIONS WITH ASSOCIATES

	Q1-Q2/2008	Q1-Q2/2007	2007
Sales to associates	21.9	21.0	38.9
Purchases from associates	21.5	17.6	35.5
Trade and other receivables	2.2	1.8	1.9
Trade payables and other liabilities	12.1	5.3	11.1

HKScan Corporation

Kai Seikku
CEO

Further information is available from CEO Kai Seikku. Please leave any messages for him to call with Katja Backman on 010 570 2428

HKScan is one of the leading food companies in northern Europe with home markets in Finland, Sweden, the Baltics and Poland. HKScan manufactures, sells and markets pork and beef, poultry products, processed meats and convenience foods under several well-known local brand names. Its customers are retail, the HoReCa sector, industry and export customers. HKScan is active in nine countries and has some 10,000 employees. Annual net sales are in excess of two billion euro.

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