HKScan Oyj STOCK EXCHANGE RELEASE 14 August, at 10.15am

HKSCAN GROUP INTERIM REPORT 1 January – 30 June 2007

* Group's overall Q2 result at anticipated level: comparable operating profit at EUR 15.2m (EUR 9.1m)
* Logistical challenges and pork export prices eroded result in Finland
* Pozmeat ramp-up delayed in Poland
* Business in Sweden and the Baltics developed as planned

GROUP

EUR million	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	524.3	239.4	1022.9	452.9	934.3
Operating profit	15.1	7.0	24.3	13.6	40.4
- % of net sales	2.9	2.9	2.4	3.0	4.3
Comparable operating profit	15.2	9.1	25.2	15.7	41.8
- % of net sales	2,9	3,8	2,5	3,5	4,5
EBIT	10.5	5.5	16.1	10.7	33.6
EPS	0.22	0.13	0.32	0.24	0.79

The figures are derived from group accounting and contain no pro forma information. The comparison figures are exclusive of Scan AB and its subsidiaries, which have only been consolidated into Group figures since 2007.

In the Baltics, operating profit came to 9.2 percent of net sales while the figure in Finland was 3.9 percent, in Poland 2.1 percent and in Sweden 1.1 percent.

The early part of the year has been marked by the Swedish business incorporation into the Group as well as a transition to consolidated business management. Progress was made in the efficiency programmes in Finland and Sweden. These contributed to a sustained high level of investment in Finland in particular. Cost savings are expected to begin accruing in Finland as of next year.

The increasingly challenging nature of the pork market informed the early part of the year, as an oversupply of pork in the EU has resulted in falling prices and rising inventories. The situation is much the same in all the Group's markets and no rapid change can be expected.

During the period under review, HKScan signed a EUR 550 million financing agreement used to refinance most of HKScan's current loan portfolio and support the company's future financing needs.

The company has modified its reporting by segment to report Group administration costs as a separate item, thus improving the comparability of market area profitability. Group administration costs consist mainly of salary and pension costs as well as certain notional costs of the management incentive system, among others.

MARKET AREA: FINLAND
EUR million

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	171.2	156.4	326.7	294.1	608.0
Operating profit	5.6	2.7	12.9	6.6	25.4
- Operating profit %	3.3	1.7	3.9	2.2	4.2
Comparable operating profit	6.2	5.1	14.3	9.0	27.4
- Comparable operating profit %	3.6	3.3	4.4	3.1	4.5

Much time and resources were allocated to addressing the logistical problems which arose in spring. This has resulted in additional expenditure due to temporary resourcing requirements. The measures are nonetheless vital to ensuring reliable deliveries.

These costs will, to some extent, continue to be incurred until the completion of the logistics centre that is to be taken into use in Q1 of 2008. This unsatisfactory state of affairs has held us back in growing the business in Finland.

Barbecue product sales in early summer were satisfactory in terms of sausages while failing to meet expectations in terms of meats for grilling. The primary tool in the competition against barbecue products made from imported meat was largely pricing.

The restructuring programme has progressed in line with plans. The manufacture of skinless frankfurters will transfer from Turku to Vantaa and production activities in Turku will be discontinued at the end of October. The new distribution centre under construction in Vantaa will be deployed in stages around the turn of the year. The Tampere terminal is planned to remain in operation until the end of March 2008.

Exports have been continued despite falling prices and the weaker profitability of exports, mainly to support a sustained raw material balance in the company’s Finnish operations.

MARKET AREA: SWEDEN
EUR million

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	272.5	-	537.0	-	-
Operating profit	6.4	-	6.1	-	-
- Operating profit %	2.4	-	1.1	-	-
Comparable operating profit	6.4	-	6.1	-	-
- Comparable operating profit %	2.4	-	1.1	-	-

Six-month net sales in Sweden amounted to EUR 537.0 million, compared to EUR 500.9 million a year earlier. Operating profit for the first half of the year was EUR 6.1 million (EUR 0.05m) and EBIT amounted to 1.1% of net sales (0.01% for the first six months of 2006). The comparison data from 2006 are unofficial.

The effort required in Sweden is still in its early stages. Performance has developed as anticipated but remains far short of target. Most of the rise in net sales is attributable to the merger of SLP Pärsons into Scan in May 2006.

Pärsons sliced products are selling especially briskly in the sector of processed meats. Scan has come slightly down in sales of processed meats but compensated it with higher margins due to price increases implemented. Scan’s extensive industrial sales have fared tolerably in terms of pork while the margin has been low in beef sales. The market for meat is hampered by oversupply and rising inventories.

A two-year efficiency programme was launched in Sweden in May in a bid to reap annual savings of EUR 18–22 million. The programme comprises new investment of ca. EUR 20 million to improve the efficiency of production technology and working methods. The company will also take write-downs of approximately EUR 10-15 million. An estimated 400 jobs will be affected. The savings are expected to be realised in full starting from Q3 in 2009.

Scan is also setting up a national distribution centre in Linköping to enhance efficiency and flexibility in logistics while also allowing further progress to be made in customer service and delivery reliability. The centre is slated for completion in early 2010.

MARKET AREA: THE BALTICS
EUR million

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	37.9	34.1	69.7	62.7	130.8
Operating profit	3.9	3.7	6.4	5.3	12.6
- Operating profit %	10.3	10.9	9.2	8.4	9.6
Comparable operating profit	3.5	2.7	5.9	4.3	11.2
- Comparable operating profit %	9.1	7.9	8.4	6.9	8.6

Group development remained on a steady track in the Baltic market. Rakvere Lihakombinaat’s net sales increased in line with target. Though a tad weaker than in 2006, profitability remained good. General troubles in the pork market and disruptions of a technical nature in processing were reflected in Rakvere’s result. Meanwhile, Tallegg substantially increased its sales of poultry products and enjoyed good profitability. The investments and development efforts at Tallegg over the past few years are now bearing fruit.

In Latvia, the sales of Rigas Miesnieks rose sharply and profitability remained at the previous year’s level while in Lithuania, the company is still only breaking even. Lithuanian sales account for slightly over 5 percent of the entire Baltic Group’s net sales.

MARKET AREA: POLAND
EUR million

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	54.7	50.9	106.6	99.9	203.6
Operating profit	1.1	1.5	2.2	3.3	6.0
- Operating profit %	2.0	2.9	2.1	3.3	2.9
Comparable operating profit	1.1	1.5	2.2	3.3	6.0
- Comparable operating profit %	2.0	2.9	2.1	3.3	2.9

Development in Poland has been divided. The production and domestic sales of meat and processed meats – Sokolów’s core business – have been in line with targets. The hiccough in exports experienced in late spring, largely as a result of unfavourable exchange rates, has been rectified in the summer.

The start-up of Pozmeat initiated in the early part of the year has been delayed, partly due to production-related issues and partly because of the slower than anticipated take-off of processed meat sales. HKScan’s share of Pozmeat’s losses during the first half of the year was EUR 1.3 million. This, combined with ordinary start-up costs, is likely to result in the market area of Poland not surpassing its 2006 performance this year but instead falling slightly short, unlike reported earlier. This will not, however, have any substantial impact on the Group’s overall target in respect of comparable operating profit. The Pozmeat start-up costs are included in full in the operating profit.

CAPITAL EXPENDITURE AND FINANCE

The purchase price of the Scan AB shares inclusive of transaction costs came to EUR 163.3 million. The acquisition was financed in part with a directed issue and in part with borrowed capital. The Group’s other gross investments in Q2 totalled EUR 36.9 million (EUR 28.7m during Q2 of 2006). Gross investments during the entire first half of 2007 totalled EUR 59.1 million (EUR 43.3m in the first half of 2006). The sum was spent on production-related investments in the various market areas as follows: Finland EUR 34.8 million, Sweden EUR 13.8 million and the Baltics EUR 6.6 million. In Poland, HKScan’s share of Sokolów investments was EUR 4.0 million. Gross investments in the comparison year included buyouts of minority interests in Sokolów and Rakvere totalling ca. EUR 13 million.

Major production-related investments in Finland included expansion of the Vantaa production facility enabling it to assume the planned production and logistics functions transferring from Turku and Tampere. Major investments in Sweden concerned production techniques that will boost competitiveness, e.g. a new pastry line and slicing lines.

Group interest-bearing debt totalled EUR 527.9 million (EUR 228.2m) at 30 June 2007. Interest-bearing debt in the amount of EUR 188 million transferred to the company in January as part of the acquisition of Scan AB. The cash consideration of EUR 76 million for the deal was financed through a loan of corresponding value. Business investments and an increase in working capital in Finland have furthermore contributed to the rise in the Group’s liabilities.

The low equity ratio of the recent acquisition together with on-going investment programme resulted in the Group's equity ratio at 30 June 2007 falling as anticipated to 29.4 percent (40.2%). Improving the equity ratio and an emphasis on cash flow are key priorities for the foreseeable future.

HKScan signed a EUR 550 million financing agreement with an international syndicate of banks in June. The loan facility comprises a EUR 275 million seven-year amortising term loan and a EUR 275 million five-year credit limit. This arrangement will refinance most of HKScan's current loan portfolio and support the company's future financing needs.

INCREASE IN SHARE CAPITAL

The company executed a directed issue of 4 843 000 Series A shares to Swedish Meats as part of the acquisition of the business of Swedish Meats (Scan AB). The subscription period was 29 January 2007 and the issue price was EUR 15.55 per share. The company’s share capital was increased by EUR 8 233 100.00 to the current EUR 66 820 528.10. The increase was entered in the Trade Register on 5 February 2007.The new shares are first entitled to full dividend for the 2007 financial year.

NOTICES REGARDING CHANGE OF OWNERSHIP PURSUANT TO THE SECURITIES MARKETS ACT

On 8 February 2007 Danish Crown’s holding in HKScan was diluted to 8.89 percent of the shares and 2.46 percent of the votes as a consequence of the increase in HKScan’s share capital.

Swedish Meats announced on 15 February 2007 that the conditional agreement notified by it on 13 November 2006 had been executed. Swedish Meats' holding in HKScan was thus confirmed at 12.32 percent of the shares and 3.41 percent of the votes.

The holding of Danish Crown in HKScan was reduced to 1.00 percent of the share capital and 0.28 percent of the votes as a result of the sale of shares to institutional investors on 7 March 2007.

Julius Baer International Equity Fund clarified its earlier announcement stating that its holding in HKScan Oyj now amounted to 5.13 percent of the shares and 1.42 percent of the votes. In addition, Julius Baer Investment

Management LLC (the fund company of the Julius Baer International Equity Fund) held 3.09% of the shares and 0.86% of the votes in HKScan on behalf of its clients.

RESOLUTIONS PASSED BY THE ANNUAL GENERAL MEETING

The Annual General Meeting held on 20 April 2007 approved the change in the company's business name from HK Ruokatalo Group Oyj to HKScan Oyj. The name in Swedish is HKScan Abp and in English HKScan Corporation. The change came into effect on 30 April 2007.

The Annual General Meeting adopted the accounts and discharged the Board of Directors and the CEO from liability for 2006. It was decided to declare a dividend of EUR 0.27 per share.

Marcus H. Borgström, Markku Aalto, Tiina Varho-Lankinen and Heikki Kauppinen were re-elected to the Board of Directors. Johan Mattson and Karsten Slotte were elected to the Board as new members. Mr Borgström and Mr Aalto were reappointed as chairman and deputy chairman respectively.

The amendments to the Articles of Association proposed by the Board were approved. The amendments are mainly due to the new Companies Act which entered into force on 1 September 2006 and the amended Articles of Association took effect on 30 April 2007.

Authorised Public Accountants PricewaterhouseCoopers Oy and Petri Palmroth MSc (Econ. and Bus. Adm.), APA were appointed auditors for the 2007 financial year, with Mika Kaarisalo MSc (Econ. and Bus. Adm.), APA and Pasi Pietarinen MSc (Econ. and Bus. Adm.), APA as deputy auditors.

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

TREASURY SHARES

Pursuant to an authorisation granted by the Annual General Meeting on 20 April 2007, the company acquired its own Series A shares in public trading on the Helsinki Exchanges in May. At 30 June 2007, the company held a total of 100 000 of its A Shares. These had a market value of EUR 1.9 million and accounted for 0.25% of all shares and 0.07% of all votes. The acquisition cost of EUR 1.8 million reduces the Group's equity.

BOARD OF DIRECTORS’ EXISTING AUTHORISATIONS

The AGM authorised the Board on 20 April 2007 to decide 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. In accordance with the Board decision of 7 May 2007, the company acquired 100 000 A Shares between 14 May and 28 May in public trading on the Helsinki Exchanges. The authorisation is valid until 30 June 2008.

The Board of Directors also holds an authorisation 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 Companies Act. This authorisation concerns 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 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 is valid until 30 June 2008. To date, the Board of Directors has not exercised this authorisation.

The authoriations were approved 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, implementing acquisitions or as incentives for employees. A directed purchase of the company’s own shares and a directed share issue always requires a weighty economic reason for the company and the authorisations may not be utilized inconsistently with the principle of equal treatment of shareholders.

EMPLOYEES

The group employed an average of 7 932 persons during the first half of 2007 (4 505 in the first half of 2006). The increase is attributable to the inclusion of Scan AB and its subsidiaries as of the beginning of 2007. The average number of employees in each market area was as follows: Finland 2 577, Sweden 3 495 and the Baltics 1 860. In addition, Sokolów had an average of 5 037 employees.

EVENTS TAKING PLACE SINCE 30 JUNE 2007

In July, HK Ruokatalo Oy and Järvi-Suomen Portti Osuuskunta cooperative signed a preliminary agreement on possible cooperation to rationalise slaughtering and cutting operations. Portti will study closing its Lappeenranta slaughterhouse and outsourcing its pork and beef slaughtering and the cutting of beef to HK Ruokatalo.

The arrangement would enhance efficiency in slaughtering and cutting and reduce existing slaughtering capacity in Finland. The volume of HK Ruokatalo's slaughtering and cutting operations would increase as a result of Portti's outsourcing, as would the capacity utilisation rate.

SHORT-TERM RISKS AND UNCERTAINTIES

The major risks for the HKScan Group are connected with price development of raw materials, especially of pork, on all market areas, the success of the suggested production transfer operations, the improvement of the logistical deliver security in Finland and the success of the efficiency programme in Sweden.

FUTURE OUTLOOK

Operating profit for 2007 is projected to improve in Finland and in Sweden compared to 2006. In the Baltics, profits are estimated to hold at the good level enjoyed in 2006. In a departure from earlier estimates, operating profit in the market area of Poland is likely to fall slightly short of the earlier year’s level. This deterioration in the future outlook has no substantial impact on the Group’s target in respect of operating profit in 2007.

Vantaa, 14 August 2007

HKScan Corporation
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS 1 January – 30 June 2007

CONSOLIDATED INCOME STATEMENT
(EUR mill.)

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales	524.3	239.4	1022.9	452.9	934.3
Operating income and expenses	-495.8	-225.2	-971.4	-425.2	-863.3
Depreciation and impairment	-13.4	-7.1	-27.2	-14.1	-30.5
Operating profit	15.1	7.0	24.3	13.6	40.4
- % of net sales	2.9	2.9	2.4	3.0	4.3
Financial income	1.2	0.5	2.1	0.8	1.9
Financial expenses	-5.6	-2.2	-10.7	-4.2	-8.7
Share of associates' results	-0.2	0.2	0.4	0.5	0.0
Profit before taxes	10.5	5.5	16.1	10.7	33.6
Income taxes	-1.5	-0.7	-3.0	-1.7	-5.8
Profit for the period	9.1	4.8	13.1	9.0	27.8
Attributable to:					
Shareholders of parent company	8.6	4.5	12.1	8.4	27.2
Minority interests	0.5	0.3	1.0	0.6	0.6
Total	9.1	4.8	13.1	9.0	27.8
EPS, undiluted, EUR	0.22	0.13	0.32	0.24	0.79
EPS, diluted, EUR	0.22	0.13	0.32	0.24	0.79

CONSOLIDATED BALANCE SHEET
(EUR mill.)

	30 June 2007	30 June 2006	31 Dec.2006
ASSETS			
Non-current assets			
Intangible assets	18.4	4.1	4.0
Goodwill	105.9	53.4	53.9
Property, plant and equipment	460.6	279.5	294.5
Shares in associates	16.8	5.9	5.5
Trade and other receivables	11.0	4.3	4.1
Available-for-sale investments	11.7	0.3	0.3
Deferred tax asset	2.7	2.1	2.2
Total non-current assets	627.0	349.6	364.4
Current assets			
Inventories	139.3	57.0	58.4
Trade and other receivables	272.3	124.7	112.1
Income tax receivable	2.5	3.3	2.5
Other financial assets	3.7	-	-
Cash and bank	29.7	13.5	12.1
Total current assets	447.5	198.4	185.1
TOTAL ASSETS	1074.5	548.0	549.5
EQUITY AND LIABILITIES			
Share capital	66.8	58.6	58.6
Share premium reserve	74.3	72.9	72.9
Treasury shares	-1.8	-	-
Fair value reserve and other reserves	77.1	10.5	9.0
Translation differences	3.0	2.7	5.4

Retained earnings	94.0	73.1	90.5
Equity attributable to			
Shareholders of the parent	313.4	217.7	236.4
Minority interest	2.3	2.7	0.6
Total shareholders’ equity	315.7	220.4	237.1
Non-current liabilities			
Deferred tax liability	18.3	12.8	12.2
Long-term interest-bearing liabilities	445.1	114.4	87.1
Long-term zero-interest liabilities	6.2	-	-
Pension obligations	5.1	4.8	5.2
Non-current provisions	2.9	-	-
Total non-current liabilities	477.6	131.9	104.4
Current liabilities			
Current interest-bearing liabilities	82.8	113.8	109.6
Trade payables and other liabilities	197.4	80.0	96.7
Income tax liability	0.0	0.9	0.9
Current provisions	0.9	0.9	0.6
Total current liabilities	281.2	195.6	208.0
TOTAL EQUITY AND LIABILITIES	1074.5	548.0	549.5

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

	Share capital reserve	Share prem. res.	Value change res.	IUEF*)	Other res.	Transl. diff.	Trsry shrs	Ret. earnings	Tot.
SHAREHOLDERS’ EQUITY									
1 Jan 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 betw. items		1.1						-1.1	0.0
Net profit/loss 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 profits 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
Acquisition of treasury shares							-1.8		-1.8
Share-based transactions payable in equity		0.3						-0.2	0.1
SHAREHOLDERS’ EQUITY TOT.									

30 Jun 2007	66.8	74.3	1.5	66.7	8.9	3.0	-1.8	94.0	313.4

*) IUEF = Invested unrestricted equity fund

	Share capital reserve	Share prem. res.	Value change res.	IUEF*)	Other res.	Transl. diff.	Trsry shrs	Ret. earnings	Tot.
SHAREHOLDERS’ EQUITY 1 Jan 2006	58.6	72.9	1.0	0.0	8.6	4.8	0.0	73.2	219.1
Cash flow hedging									
Amount transferred to shareholders' equity during the period			0.4		0.4			-1.0	-0.2
Change in translation difference						0.3			0.3
Other changes						-0.6			-0.6
Transfers between items									0.0
Net profit/loss recognised directly in shareholders’ equity	0.0	0.0	0.4	0.0	0.4	-0.3	0.0	-1.0	-0.5
Profit for the period								8.4	8.4
Total profits and losses	0.0	0.0	0.4	0.0	0.4	-0.3	0.0	7.4	7.9
Dividend distribution								-9.3	-9.3
Share issue									0.0
Acquisition of treasury shares									0.0
Share-based transactions payable in equity									0.0
SHAREHOLDERS’ EQUITY TOT. 30 Jun 2006	58.6	72.9	1.4	0.0	9.0	4.5	0.0	71.3	217.7

CASH FLOW STATEMENT
(EUR mill.)

	H1/2007	H1/2006	2006
Operating activities			
Operating profit	24.3	13.6	40.4
Adjustments to operating profit	0.0	-0.5	-1.4
Change in provisions	-7.7	0.8	0.9
Depreciation and amortisation	27.2	14.1	30.5
Change in net working capital	-24.1	-16.2	6.3
Financial income and expenses	-8.6	-3.4	-6.8
Taxes	-2.2	-1.7	-5.5
Net cash flow from operating activities	8.9	6.7	64.4
Investing activities			
Gross PPE investments	-59.1	-43.3	-82.6

Disposal of fixed assets	9.6	1.0	6.4
Investments in subsidiary	-75.2	-	-
Net cash flow from investing activities	-124.7	-42.3	-76.2
Cash inflow/outflow			
before financing activities	-115.8	-35.6	-11.8
Financing activities			
Borrowings raised and repaid	144.6	52.0	20.6
Change in long-term debtors	0.0	-6.6	-0.2
Dividends paid	-9.3	-9.3	-9.3
Acquisition of treasury shares	-1.8	-	-
Net cash flow from financing activities	133.5	36.1	11.1
Change in liquid assets	17.7	0.6	-0.7
Cash and bank at 1 Jan	12.1	12.8	12.8
Cash and bank at 30 Jun	29.7	13.5	12.1
Change in cash and bank in balance sheet	17.7	0.6	-0.7

KEY INDICATORS	30 June 2007	30 June 2006	31 Dec.2006
EPS, diluted	0.32	0.24	0.79
Equity per share at 30 June, EUR 1)	7.99	6.32	6.86
Equity ratio, %	29.4	40.2	43.7
Adjusted average number of shares	38 351 469	34 463 193	34 463 193
Gross capital Expenditure, EUR million	59.1	43.3	82.6
Employees, end of month average	7 932	4 505	4 418

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 2007 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 2006. These accounting principles are explained in the financial statements for 2006. The figures are derived from group accounting and contain no pro forma information. The accounts of Scan AB and its subsidiaries have been consolidated into the financial statements as of 1 January 2007.

Application of changes in or interpretations of IFRS as of 1 January 2007

- IFRS 7 Financial Instruments: Disclosures. The standard mainly affects the scope of the notes to the annual financial statements.

- IAS 1 Presentation of Financial Statements The change in the standard has no impact on this interim report.

- IFRIC 10 Interim Financial Reporting and Impairment. Application of the interpretation has no impact on this interim report.

The figures presented in the interim report are unaudited.

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

	Q2/2007	Q2/2006	H1/2007	H1/2006	2006
Net sales					
-Finland	171.2	156.4	326.7	294.1	608.0
-Sweden	272.5	-	537.0	-	-
-The Baltics	37.9	34.1	69.7	62.7	130.8
-Poland	54.7	50.9	106.6	99.9	203.6
-Between segments	-11.9	-2.0	-17.1	-3.8	-8.2
Total	524.3	239.4	1 022.9	452.9	934.3
Operating profit					
-Finland	5.6	2.7	12.9	6.6	25.4
-Sweden	6.4	-	6.1	-	-
-The Baltics	3.9	3.7	6.4	5.3	12.6
-Poland	1.1	1.5	2.2	3.3	6.0
-Between segments	0.0	0.0	0.0	0.0	0.0
-Group administration costs	-1.9	-0.9	-3.3	-1.6	-3.5
Total	15.1	7.0	24.3	13.6	40.4
Comparable operating profit					
-Finland	6.2	5.1	14.3	9.0	27.5
-Sweden	6.4	-	6.1	-	-
-The Baltics	3.5	2.7	5.9	4.3	11.2
-Poland	1.1	1.5	2.2	3.3	6.0
-Between segments	0.0	0.0	0.0	0.0	0.0
-Group administration costs	-1.9	-0.2	-3.3	-0.9	-2.8
Total	15.2	7.0	25.2	15.7	41.8

CHANGES IN INTANGIBLE ASSETS AND PPE

	H1/2007	H1/2006	2006
Book value at 1 Jan	352.4	317.1	317.1
Increase	55.6	30.0	71.4
Increase (acquisitions)	213.5	6.3	-
Decrease	-9.6	-2.4	-5.2
Depreciation and impairment	-27.2	-14.1	-30.5
Transfer to other balance sheet items	0.1	0.1	-0.4
Book value at 30 Jun	584.8	337.0	352.4

INVENTORIES

	H1/2007	H1/2006	2006
Materials and supplies	57.5	45.6	39.0
Unfinished products	7.2	1.4	4.3
Finished products	72.1	7.9	12.7
Goods	0.1	0.4	0.1
Prepayments	1.4	1.3	1.7
Other inventories	1.0	0.4	0.5
Total inventories	139.3	57.0	58.3

NOTES TO SHAREHOLDERS’ EQUITY

Share capital and share	Number of shares	Share capital	IUEF	Treasury shares	Tot.

premium reserve					
1.1.2007	34 463 193	58.6	0.0		58.6
Directed issue	4 843 000	8.2	66.7		74.9
Acquisition of treasury shares	-100 000			-1.8	-1.8
30.6.2007	39 206 193	66.8	66.7	-1.8	131.7

INTEREST-BEARING LIABILITIES

At the end of Q2, HKScan signed a EUR 550 million multi-currency financing agreement with an international syndicate of banks. The loan facility comprises a EUR 275 million seven-year amortising term loan and a EUR 275 million five-year credit limit. This arrangement refinanced most of HKScan's current loan portfolio and will support the company's future financing needs. It will extend the average loan period of the Group's loan stock. The loans to be drawn in this arrangement are subject to variable interest rates. At 30 June 2007, EUR 163 million remained to be drawn upon. In addition, the Group had other untapped credit lines of EUR 48 million at the time. The EUR 100 million commercial paper programme had been drawn upon in the amount of EUR 28.8 million.

FINANCIAL RISKS

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 2006 Annual Report.

CONSOLIDATED CONTINGENT LIABILITIES
(EUR mill.)

	30 June 2007	30 June 2006	31 Dec.2006
Debts secured by pledges or mortgages			
- loans from financial institutions	44.1	63.1	50.4
Given as security			
- real estate mortgages	52.7	52.5	47.9
- pledges	7.9	12.1	13.5
- floating charges	13.7	12.3	10.6
For associates			
- guarantees	4.3	4.0	3.6
Security for debts			
- guarantees and pledges	12.6	6.6	8.3
Other contingencies			
Leasing commitments	5.9	0.5	1.1
Rent liabilities	2.3	0.0	2.7

Derivative instrument liabilities

Nominal values of derivatives			
Forward foreign-exchange contracts	7.8	0.4	4.2
Interest swap contracts	144.7	0.0	0.0
Forward electricity contracts	5.8	5.3	6.5
Fair values of derivative instruments			
Forward foreign-exchange contracts	0.0	0.0	0.0
Interest swap contracts	0.2	0.0	0.0

Forward electricity contracts	0.6	2.0	0.2

BUSINESS TRANSACTIONS WITH ASSOCIATES

	H1/2007	H1/2006	2006
Sales to associates	21.0	0.8	1.8
Purchases from associates	17.6	4.2	8.5
Trade and other receivables	1.8	0.1	0.2
Trade payables and other liabilities	5.3	0.5	0.4

BUSINESSES ACQUIRED

During the first half of the year, in January 2007, the company acquired the entire business of Swedish Meats. The deal was financed with a directed issue to Swedish Meats valued at EUR 75 million and a cash consideration of EUR 76 million (SEK 692 million).

The current view is that purchase price will be allocated to intangible assets under brands. The company will announce the final allocation of the purchase price in 2007.

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 +358(0)10 570 2428

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