HKScan

HKScan Group interim report 1 January - 31 March 2008

*** Early part of year difficult as anticipated**
*** Challenging pork market situation eroded profitability in all Group markets**

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GROUP
(EUR million)

	Q1/2008	Q1/2007	2007
Net sales	510.1	498.6	2 107.3
EBIT	6.1	9.2	55.3
EBIT margin, %	1.2	1.8	2.6
EBIT from operations	6.1	10.1	65.2
Operative EBIT margin, %	1.2	2.0	3.1
Profit/loss before taxes	-0.1	5.5	36.3
Earnings per share	-0.02	0.09	0.72

JANUARY-MARCH 2008

- Net sales came to EUR 510.1 million (EUR 498.6m).
- EBIT came to EUR 6.1 million.
- EBIT in Finland at EUR 4.1 million (EUR 7.3m) was eroded by losses in the meat business and overlap expenditure arising from the ramp-up of the new logistics centre.
- Business in Sweden fell just a tad short of target, yet performed better than in early 2007. EBIT came to EUR 0.6 million (EUR -0.3m).
- In the Baltics, EBIT came to EUR 1.4 million (EUR 2.5m). As in Finland, profitability deteriorated markedly in the meat business.
- EBIT in Poland was in line with a year earlier. Sokolów performed above target but Pozmeat and primary production business Agro-Sokolów were in the red.
- The company maintains its views on the earnings outlook for 2008.

CEO KAI SEIKKU:

"Earnings development in the first quarter of the year was in line with expectation. The difficult situation in the pork market in particular eroded the company's performance in all market areas. The loss-making meat business depressed earnings especially in the Baltics and Finland. Commercial operations furthermore performed with less distinction in March than anticipated, especially in Finland and Sweden.

The restructuring programme in Finland entered its final phase. The ramp-up of the logistics centre in Vantaa and the shutdown of the dispatching centre in Tampere were started, yet it will not be until the current quarter that the overlaps in logistics expenditure can be addressed. Extra expenditure will not be eliminated in full until the second half of the year, however. Restoring the customer confidence lost to delivery problems in 2007 is a key priority for the company.

Business in Finland was informed by the difficult market situation in the meat business which was clearly in the red during the first three months of the year. It is of course important that this unwholesome trend be reversed. In the longer term, we need to look at ways to reduce our exposure to possible future swings in the prices of raw materials.

In Sweden, the pork market situation eroded profitability especially in exports and industrial sales. Profitability was also insufficient in processed meats. Increases in consumer prices, alongside efficiency programmes and cost-cutting measures, will be vital to earnings development.

Business in Poland was divided as usual. Pozmeat and primary production company Agro-Sokolów showed a loss while other parts of Sokolów in fact exceeded performance targets somewhat. Exports were furthermore hampered by the stronger Polish zloty. The key to improving earnings development in Poland lies in turning around the loss-making units in the current year.

In the Baltics, earnings were depressed by the heavy losses of pork producer Ekseko. As in other markets, the losses are attributable to the pork market situation. In other respects, business in the Baltics developed as planned. The deteriorating prospects of the Estonian and Latvian national economies, the effects of which on private consumption are already visible, are by far the greatest source of uncertainty.

In other words, it has been an arduous start to the year, and we can expect many of the challenges faced in the first quarter to carry over to the current quarter as well. Nonetheless, aims for the current year include stronger cash flow and higher equity ratio. Achievement of these aims will be facilitated by a gradual lessening in the need for capital expenditure arising from restructuring and acquisitions from the high levels seen in the past few years. The production-related investments made will in the long run improve our competitiveness. The streamlining of operations and structures is of course an ongoing effort as well.

Company management projects that the market situation will improve somewhat towards the end of the year. However, we are not yet in a position to make any detailed projections."

MARKET AREA: FINLAND
(EUR million)

	Q1/2008	Q1/2007	2007
Net sales	165.0	155.5	674.3
EBIT	4.1	7.3	22.8
EBIT margin, %	2.5	4.7	3.4
EBIT from operations	4.1	8.2	33.3
Operating EBIT margin, %	2.5	5.3	4.9

The situation in the international pork market, which started to deteriorate in autumn 2007, remained extremely tight as anticipated throughout the first quarter. The sharply risen costs could only be passed on to sales prices in part and HK Ruokatalo's meat business consequently showed a clear loss. Circumstances also forced higher than projected exports of meat in spite of export prices remaining at an exceptionally low level.

The poultry meat market saw further growth. Chicken consumption continued to climb, rising by roughly ten percent from the same period a year earlier. The company's poultry business performed fairly well, yet fell just short of targets. HK Ruokatalo and Saarioinen signed a preliminary agreement in February on sourcing chicken raw material. Under the agreement, Saarioinen would acquire the raw material for its boned chicken products from HK Ruokatalo, which in turn would source the raw material for its bone-in chicken products and its whole broilers from Saarioinen. The execution of the final contract is subject to confirmation on issues pertaining to i.a. competition legislation.

The ramp-up of the new logistics centre started at the turn of the year. Temporary arrangements are required while the ramp-up progresses, giving rise to overlapping expenditure as anticipated. Delivery reliability needs to further improve, and deliveries in the coming summer season will be secured during the transition stage. Occasional disruptions have been reflected in customers' businesses, contributing to loss of market share in certain product groups.

In the convenience foods and processed meats business, the production lines transferred to Vantaa in the previous autumn were run in and production efficiency increased in stages. The target level was not yet achieved in Q1, which was reflected as unfavourable cost trends. The profitability of the convenience foods and processed meats business therefore remained modest.

The problems recounted above contributed to the sales of processed meats and convenience foods falling short of target in March. Steps to remedy the situation are already under way.

MARKET AREA: SWEDEN

(EUR million)

	Q1/2008	Q1/2007	2007
Net sales	257.4	264.5	1 111.9
EBIT	0.6	-0.3	23.0
EBIT margin, %	0.2	-0.0	2.1
EBIT from operations	0.6	-0.3	23.0
Operating EBIT margin, %	0.2	-0.0	2.1

Business in Sweden performed better in the first quarter of 2008 than in the corresponding period in 2007 despite falling just a tad short of targets for the early part of the year.

The difficult pork market situation eroded profitability in industrial sales, among other sectors. Scan is an important and high-volume supplier of raw material for Swedish food processing companies. Exports of meat also increased but profitability lagged due to a supply glut in the export market.

In beef, profitability held on a sounder footing. Producers have seen rising costs but overall, the market is under control. Beef sales received a further boost in early February when the EU banned the importation of Brazilian beef on grounds of meat traceability requirements. Competition for livestock quickly intensified in Sweden, where the trend in beef self-sufficiency has long been a falling one.

In the convenience foods and processed meats business, Scan's challenge lies in improving profitability. This in turn is conditional upon higher efficiency in production and greater effort to grow sales volumes. Raising sales prices will also be necessary due to rising costs. In the early part of the year, Scan rapidly launched a number of new products on the Swedish market while also engaging in more consumer products marketing in Denmark and setting up a small sales organisation there.

March was a lacklustre month in Sweden in terms of sales. Targets were missed especially in respect of seasonal Easter sales.

In January, Scan and associated company Nyhléns & Hugosons agreed on cooperation in the area of animal transport in northern Sweden. Deliveries will be streamlined and access to the services secured also for meat producers based in sparsely populated areas. Scan also opened talks with Swedish Meats on a joint primary production company which would attend to i.a. animal procurement and supply, allowing Scan to focus wholly on manufacture and marketing.

MARKET AREA: THE BALTICS
(EUR million)

	Q1/2008	Q1/2007	2007
Net sales	38.0	31.8	145.3
EBIT	1.4	2.5	10.7
EBIT margin, %	3.7	7.9	7.4
EBIT from operations	1.4	2.5	10.1
Operating EBIT margin, %	3.7	7.9	6.9

The first quarter in the Baltics turned out much as anticipated in late 2007. In sales, the quarter fell in line with plans but financial performance was strained. EBIT for the quarter is enhanced by the indemnification paid to Tallegg for the outbreak of avian disease discovered in autumn 2007.

Financial performance was hampered above all by the reduced profitability of the Group's own raw material production. The sustained high prices of feed grain burdened Ekseko and Tallegg. Ekseko found it difficult to pass on rising costs to the price of pork due to lower price levels in the world market and thus showed a clear loss after the first quarter of the year. Tallegg was more successful in passing on costs but its result too was halved from that a year ago. The situation in raw material production can only be expected to improve once the price of pork starts to rise and/or feed costs fall.

The business environment in the Baltics is in the grips of change after many years of brisk growth. The national economy is seeing decelerating growth while the rate of inflation is accelerating especially in Estonia and Latvia. Rapidly rising food prices have instilled caution in consumers, a significant number of whom have cut back on their purchases or switched to less expensive products. Basic products are seeing increased demand, which HKScan's Baltic units will cater for e.g. when deciding on seasonal selections and in product development.

The slowdown in the rate of consumption growth was evidenced in the period under review as increased competition in retail and increasingly tight negotiations on price and deliveries with suppliers. As regional market leader, the HKScan Group's Baltic Group will adapt to the changing situation.

MARKET AREA: POLAND
(EUR million)

	Q1/2008	Q1/2007	2007
Net sales	61.1	51.9	220.9
EBIT	0.9	1.1	3.7
EBIT margin, %	1.4	2.1	1.7
EBIT from operations	0.9	1.1	3.7
Operating EBIT margin, %	1.4	2.1	1.7

Like previous quarters as well, the first quarter in the Polish market was divided. The manufacture and sales of meat and convenience foods and processed meats in the Polish market by parent company Sokolów proceeded in line with plans. Performance targets for the early part of the year were even slightly exceeded. Subsidiary Pozmeat meanwhile remained in the red, as did primary production company Agro-Sokolów.

Sokolów's Q1 sales value denominated in euro increased by nearly 12 percent from the same period a year earlier. Growth was seen especially in sales to retail chains, which are rising to equal Sokolów's own retail network as a sales channel. Retail chains play a significant part in the HKScan Group's markets and their importance is constantly growing in Poland as well, where the structure of commerce has evolved along distinct lines due to historic reasons.

Exports rose to contribute 31 percent to Sokolów's sales in the first quarter. The extent and profitability of exports at Sokolów are affected by the exchange rate of the Polish zloty against the euro and other main currencies. At the end of March, for example, the zloty (PLN) was over ten percent stronger against the euro than a year earlier.

Sokolów subsidiary Pozmeat continued to experience problems with product quality consistency as well as entry into retail outlet selections. These pulled Pozmeat's earnings into the red and reduced Group performance in the market area of Poland.

Subsidiary Agro-Sokolów, which supplies Sokolów with pork raw material, was also plagued in the early part of the year by problems and rising costs in pork production. The low price of pork raw material was another concern. Costs were rising while sales prices were falling, putting Agro-Sokolów's bottom line in the red.

CAPITAL EXPENDITURE AND FINANCE

Gross investments in Q1 totalled EUR 27.8 million (EUR 22.2m during Q1/2007) and were divided among production-related investment in the market areas as follows: Finland EUR 11.3 million, Sweden EUR 6.1 million and the Baltics EUR 6.1 million. In Poland, HKScan's share of Sokolów investments was EUR 4.3 million.

In Finland, finishing and bringing online the logistics centre in Vantaa was among the key targets of capital expenditure. In Sweden, construction started on the new distribution centre in Linköping last autumn was continued and further investment was also made in production technology to boost competitiveness. In Estonia, a new frankfurter line is being built at Rakvere.

The Group's interest-bearing debt at the end of March stood at EUR 533.0 million (EUR 477.2m). Large-scale investments mainly in the Finnish business have contributed to the rise in the Group's liabilities over the year. Higher gearing and rising interest rates have resulted in a substantial rise in net financial expenses. Untapped credit facilities at 31 March 2008 stood at EUR 174 million (EUR 60m). In addition, the Group had other untapped overdraft and other facilities of EUR 32 million (EUR 29m). The EUR 100 million commercial paper programme had been drawn upon in the amount of EUR 26 million (EUR 71m).

At the end of the period under review, the equity ratio was 29.6 percent (30.6%). Achieving stronger cash flow and higher equity ratio are key concerns.

TREASURY SHARES

Pursuant to an authorisation granted by the Annual General Meeting on 20 April 2007, the company acquired in March 15 000 of its own A Shares in public trading on OMX Nordic Exchange for use in its share incentive scheme. At 31 March 2008, the company held a total of 55 024 of its A Shares. These had a market value of EUR 0.5 million and accounted for 0.14% of all shares and 0.04% of all votes. The acquisition cost of EUR 0.1 million reduces the Group's equity.

BOARD OF DIRECTORS' EXISTING AUTHORISATIONS

See "Events taking place since 31 March 2008"

EMPLOYEES

In Q1, the Group had an average workforce of 7 285 employees (7 680 in Q1/2007). The average number of employees in each market area was as follows: Finland 2 299, Sweden 3 125 and the Baltics 1 861. In addition, Sokolów had an average of 5 444 employees.

RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant risks in the near future in the HKScan Group's business involve the development of the price of raw materials and pork in particular in all market areas, the success of the pending transfers of production, increasing logistical reliability of deliveries in Finland and the success of the Swedish business development programme. The possibility of animal diseases can also never be fully excluded in the food industry.

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

EVENTS TAKING PLACE SINCE 31 MARCH 2008

The Annual General Meeting of 22 April 2008 elected Markku Aalto, Tiina Varho-Lankinen and Johan Mattsson 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.

(1) The AGM authorised the Board 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.

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.

Scan AB initiated steps in April to transfer its slaughtering operations from its Uppsala production plant to the plants in Linköping and Skara and to associated company Siljans Chark AB. This would affect 35 jobs at Scan.

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. Subsequent to the assignment, the company holds 9 472 of its own A Shares.

FUTURE OUTLOOK

The difficult situation in the international pork market will in the early part of the year significantly erode the profitability of the meat business and thus the entire company's earnings development in all markets, especially in Finland and the Baltics. Full-year EBIT from operations in line with the previous year is projected, provided that the company's estimate of the pork market evening out in the latter half of the year is realised.

Vantaa, 7 May 2008

HKScan Corporation
Board of Directors

Consolidated financial statements 1 January - 31 March 2008

CONSOLIDATED INCOME STATEMENT
(EUR million)

	1-3/2008	1-3/2007	1-12/2007
NET SALES	510.1	498.6	2 107.3
Operating income and expenses	-490.9	-475.6	-2 000.4
Depreciation and impairment	-13.1	-13.8	-51.6
EBIT	6.1	9.2	55.3
Financial income	0.6	0.9	9.1
Financial expenses	-7.0	-5.1	-28.5
Share of associates' results	0.1	0.5	0.4
PROFIT/LOSS BEFORE TAXES	-0.1	5.5	36.3
Income taxes	-0.6	-1.5	-6.8
PROFIT/LOSS FOR THE PERIOD	-0.8	4.0	29.5
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent	-0.9	3.5	27.8
Minority interests	0.1	0.5	1.7
	-0.8	4.0	29.5
Earnings per share calculated on profit attributable to equity holders of the parent:			
EPS, undiluted (EUR), continuing operations	-0.02	0.09	0.72
EPS, diluted (EUR), continuing operations	-0.02	0.09	0.72

CONSOLIDATED BALANCE SHEET (EUR million)

	31.3.2008	31.3.2007	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	65.6	18.4	65.5
Goodwill	85.2	105.3	85.1
Tangible assets	488.8	444.3	476.6
Holdings in associates	20.9	16.6	20.3
Trade and other receivables	18.2	10.1	18.0
Available-for-sale investments	11.5	11.6	11.4
Deferred tax asset	8.2	2.6	8.3
NON-CURRENT ASSETS	698.4	609.0	685.1
CURRENT ASSETS			
Inventories	153.8	139.4	140.2
Trade and other receivables	228.6	250.7	244.9
Income tax receivable	4.3	2.2	2.5
Other financial assets	3.7	3.9	3.7
Cash and cash equivalents	32.1	23.0	53.2
CURRENT ASSETS	422.4	419.2	444.5
ASSETS	1 120.8	1 028.1	1 129.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	66.8	66.8	66.8
Share premium reserve	73.5	74.1	73.4
Treasury shares	-0.9		-0.7
Fair value reserve and other reserves	80.0	78.1	80.6
Translation differences	3.9	0.2	3.0
Retained earnings	105.5	92.5	105.5
Equity attributable to equity holders of the parent	328.8	311.6	328.5
Minority interest	2.7	3.0	2.9
SHAREHOLDERS' EQUITY	331.6	314.6	331.5
NON-CURRENT LIABILITIES			
Deferred tax liability	34.0	16.5	34.0
Non-current interest-bearing liabilities	424.1	194.6	421.6
Non-current non-interest bearing liabilities	6.9	7.9	6.9
Pension obligations	3.1	5.2	4.7
Non-current provisions	0.0	9.2	0.0
NON-CURRENT LIABILITIES	468.2	233.5	467.2
CURRENT LIABILITIES			
Current interest-bearing liabilities	108.9	282.6	92.9
Trade payables and other liabilities	210.5	195.6	236.6
Income tax liability	0.3	1.1	0.1
Current provisions	1.3	0.7	1.3
CURRENT LIABILITIES	321.0	480.0	330.9
SHAREHOLDERS' EQUITY AND LIABILITIES	1 120.8	1 028.1	1 129.6

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

	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 1.1.08	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			-0.8						-0.8
Change in translation difference					0.1	0.9		1.1	2.0
Other change					0.2				0.2
Direct recognition in retained earnings								-0.1	-0.1
Transfers between items									
Net gain/loss recognised									
directly in shareholders'									
equity	0.0	0.0	-0.8	0.0	0.2	0.9	0.0	0.9	1.2
Profit for the period								-0.9	-0.9
Total profits									
and losses	0.0	0.0	-0.8	0.0	0.2	0.9	0.0	0.0	0.3
Dividend distribution									
Share issue									
Purchase of treasury									
shares							-0.1		-0.1
Payments made									
in treasury shares									
Share options exercised		0.1							0.1
SHAREHOLDERS' EQUITY 31.3.08	66.8	73.5	2.2	66.7	11.0	3.9	-0.9	105.5	328.8

*) RIUE = Reserve for invested unrestricted equity

	Share capital	Share premium reserve	Revaluation reserve	RIUE*)	Other reserves	Transl. diff.	Treasury shares	Ret. earnings	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 into shareholder's equity in the period			2.0						2.0
Change in translation difference						-5.2			-5.2
Transfers between items		1.1						-1.1	0.0
Net gains/losses recognised directly in shareholders' equity	0.0	1.1	2.0	0.0	0.0	-5.2	0.0	-1.1	-3.2
Profit for the period								3.5	3.5
Total profits and losses	0.0	1.1	2.0	0.0	0.0	-5.2	0.0	2.4	0.3
Dividend distribution								0.0	0.0
Share issue	8.2			67.1					75.3
Purchase of treasury shares									0.0
Share-based transactions payable in equity								-0.4	-0.4
SHAREHOLDERS' EQUITY 31.3.2007	66.8	74.1	2.1	67.1	8.9	0.2	0.0	92.5	311.6

*) RIUE = Reserve for invested unrestricted equity

CASH FLOW STATEMENT
(EUR million)

	1-3/2008	1-3/2007	1-12/2007
Operating activities			
EBIT	6.1	9.2	55.3
Adjustments to EBIT	3.6	0.8	-1.6
Depreciation and amortisation	13.1	13.8	51.6
Change in provisions	-1.5	-1.5	-8.1
Change in net working capital	-30.0	-14.4	50.1
Financial income and expenses	-6.2	-4.2	-19.3
Taxes	-0.6	-1.6	-6.8
Net cash flow from operating activities	-15.5	2.1	121.2
Investing activities			
Gross investments in PPE	-24.4	-22.2	-131.6
Disposals of PPE	2.8	3.5	15.8
Investments in subsidiary		-67.6	-70.1
Loans granted	-1.1		-4.0
Repayments of loans receivable	0.0		2.1
Net cash flow from investing activities	-22.6	-86.3	-187.8
Cash flow before financing activities	-38.1	-84.2	-66.5
Financing activities			
Current borrowings raised	39.0		207.4
Current borrowings repaid	-19.3		-310.0
Non-current borrowings raised	1.8	95.1	522.1
Non-current borrowings repaid	-4.3		-297.1
Dividends paid			-9.3
Purchase of treasury shares	-0.1		-1.8
Net cash flow from financing activities	17.1	95.1	111.3
Change in cash and cash equivalents	-21.1	10.9	44.7
Cash and cash equivalents at 1.1.	56.8	12.1	12.1
Cash and cash equivalents at 31.3.	35.7	23.0	56.8

KEY INDICATORS

	31.3.2008	31.3.2007	31.12.2007
EPS, diluted	-0.02	0.09	0.72
Equity per share at 31 Mar, EUR 1)	8.37	7.93	8.36
Equity ratio, %	29.6	30.6	29.3
Adjusted average			
number of shares, mill.	39.3	37.4	38.8
Gross capital			
expenditure on PPE, EUR million	27.8	22.2	129.3
Employees, end of month			
average	7 285	7 680	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 – 31 March 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

	Q1/2008	Q1/2007	2007
NET SALES			
-Finland	165.0	155.5	674.3
-Sweden	257.4	264.5	1 111.9
-Baltics	38.0	31.8	145.3
-Poland	61.1	51.9	220.9
-Between segments	-11.4	-5.1	-45.0
Group total	510.1	498.6	2 107.3
EBIT			
-Finland	4.1	7.3	22.8
-Sweden	0.6	-0.3	23.0
-Baltics	1.4	2.5	10.7
-Poland	0.9	1.1	3.7
-Between segments	0.0	0.0	0.0
-Group admin. costs	-0.9	-1.4	-5.0
Group total	6.1	9.2	55.3
EBIT FROM OPERATIONS			
-Finland	4.1	8.2	33.3
-Sweden	0.6	-0.3	23.0
-Baltics	1.4	2.5	10.1
-Poland	0.9	1.1	3.7
-Between segments	0.0	0.0	0.0
-Group admin. costs	-0.9	-1.4	-5.0
Group total	6.1	10.1	65.2

CHANGES IN TANGIBLE AND INTANGIBLE ASSETS

	Q1/2008	Q1/2007	2007
Carrying value at 1 Jan	627.2	352.4	352.4
Increase	27.4	23.3	131.0
Increase (acquisitions)	0.0	207.3	209.2
Decrease	-1.8	-1.2	-13.6
Depreciation and impairment	-13.2	-13.7	-51.9
Transfer to other balance sheet item	0.0	-0.1	0.1
Carrying value at 31 Mar	639.6	568.0	627.2

INVENTORIES

	Q1/2008	Q1/2007	2007
Materials and supplies	97.8	98.0	85.5
Unfinished products	8.0	6.8	10.8
Finished products	33.2	31.5	28.5
Goods	0.0	0.1	0.0
Other inventories	4.4	1.4	3.9
Prepayments	1.2	1.5	0.6
Live animals, IFRS 41	9.2		10.9
Total inventories	153.8	139.4	140.2

NOTES TO SHAREHOLDERS' EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premiu m reserve	RIUE	Treasury shares	Tot.
1.1.2008	39 266 193	66.8	72.9	66.7	-0.7	205.7
Purchase of treasury shares	-15 000				-0.1	-0.1
31.3.2008	39 251 193	66.8	72.9	66.7	-0.8	205.6

RIUE = Reserve for invested unrestricted equity

CONSOLIDATED CONTINGENT LIABILITIES
(EUR million)

	31.3.2008	31.3.2007	31.12.2007
Debts secured by			
pledges or mortgages			
- loans from financial institutions	40.8	51.9	36.0
Given as security			
- real estate mortgages	32.0	53.6	31.4
- pledges	19.4	13.5	19.1
- floating charges	11.0	13.8	10.9
For associates			
- guarantees	8.1	3.6	7.0
For others			
- guarantees and pledges	9.6	12.7	9.6
Other contingencies			
Leasing commitments	8.2	6.1	10.5
Other rent liabilities	17.2	0.0	17.2
Other liabilities	3.3	0.0	2.2
Derivative instrument liabilities			
Nominal values of derivative instruments			

Foreign exchange contracts	55.9	8.9	64.9
Interest swap contracts	162.7	107.0	162.1
Electricity futures	6.3	6.2	5.1
Fair values of derivative instruments			
Foreign exchange contracts	-1.1	-0.1	0.0
Interest swap contracts	-0.5	0.0	0.1
Electricity futures	0.3	-0.1	1.1

BUSINESS TRANSACTIONS WITH ASSOCIATES

	Q1/2008	Q1/2007	2007
Sales to associates	10.3	10.2	38.9
Purchases from associates	10.0	8.4	35.5
Trade and other receivables	1.9	2.0	1.9
Trade payables and other liabilities	10.4	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 +358 (+0)10 570 2428

With home markets in Finland, Sweden, the Baltics and Poland, HKScan is one of the leading food companies in northern Europe. HKScan manufactures, sells and markets pork and beef, poultry products, processed meats and convenience foods under several well-known local brand names for 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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