HKScan Group’s financial statement bulletin for 2007

*** EBIT GROWTH OFFSET BY COSTS OF FINNISH RESTRUCTURING IN LATTER HALF OF 2007**
*** DIFFICULT PORK MARKET SITUATION PRESENTS CHALLENGE IN EARLY 2008**

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THE YEAR 2007

• Net sales came to EUR 2 107.3 million (EUR 934.3 million in the 2006).

• EBIT from operations exclusive of non-recurring items came to EUR 65.2 million (EUR 41.8 million in 2006). Reported EBIT inclusive of non-recurring items, which came to a substantial EUR 9.9 million and mostly concerned Finland, stood at EUR 55.3 million (EUR 40.4 million).

• Earnings per share were EUR 0.72 (EUR 0.79). The Board proposes a dividend of EUR 0.27 per share (EUR 0.27).

• The company acquired the entire capital stock of Sweden’s largest meat business Scan AB in January 2007. The allocation of the purchase price is discussed in the financial statement portion of this bulletin. - The figures reported in this financial statement bulletin are derived from Group accounting and contain no pro forma information. Scan AB and its subsidiaries have been consolidated into Group figures since the beginning of 2007.

• Non-recurring expenses in the net amount of EUR 9.9 million were recognised in 2007. These mainly had to do with the restructuring of the Finnish business. Non-recurring additional labour costs in Finland came to EUR 2.9 million and additional transfer and logistical costs to EUR 7.6 million, i.e. a total of EUR 10.5 million.

• The deterioration of the international pork market which started in late 2007 continued in early 2008. It will significantly erode the profitability of the meat business and influence the entire company’s performance in all markets, especially in Finland and the Baltics. The Group's Q1 EBIT will fall below the 2007 level. Full-year 2008 comparable EBIT 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.

Q4/2007

• Net sales in the fourth quarter came to EUR 552.2 million (EUR 242.8m).

• EBIT from operations stood at EUR 17.5 million. Excluding non-recurring items (totalling EUR 6.0 million) that mainly have to do with industrial restructuring in Finland, the figure was EUR 11.5 million.

• Industrial restructuring in Finland has reached the home stretch. The goals for 2008 are to ramp up the new logistics centre and to leverage the revised structure to achieve functional benefits.

• Business in Sweden developed as planned. Fourth-quarter EBIT came to EUR 7.7 million and full-year EBIT to EUR 23.0 million.

• Impairment was recognised on biological assets (living animals) in the Baltics and Poland in Q4 due to the pork market situation. These items weakened profitability in both markets. Writedowns of EUR 1.5 million in the Baltics and EUR 0.9 million in Poland are included in the respective EBIT figures.

CEO KAI SEIKKU:

"The year 2007 was HKScan's first year of operations with the new Group structure in place. The challenges of the integration of the Swedish business and industrial restructuring in Finland were joined by a historically strong and rapid global rise in the price of feed grain in the latter half of the year. This resulted in a violent increase in raw meat material production costs, which could not fully be passed on to consumers at the same rate; certain price increases could only be implemented after the turn of the year.

The Group's capital expenditure stood at an exceptionally high level due to the bulk of industrial restructuring expenditure and of investments relating to the purchase of the Swedish Meats business, incorporated into Scan AB, falling on 2007. In future, capital expenditure will settle at a lower level and our aim is to put cash flow on a sound footing.

The consolidation of the Finnish business also took place in the latter half of the year, resulting in planned as well as unplanned expenditure in the run-up to the busy Christmas season. The logistical issues and inadequate delivery dependability experienced throughout the year in the Finnish business were moreover negatively reflected in the development of our market standing in many key product groups. This long-running problem will be fully resolved in the first quarter of 2008.

Earnings development in Poland was depressed by the slower than anticipated start-up of Pozmeat, acquired in 2006, and its costs.

In the plus column stands the development in line with plan of the Swedish business in 2007, although profitability still remains far short of longer-term targets. Targets were also reached in the Baltics despite a slowdown towards the end of the year.

The company continues to seek cost savings. The consolidation programme initiated by Swedish Meats back in 2006 was followed by a significant efficiency programme announced in May 2007.

Several new products were given a massive roll-out in 2007. Though the year saw both hits and misses, the new launches on the whole reached the desired level of margin. We intend to build on these experiences and retain our focus on launching new products, as these are essential with regard to our long-term targets.

The company finds itself in the middle of a difficult international pork cycle with too much of a gap between the market prices of raw materials in our home markets and the reference prices in the European market. The operational investments we have made will improve our competitiveness in the long term, yet a correction of the imbalance in the pork market plays a key role in respect of our performance in 2008."

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

	10-12/07	10-12/06	1-12/07	1-12/06
Net sales	552.2	242.8	2 107.3	934.3
EBIT	11.5	13.7	55.3	40.4
- % of net sales	2.1	5.7	2.6	4.3
Share of associates' result	0.4	-0.4	0.4	0.0

Financial income and expenses, net	-5.0	-1.9	-19.4	-6.8
Profit before taxes	6.9	11.5	36.3	33.6
- % of net sales	1.2	4.7	1.7	3.6
Income taxes	-0.9	-2.3	-6.8	-5.8
Profit for the period	6.0	9.2	29.5	27.8
- % of net sales	1.1	3.8	1.4	3.0
Profit attributable to:				
Equity holders of the parent	5.6	9.3	27.8	27.2
Minority interests	0.4	-0.1	1.7	0.6
Total	6.0	9.2	29.5	27.8
EPS, undiluted, EUR	0.14	0.27	0.72	0.79
EPS, diluted, EUR	0.14	0.27	0.72	0.79

MARKET AREA: FINLAND
(EUR million)

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales	176.3	162.9	674.3	608.0
EBIT	3.3	10.9	22.8	25.4
EBIT margin	1.9	6.7	3.4	4.2
EBIT from operations	9.3	10.0	33.3	27.4
Operative EBIT margin	5.3	6.1	4.9	4.5

Net sales in Finland saw year-on-year growth of EUR 66.3 million attributable to increased trading and outsourcing. Profitability was again unsatisfactory, partly due to the restructuring of production underway. The transfers of production gave rise to higher than anticipated start-up costs. In addition, the extended ramp-up of the production lines transferred to the Vantaa plant resulted in delivery problems and loss of sales in the run-up to the crucial holiday season.

Non-recurring additional labour costs arising from the restructuring came to EUR 2.9 million and non-recurring additional logistical costs to EUR 7.6 million.

Production efficiency at Vantaa has improved in early 2008 and delivery problems will be resolved in full in Q1. The new logistics centre, which comes online in spring, will bring the company's delivery reliability to a competitive level.

The profitability of the meat business was eroded in autumn by the rapid rise in feed raw materials, which markedly increased the costs of primary meat production. The higher costs could only be passed on to consumers in the retail period commencing at the start of 2008, however.

The processed meat and convenience food business was informed by the restructuring of production in Finland. This restructuring, which is among the most wide-ranging ever undertaken by the company, involved substantial investment in production facilities and automation in Vantaa. The investments and arrangements will serve to improve the as yet inadequate profitability of the processed meat and convenience food business.

The poultry business gained momentum from an intense spike in consumption. In chicken, the rise was nearly 15 percent and demand for fillets in particular grew substantially. Demand for fresh turkey meat, on the other hand, has been flatlining. Higher production volumes resulted in expansion and modernisation of the carcass quick freezer at the Eura production plant and ongoing enhancement of the degree of automation in the various functions.

The closure of the Tampere facility, set to follow completion of the Vantaa project, is currently slated for April 2008.

As the Group expanded, managing director of HK Ruokatalo Oy Kai Seikku focused on his duties as the CEO of HKScan Corporation. Executive vice president of the company's meat business Esa Mäki was appointed managing director of HK Ruokatalo Oy effective 1 March 2007. He was replaced as managing director by executive vice president of the company's poultry business Jari Leija on 7 December 2007.

MARKET AREA: SWEDEN

(EUR million)

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales	295.7	-	1 111.9	-
EBIT	7.7	-	23.0	-
EBIT margin	2.6	-	2.1	-
EBIT from operations	7.7	-	23.0	-
Operative EBIT margin	2.6	-	2.1	-

The mergers and acquisitions in the Swedish meat sector in 2007 spelled a major consolidation of the entire industry. Besides consolidation, the arrangements also resulted in the Swedish meat industry, earlier intensely oriented to the national market, linking into wider networks. Scan AB joining the HKScan Group is also an expression of this internationalisation.

On the whole, business in Sweden developed as planned in 2007, although there still remains much room for improvement in terms of profitability, especially with longer-term targets in mind.

In May, Scan announced that its earlier consolidation efforts would be followed by an efficiency programme extending until 2009, in which annual savings of EUR 18-22 million are sought. Investments of approximately EUR 20 million will be made into modernising production technology and working methods. Restructuring costs and writedowns on PPE in the amount of EUR 23 million resulting from the consolidation and efficiency programme have been taken into account when allocating purchase price. The allocation also involved a remeasurement to fair value of production plants affected by the programme. The revaluation has no impact on the consolidated income statement for 2007.

An extensive revamping of Scan's product concept was launched in early 2007. The number of brands and their concepts were pruned and the brands were re-grouped according to distinct consumer segments.

In September, Scan's meat business and processed meat and convenience food business were divided into separate divisions. The purpose was to increase customer orientation and reap the benefits of consolidation. It also involved a retooling of the marketing and sales organisation.

Ground was broken on the new logistics centre in Linköping in November. Operating at full capacity in 2010, the national centre will allow greater efficiency and flexibility in logistics for Scan.

Scan AB officially launched operations on 29 January 2007. Former managing director of Swedish Meats Magnus Lagergren was appointed managing director of the company.

MARKET AREA: THE BALTICS
(EUR million)

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales	37.6	33.2	145.3	130.8
EBIT	0.9	3.2	10.7	12.6
EBIT margin	2.3	9.6	7.4	9.6
EBIT from operations	0.9	3.2	10.1	11.2
Operative EBIT margin	2.3	9.6	6.9	8.6

The year 2007 was clearly divided in two in the Baltics. Good performance in the first three quarters of the year turned problematic in Q4 with the rising price of feed grain and the ensuing sharp rise in pork production costs at a time when pork prices were falling across Europe due to oversupply.

Business was on the projected track until September and sales grew in all three Baltic States. Costs continued to climb as before; wages rose by 15 percent and transportation costs by nearly 30 percent, for example. This was anticipated, however, and the rise in costs could be passed on the consumer, meaning that margins remained solid and profitability in line with target.

The prices of feed grain more than doubled from the previous year in Estonia in the fourth quarter, which raised the costs of producing pork also in the production chain of Rakvere Lihakombinaat. Pork was in ample supply due to the international market situation and prices remained low. The supply glut has continued into 2008.

The discovery of Newcastle disease at a Tallegg shell egg farm in autumn necessitated the destruction of the farm’s egg chickens. The costs were borne by the state of Estonia. The production gap thus arising was bridged with temporary measures and the ensuing financial losses remained minor. Production is estimated to return to normal in summer 2008. Tallegg’s egg production accounts for 3.5 percent of the Group's net sales in the Baltics.

All in all, Q4 was weaker than anticipated. A writedown of EUR 1.5 million was moreover taken on biological assets (living animals) due to the difficult situation in the pork market. The full-year result furthermore includes EUR 0.6 million in non-recurring gains on disposal.

Market standing in the Baltics remained good, with even some strengthening in evidence. With its 32% share, Rakvere Lihakombinaat leads the market in Estonia. In Latvia, Rigas Miesnieks bumped its market share from 18 to 20 percent, which makes it the clear market leader. Tallegg’s share of all fresh poultry meat sales in Estonia climbed to 70 percent. In Lithuania, Klaipedos Maistas retained its earlier standing as a relatively small market player (Source: A.C. Nielsen).

MARKET AREA: POLAND
(EUR million)

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales	54.8	49.5	220.9	203.6
EBIT	0.1	1.0	3.7	6.0
EBIT margin	0.3	2.0	1.7	2.9
EBIT from operations	0.1	1.0	3.7	6.0
Operative EBIT margin	0.3	2.0	1.7	2.9

The year 2007 was a divided one for Sokólow in terms of operations. The core business, i.e. the manufacture and sales of meat and processed meats in the Polish market, performed on target with year-on-year growth of some ten percent, while subsidiary Pozmeat fell clearly short of targets.

The full-year result in the Polish market fell below that of 2006, as anticipated. This was mainly due to the costs arising from the longer than estimated start-up stage at Pozmeat. HKScan's share of Pozmeat's losses in 2007 came to EUR 3.2 million. These start-up costs are included in full in EBIT from operations. Pozmeat is estimated to break even in the second quarter of 2008.

The difficult market situation due to the international pork cycle necessitated writedowns of EUR 0.9 million on biological assets (living animals) in the last quarter. The writedowns are included in full in EBIT.

The historically fragmented business structure of Sokólow was streamlined by increasing the degree of specialisation among the company's seven production plants in a bid to achieve cost benefits and operational efficiency. The move is warranted, as the intense consolidation in modern retail presents suppliers with challenges.

The meat industry in Poland is marked by fragmentation: a large number of mostly small companies. Measured by net sales, Sokólow is the second largest player in the industry. Its market share is estimated at 17 percent in processed meats and nine percent in meat produts.

ACQUISITION OF SCAN AB

The company acquired the business of Swedish Meats, the largest meat company in Sweden, by virtue of an agreement executed on 9 November 2006. Under the agreement, Swedish Meats incorporated its business into the limited company Scan AB, whose entire capital stock was acquired by HKScan on 29 January 2007. Scan AB became a wholly owned subsidiary of HKScan Corporation.

The deal was financed through a directed issue of 4 843 000 A Shares to Swedish Meats and payment of a cash consideration of EUR 76 million (SEK 692 million). In addition, HKScan assumed liability for Swedish Meats' debt amounting to a net value of some EUR 171 million or SEK 1.6 billion. The sum of some EUR 7 million (ca. SEK 66 million) will be paid over the next five years in additional purchase price, conditional however on the repayment to Scan AB of certain Swedish Meats' membership loans of equivalent value. Enterprise value according to share prices and currency exchange rates at the time of execution thus came to approximately EUR 329 million (SEK 2 988 million).

The expansion of operations to Sweden and larger company size will strengthen competitiveness and market standing in the long run in the Baltic region. We will now be able to provide even more diverse and efficient service to retail and consumers. The Group is active in nine countries and sells the leading brands in all its major markets.

EFFECT OF SCAN ACQUISITION ON FINANCIAL REPORTING AND INDICATORS

The accounts of Scan AB and its subsidiaries have been consolidated into the Group's figures as of 1 January 2007. In reporting, Sweden was added to the Group's previous principal geographical segments of Finland, the Baltics and Poland.

The consolidation of Scan has significantly altered financial indicators, which must be taken into consideration when making comparisons.

INVESTING ACTIVITIES

The purchase price of the Scan AB shares inclusive of transaction costs came to EUR 161.7 million. The deal was financed with a directed issue to Swedish Meats valued at EUR 75 million and a cash consideration of EUR 76 million.

The Group's production-related gross investments in 2007 totalled EUR 129.3 million (EUR 82.6m). Breakdown of investments by market area: Finland EUR 69.7 million, Sweden EUR 33.2 million and the Baltics EUR 12.9 million. In Poland, HKScan's share of Sokolów investments was EUR 13.5 million. Gross investments in the comparison year included buyouts of minority interests in Sokolów and Rakvere totalling EUR 17.7 million.

Major production-related investments in Finland included expansion of the Vantaa production facility to enable it to assume the production and logistics functions transferring from Turku and Tampere. In Sweden, the emphasis was on production technologies to boost competitiveness, such as a new pâté line and new slicing lines as well as the deployment of robotics at the Linköping processed meat plant and a Marel line in Skara to optimise beef cutting. In Estonia, a new slaughtering line was completed at the Rakvere Lihakombinaat plant to replace the original line of 17 years' standing. Construction on a new frankfurter department began at Rakvere in October. This Rakvere's largest individual investment ever will be completed in August 2008.

FINANCING ACTIVITIES

The Group's interest-bearing debt totalled EUR 514.5 million (EUR 196.7m) at the end of the financial year. Interest-bearing debt in the net amount of EUR 171 million transferred to the company along with Scan AB. The cash consideration of EUR 76 million for the deal was financed through a loan of corresponding value. Investments especially in modernising the business structure in Finland have increased the company's gearing.

In June, 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 loan portfolio and it supports the company's future financing needs. The loan is subject to ordinary covenants. The financial covenants are gearing ratio and ratio of net debt to EBITDA.

In order to reduce the amount of assets tied up as working capital, the company sold trade receivables worth some EUR 25 million in the Finnish business in Q3.

At the end of the period under review, the equity ratio was 29.3 percent (43.7%). Increasing the equity ratio and strengthening cash flow are key tasks for the near future.

RESEARCH AND DEVELOPMENT

Practically all research and development in the HKScan Group concern involves normal product development, meaning the development of new products over a span of one to two years and the updating of products already on the market. A total of EUR 15.6 million (EUR 8.5m) was spent on R&D in 2007.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

20.4.2007 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 re-naming had to do with the substantial expansion of the Group's international business. In addition, the AGM adopted the amendments to the Articles of Association mainly resulting from the new Companies Act, which entered into force on 1 September 2006. The change in business name and the amended Articles of Association entered into force on 30 April 2007.

SHARE CAPITAL

HKScan Corporation's registered and fully paid-up share capital at the balance sheet date was EUR 66 820 528.10. The share capital breaks down as follows:

A Shares	33 906 193
K Shares	5 400 000
Total	39 306 193

Under the company's Articles of Association, each A Share conveys one vote and each K Share 20 votes. The K Shares are held by LSO Osuuskunta and Swedish Meats. Each share gives equal entitlement to a dividend. The shares had a nominal value of EUR 1.70 each until nominal values were abandoned on 30 April 2007.

The company's shares joined the book-entry securities system on 31 October 1997.

At the end of the period under review, HKScan had 7 768 shareholders, of whom 11 were nominee registered.

INCREASE IN SHARE CAPITAL

On 29 January 2007, the Board resolved to exercise the authorisation granted to it by the Extraordinary General Meeting of 22 December 2006 and directed an issue of 4 843 000 A Shares to Swedish Meats. The issue was executed 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.

STOCK EXCHANGE LISTINGS

HKScan's A Share has been quoted on OMX Nordic Exchange since 6 February 1997. During the year under review, 17 841 862 of the company's shares were traded for a total of EUR 292 234 851.

The highest price quoted was EUR 21.02 and the lowest EUR 12.22. The middle price was EUR 16.54 and the year-end closing price was EUR 14.04. The share price fell by 3.2 percent on the year while the index for the Consumer Staples sector (HX302020) declined by 10.8 percent or 20.6 points on the year.

The company's market capitalisation (A and K Shares) at the balance sheet date was EUR 551.9 million, having stood at EUR 449.7 million a year earlier.

HKScan has in place a market making agreement with Glitnir Bank Ltd which meets the requirements of OMX Nordic Exchange's Liquidity Providing (LP) operation.

TREASURY SHARES

Pursuant to an authorisation granted by the Annual General Meeting on 20 April 2007, the company acquired 100 000 of its own A Shares in public trading on OMX Nordic Exchange in May. At year-end, the company held a total of 40 024 of its A Shares. These had a market value of EUR 0.6 million and accounted for 0.10% of all shares and 0.03% of all votes. The acquisition cost of EUR 0.73 million reduces the Group's equity.

ASSIGNMENT OF TREASURY SHARES

On 19 December 2007, pursuant to an authorisation granted to it by the AGM of 20 April 2007, the Board of HKScan decided on a directed bonus issue in order to implement an incentive and commitment scheme for key employees in the HKScan Group. The issue involved assignment of a total of 59 976 A Shares held by the company as treasury shares to key employees in HKScan Corporation's Share Incentive Scheme 2006 as payment of incentive bonus for the 2006 earning period.

TRADING IN THE COMPANY'S K SHARES

The company's largest shareholders LSO Osuuskunta cooperative and Swedish Meats executed on 28 August 2007 a stock swap in which Swedish Meats transferred 665 000 A Shares in HKScan to LSO Osuuskunta and received in return from LSO Osuuskunta the same number of K Shares in HKScan. LSO Osuuskunta and Swedish Meats had agreed on the swap on 13 December 2006.

The Board gave its consent required under the Articles of Association to the transfer of K Shares.

The holdings of LSO Osuuskunta and Swedish Meats after the stock swap and Swedish Meats' notification of the same date, 28 August 2007, are as follows:

	A Shares	K Shares	% of shares	% of votes
LSO Osuuskunta	8 838 113	4 735 000	34.53	72.96
Swedish Meats	4 231 000	665 000	12.45	12.35

NOTICES OF CHANGES IN OWNERSHIP

During 2007, the company received the following notices regarding changes in holdings pursuant to Chapter 2, section 9 of the Securities Market 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 was reduced to 1.00 percent of the share capital and 0.28 percent of the votes as a result of a sale of shares to institutional investors on 7 March 2007.

On 20 June 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.

On 28 August 2007, Swedish Meats announced that subsequent to the stock swap between it and LSO Osuuskunta agreed on 13 December 2006, it now held 12.45 percent of the shares and 12.35 of the votes in HKScan.

BOARD OF DIRECTORS' EXISTING AUTHORISATIONS

The Board holds the authorisation granted by the AGM on 20 April 2007 to decide on acquiring a maximum of 3 500 000 Series A shares as treasury shares, equivalent 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 of its own A Shares between 14 May and 28 May in public trading on OMX Nordic Exchange. The authorisation is valid until 30 June 2008.

The Board of Directors also holds an authorisation to resolve on an issue of shares, share options as well as other equity instruments as referred to in Chapter 10, section 1 of the Companies Act. This authorisation concerns 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 equity instruments. 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 equity instruments may be implemented as a directed issue. The authorisation is valid until 30 June 2008. On 19 December 2007, the Board resolved to assign 59 976 A Shares to key employees in the share incentive scheme as incentive bonus for the 2006 earning period.

The authorisations were granted to provide the company's Board with flexibility in deciding on capital market transactions necessary to the company, e.g. to secure its financing needs, to execute mergers and acquisitions or to provide personnel incentives. A directed acquisition of own shares or directed share issue can only be executed for reasons of weighty financial consequence to the company and the authorisation cannot be exercised in violation of the principle of shareholder equality.

EMPLOYEES

The Group had an average workforce of 7 840 employees (4 418). 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 during the year under review was as follows: Finland 2 517, Sweden 3 449 and the Baltics 1 874. In addition, Sokolów had an average of 5 172 employees.

The HKScan Group is active in nine countries. Executive management in each country ensures that Group companies have regard to the legislation and agreements governing employment, remuneration and other terms of employment, and occupational safety in their respective countries.

Employees by country at year-end

	2007	%	2006	%	2005	%
Sweden	3 050	41.6	-	-	-	-
Finland	2 236	30.5	2 328	56.0	2 525	58.6
Estonia	1 630	22.2	1 580	37.9	1 550	36.0
Latvia	219	3.0	201	4.3	178	4.1
Poland(Scan)	100	1.4	-	-	-	-
Denmark	45	0.6	-	-	-	-
Lithuania	43	0.6	51	1.2	51	1.2
UK	5	0.1	-	-	-	-
Russia	5	0.1	5	0.1	5	0.1
HKScan total	7 333	100.0	4 165	100.0	4 309	100.0
Sokolów	5 419	-	4 968	-	5 028	-

INCENTIVE SCHEME FOR KEY PERSONNEL

The company has in place a share incentive scheme for the years 2006-2008. The purpose of the scheme is to foster the commitment of key personnel to the achievement of the company's strategic and financial targets while also making them long-term shareholders in the company.

The incentive scheme consists of three earning periods of one calendar year each: the years 2006, 2007 and 2008. The Board decides on the key personnel included in the scheme for each earning period and on the maximum bonus payable to them.

Any bonuses under the scheme are tied to Group net sales and return on capital employed. A maximum of 528 000 A Shares and cash in the amount needed to reimburse the key employees for taxes and fiscal charges arising at the time of transfer of the shares will be granted on the basis of the entire scheme. The bonuses will be paid after the end of each earning period partly in shares and partly in cash. The cash element is used to cover any taxes and fiscal charges arising from the shares. The persons shall hold on to the shares earned for at least three years from the end of the earning period.

The share element of the bonus payable to designated key employees for the first earning period (2006) came to 59 976 A Shares in HKScan. These were assigned to their recipients in December 2007. In the 2007 earning period, the scheme concerns 20 key employees and the number of shares shall not exceed 180 000 A Shares in HKScan.

RISKS AND UNCERTAINTY FACTORS

The most significant risks in the near future faced by the HKScan Group 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 in Finland and Sweden, increasing the logistical reliability of deliveries in Finland and the success of the efficiency programme in Sweden. The possibility of animal diseases can also never be fully excluded in the food industry.

HKScan and its business units in Finland, Sweden, the Baltics and Poland constantly assess the risks relating to their business at both the operative and owner administration levels. Assessment also takes into account whether or not the risk management means are appropriate in terms of quality and scope.

The monitoring and analysis of any factors of uncertainty is part of the normal operations of the company's management system. In the meat industry, factors of uncertainty may arise from fluctuations in the price and availability of raw meat material and, in the long term, changes in the EU's common agricultural policy (CAP) and decisions by the WTO in world trade issues. Changes in consumer preferences may also constitute a factor of uncertainty if not identified in time. Changes in retail structure and internationalisation are set to continue and will maintain intense competition in the meat industry in all markets.

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

ENVIRONMENTAL MANAGEMENT

The Group operates on the principle of causing minimum environmental impact during production. This principle is put into practice in Finland, Sweden, the Baltics and Poland, taking into account existing regulations and certification processes at the local and EU level. Executive management in each market area is responsible for ensuring the appropriate organisation of environmental management.

Environmental management is a key component in the Group's enterprise system and environmental concerns are catered for at every stage of the core process. The company has in place an ISO 14001-certifed environmental management system at all HK Ruokatalo production plants in Finland, the Rakvere Lihakombinaat plants in Estonia and six Scan plants in Sweden. Other Scan facilities apply the BAS system, in which environmental efforts are managed by a local steering group responsible for setting environmental targets for plants and monitoring compliance. In Poland, the Sokólow plants operate according to good production practice under the ongoing supervision of the Polish veterinary authority.

In addition, all plants in the HKScan Group have in place an ISO 9001-certifed quality management system.

Environmental indicators and environmental benchmarking are currently being harmonised at the Group level in order to enhance environmental management. The first stage will concern Sweden and Finland.

THE FUTURE

The deterioration of the international pork market which started in late 2007 continued in early 2008. It will significantly erode the profitability of the meat business and influence the entire company's performance in all markets, especially in Finland and the Baltics. The Group's Q1 EBIT will fall below the 2007 level. Full-year 2008 comparable EBIT 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.

DIVIDEND RECOMMENDATION

The parent company's distributable equity is EUR 79.8 million, which sum includes EUR 66.7 million held in the reserve for invested unrestricted equity (RIUE). The Board of Directors recommends that the company pays a dividend of EUR 0.27 per share for 2007, i.e. a total of EUR 10.6 million.

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

CHANGE TO PUBLICATION DATE OF Q1/2008 INTERIM REPORT

HKScan is changing the publication date of the interim report on the first quarter of 2008. The Q1 report will be released on 7 May 2008 instead of 6 May 2008. Other publication dates remain unchanged: Q2 interim report on 8 August 2008 and Q3 interim report on 4 November 2008.

ANNUAL GENERAL MEETING

HKScan Corporation's Annual General Meeting will be held in Terrace Hall at Finlandia Hall in Helsinki, on Tuesday, 22 April 2008 at 11am. Address: Mannerheimintie 13 e, 00100 Helsinki. To be eligible to attend the Annual General Meeting, shareholders should be registered by 11 April 2008 in HKScan Corporation's share register maintained by the Finnish Central Securities Depository Ltd (APK). Notice of the Annual General Meeting and the agenda will be published later.

Vantaa, 26 February 2008

HKScan Corporation
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2007

CONSOLIDATED INCOME STATEMENT 1 JANUARY - 31 DECEMBER
(EUR million)

	2007	2006
NET SALES	2 107.3	934.3
Change in inventories of finished goods and work in progress	1.6	-1.4
Work performed for own use and capitalised	1.8	0.6
Other operating income	9.7	8.5
Share of associates' results	1.5	0.0
Materials and services	-1 461.4	-617.6
Employee benefits expenses	-319.0	-150.1
Depreciation and amortisation	-52.4	-29.0
Impairment	0.8	-1.5
Other operating expenses	-234.5	-103.3
EBIT	55.3	40.4
Financial income	9.1	1.9
Financial expenses	-28.5	-8.7
Share of associates' results	0.4	0.0
PROFIT/LOSS BEFORE TAX	36.3	33.6
Income taxes	-6.8	-5.8
PROFIT/LOSS FOR THE FINANCIAL YEAR	29.5	27.8
Equity holders of the parent	27.8	27.2
Minority interests	1.7	0.6
Total	29.5	27.8

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

EPS, undiluted, continuing operations, EUR/share	0.72	0.79
EPS, diluted, continuing operations, EUR/share	0.72	0.79

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER
(EUR million)

	2007	2006
Intangible assets	65.5	4.0
Goodwill	85.1	53.9
Property, plant and equipment	476.6	294.5
Investments in associates	20.3	5.5
Trade and other receivables	18.0	4.1
Available-for-sale investments / Other long-term investments	11.4	0.3
Deferred tax asset	8.3	2.2
NON-CURRENT ASSETS	685.1	364.4

Inventories	140.2	58.4
Trade and other receivables	244.9	112.1
Income tax receivable	2.5	2.5
Other financial assets	3.7	0.0
Cash and cash equivalents	53.2	12.1
CURRENT ASSETS	444.5	185.1
ASSETS	1 129.6	549.5
Share capital	66.8	58.6
Share premium reserve	73.4	72.9
Treasury shares	-0.7	0.0
Fair value reserve and other reserves	80.6	9.0
Translation differences	3.0	5.4
Retained earnings	105.5	90.5
Equity attributable to equity holders of the parent	328.5	236.4
Minority interest	2.9	0.6
SHAREHOLDERS' EQUITY	331.5	237.1
Deferred tax liability	34.0	12.2
Interest-bearing liabilities	421.6	87.1
Zero-interest liabilities	6.9	0.0
Pension obligations	4.7	5.2
Provisions	0.0	0.0
NON-CURRENT LIABILITIES	467.2	104.4
Interest-bearing liabilities	92.9	109.6
Trade payables and other liabilities	236.6	96.7
Income tax liability	0.1	0.9
Provisions	1.3	0.6
CURRENT LIABILITIES	330.9	208.0
EQUITY AND LIABILITIES	1 129.6	549.5

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

	Share cap-ital	Share pre-mium res.	Fair value res.	RIUE	Treas ury shares	Oth-er res.	Transl diff.	Ret. earn-ings	Tot.
SHAREHOLDERS' EQUITY 1.1.2007	58.6	72.9	0.1	0.0	0.0	8.9	5.4	90.5	236.4
Cash flow hedgings:									
Gains and losses recognised in shareholders'			2.9						2.9

equity									
Translation difference	0.0	0.0	0.0			0.0	-2.4	0.0	-2.4
Other changes								-0.3	-0.3
Transfers between items	0.0	0.0	0.0			1.7	0.0	-1.7	0.0
Net gains and losses recongised directly in shareholders' equity	0.0	0.0	2.9			1.7	-2.4	-2.0	0.2
Profit for the period								27.8	27.8
Total gains and losses	0.0	0.0	2.9			1.7	-2.4	25.8	28.0
Dividend distribution								-9.3	-9.3
Share issue	8.2			66.7					74.9
Purchase of treasury shares					-1.8				-1.8
Payments made in treasury shares					1.1			-0.8	0.3
Share options exercised		0.5				0.2		-0.6	0.0
TOTAL SHAREHOLDERS' EQUITY 31.12.2007	66.8	73.4	3.0	66.7	-0.7	10.8	3.0	105.5	328.5

	Share cap-ital	Share pre-mium res.	Fair value res.	RIUE	Treasury shares	Other res.	Transl diff.	Ret. earn-ings	Tot.
SHAREHOLDERS' EQUITY 1.1.2006	58.6	72.9	1.0	-	-	8.6	4.8	73.2	219.1
Cash flow hedgings:									
Gains and losses recognised directly in shareholders' equity			-0.9						-0.9
Translation difference	0.0	0.0	0.0			0.0	0.6	0.0	0.6
Other changes	0.0	0.0	0.0			0.3	0.0	-0.6	-0.3
Transfers between items	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Net gains and losses	0.0	0.0	-0.9	-	-	0.3	0.6	-0.6	-0.6

recognised directly in shareholders' equity									
Profit for the period								27.2	27.2
Total gains and losses	0.0	0.0	-0.9	-	-	0.3	0.6	26.6	26.6
Dividend distribution								-9.3	-9.3
TOTAL SHAREHOLDERS' EQUITY 31.12.2006	58.6	72.9	0.1	-	-	8.9	5.4	90.5	236.4

RIUE = reserve for invested unrestricted equity

CASH FLOW STATEMENT
(EUR million)

	2007	2006
Operating activities		
EBIT	55.3	40.4
Adjustments to EBIT	-1.6	-1.4
Depreciation and amortisation	51.6	30.5
Change in provisions	-8.1	0.9
Change in net working capital	50.1	6.3
Financial income and expenses	-19.3	-6.8
Taxes	-6.8	-5.5
Net cash flow from operating activities	121.2	64.4
Investing activities		
Gross investments in PPE	-131.6	-82.6
Disposals of PPE	15.8	6.4
Investments in subsidiary	-70.1	
Loans extended	-4.0	
Repayments of loans receivable	2.1	
Net cash flow from investing activities	-187.8	-76.2
Net cash flow before financing activities	-66.5	-11.8
Financing activities		
Current borrowings raised	207.4	
Current borrowings repaid	-310.0	
Non-current borrowings raised	522.1	24.2
Non-current borrowings repaid	-297.1	-3.6
Change in long-term debtors		-0.2
Dividends paid	-9.3	-9.3
Purchase of treasury shares	-1.8	
Net cash flow from financing activities	111.3	11.1
Change in liquid assets	44.7	-0.7
Cash and cash equivalents at 1.1.	12.1	12.8
Cash and cash equivalents at 31.12.	56.8	12.1

FINANCIAL INDICATORS

	2007	2006
Net sales, EUR million	2 107.3	934.3
EBIT, EUR million	55.3	40.4
- % of net sales	2.6	4.3
Profit before taxes, EUR million	36.3	33.6
- % of net sales	1.7	3.6
Return on equity (ROE), %	9.2	11.9
Return on investment (ROI), %	7.2	10.1
Equity ratio, %	29.3	43.7
Net gearing ratio, %	137.0	76.2
Gross investments, EUR million	129.3	82.6
- % of net sales	6.1	8.8
R&D expenditure, EUR million	15.6	8.5
- % of net sales	0.7	0.9
Employees, average	7 840	4 418

PER SHARE DATA

	2007	2006
Earnings per share (EPS), diluted, EUR	0.72	0.79
Equity per share, EUR	8.36	6.86
Dividend per share, EUR 1)	0.27	0.27
Dividend payout ratio, diluted, %	37.7	34.2
Effective dividend yield, %	1.9	1.9
Price/earnings ratio (P/E)		
- undiluted	19.6	18.4
- diluted	19.6	18.4
Lowest trading price, EUR	12.22	8.35
Highest trading price, EUR	21.02	15.19
Middle price, EUR	16.54	11.02
Closing price on year, EUR	14.04	14.50
Market capitalisation, EUR million	551.9	499.7
Shares traded, 1,000	17 841	21 389
- % of average number	53.4	73.6
Adjusted number of shares		
- average during the financial year	38 784	34 463
- at end of financial year	39 306	34 463
- fully diluted	39 306	34 463

1) Based on Board of Directors' dividend recommendation.

FORMULAE FOR FINANCIAL INDICATORS

Return on equity (%)

$$\frac{\text{Profit before taxes - taxes}}{\text{Total shareholders' equity (average)}} \times 100$$

Return on investment (%)	$\frac{\text{Profit before taxes + interest expenses and other financial expenses}}{\text{Balance sheet total – zero interest debts (average)}} \times 100$
Equity ratio (%)	$\frac{\text{Total shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$
Net gearing ratio(%)	$\frac{\text{Net interest-bearing debt – cash and cash equivalents}}{\text{Total shareholders' equity}} \times 100$
Earnings per share	$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average adjusted number of shares during the financial year}}$
Equity per share	$\frac{\text{Equity attributable to holders of the parent}}{\text{Adjusted number of shares at end of financial year}}$
Dividend per share	$\frac{\text{Dividend per share}}{\text{Coefficient of share issues after the financial year}}$
Dividend payout ratio (%)	$\frac{\text{Adjusted dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield (%)	$\frac{\text{Dividend per share}}{\text{Adjusted closing price on the last trading day of the financial year}} \times 100$
P/E ratio	$\frac{\text{Adjusted closing price on the last trading day of the financial year}}{\text{Earnings per share}}$
Market capitalisation	Number of outstanding shares at the end of the financial year x closing price at the last day of the financial year
No. of employees	Average of workforce figures calculated at the end of calendar months

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

HKScan Corporation's financial statement bulletin for 1 January - 31 December 2007 has been prepared in compliance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS and IFRS standards and SIC and IFRIC interpretations valid at 31 December 2007.

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

- IFRS 7 Financial Instruments: Disclosures and amendment to IAS 1: Presentation of Financial Statements. The application of these standards has resulted in the company expanding and augmenting the Notes to the consolidated financial statements.

- IFRIC 8 Scope of IFRS 2, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 10 Interim Financial Reporting and Impairment. These interpretations have not affected the consolidated financial statements.

The figures reported in the financial statement bulletin are unaudited.

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

	Q4/2007	Q4/2006	2007	2006
Net sales				
-Finland	176.3	162.9	674.3	608.0
-Sweden	295.7	-	1 111.9	-
-Baltics	37.6	33.2	145.3	130.8
-Poland	54.8	49.5	220.9	203.6
-Between segments	-12.2	-2.8	-45.0	-8.2
Total	552.2	242.8	2 107.3	934.3
EBIT				
-Finland	3.2	10.9	22.8	25.4
-Sweden	7.7	-	23.0	-
-Baltics	0.9	3.2	10.7	12.6
-Poland	0.1	1.0	3.7	6.0
-Between segments	0.0	0.0	0.0	0.0
-Group admin. costs	-0.4	-1.4	-5.0	-3.5
Total	11.5	13.7	55.3	40.4
EBIT from operations				
-Finland	9.3	10.0	33.3	27.4
-Sweden	7.7	-	23.0	-
-Baltics	0.9	3.2	10.1	11.2
-Poland	0.1	1.0	3.7	6.0
-Between segments	0.0	0.0	0.0	0.0
-Group admin. costs	-0.4	-1.4	-5.0	-2.8
Total	17.5	12.8	65.2	41.8

*) The company has reported Group administration costs as a separate item since Q2/2007, 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.

CHANGES IN TANGIBLE AND INTANGIBLE ASSETS

	2007	2006
Carrying value at 1 Jan	352.4	317.1

Increase	131.0	71.4
Increase (acquisitions)	209.2	-
Decrease	-13.6	-5.2
Depreciation and impairment	-51.9	-30.5
Transfer to other balance sheet item	0.1	-0.4
Carrying value at 30 Sept	627.2	352.4

INVENTORIES

	2007	2006
Materials and supplies	85.5	28.1
Unfinished products	10.8	4.3
Finished products	28.5	12.7
Goods	0.0	0.1
Other inventories	3.9	1.7
Prepayments	0.6	0.5
Live animals, IFRS 41	10.9	10.9
Total inventories	140.2	58.4

NOTES TO SHAREHOLDERS' EQUITY

	Number of outstanding shares	Share capital	Share premium reserve	Reserve for invested unrestricted equity	Treasury shares	Tot.
Share capital and share premium reserve						
1.1.2007	34 463 193	58.6	72.9	0.0		131.5
Directed issue	4 843 000	8.2		66.7		74.9
Purchase of treasury shares	-100 000				-1.8	-1.8
Assignment of treasury shares	59 976				1.1	1.1
31.12.2007	39 266 193	66.8	72.9	66.7	-0.7	205.7

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. The loan is subject to ordinary covenants. The financial covenants are gearing ratio and ratio of net debt to EBITDA.

At 31 December 2007, EUR 164 million remained to be drawn upon. In addition, the Group had other untapped credit lines of EUR 53 million at the time. The EUR 100 million commercial paper programme had been drawn upon in the amount of EUR 23 million.

FINANCIAL RISKS

Financial risks consist of refinancing and liquidity risk, counterparty risk in financial contracts, foreign exchange risk, interest rate risk, commodity risk and credit risk. Financial risks and financial risk management are part of the Group's treasury policy. The policy observed has been adopted by the Board and its implementation is centralised to a finance unit led by the Group's CFO. In Q3, the Board specified the Group's financial risk management principles in respect of equity hedging. Hedging level targets were set for each currency.

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

Financial risks and capital management will be discussed in more detail in the Notes to the 2007 financial statements.

CONSOLIDATED CONTINGENT LIABILITIES
(EUR mill.)

	31.12.2007	31.12.2006
Debts secured by		
pledges or mortgages	36.0	50.4
- loans from financial institutions		
Given as security		
- real estate mortgages	31.4	47.9
- pledges	19.1	13.5
- floating charges	10.9	10.6
For associates		
- guarantees	7.0	3.6
Security for debts		
- guarantees and pledges	9.6	8.3
Other contingencies		
Leasing commitments	10.5	1.1
Other rent liabilities	17.2	2.7
Other liabilities	2.2	0.0
Derivative instrument liabilities		
Nominal values of derivative instruments		
Foreign exchange contracts	64.9	4.2
Interest swap contracts	162.1	0.0
Electricity futures	5.1	6.5
Fair values of derivative instruments		

Foreign exchange contracts	0.0	0.0
Interest swap contracts	0.1	0.0
Electricity futures	1.1	0.2

BUSINESS TRANSACTIONS WITH ASSOCIATES

	2007	2006
Sales to associates	38.9	1.8
Purchases from associates	35.5	8.5
Trade and other receivables	1.9	0.2
Trade payables and other liabilities	11.1	0.4

BUSINESSES ACQUIRED

The Group expanded significantly with the early 2007 acquisition by HKScan Corporation of the entire business of Swedish Meats, which was incorporated into Scan AB prior to the sale. The deal was signed on 29 January 2007 but under the contract, operations transferred to HKScan Corporation already on 1 January 2007.

The purchase price was paid in part with a directed issue to Swedish Meats: 4 843 000 A Shares in HKScan Corporation. The fair value of the share contribution was EUR 75.3 million. Fair value is based on HKScan Corporation's share price at 29 January 2007 (EUR 15.55). The number of shares issued is equal to ca. 12.3 percent of the share capital of HKScan Corporation and ca. 3.4 percent of votes subsequent to the share issue. Subsequent to the share issue and the stock swap to be executed with LSO Osuuskunta, communicated in the release of 13 December 2006, Swedish Meats' holding in HKScan consists of 4 178 000 A Shares and 665 000 K Shares, equal to 12.32 percent of the company's shares and votes. The directed issue to Swedish Meats resulted in the share capital of HKScan Corporation rising from EUR 58 587 428.10 to EUR 66 820 528.10. The increase in share capital was entered in the Trade Register on 26 February 2003.

In addition to the share consideration, the purchase price also consisted of a cash consideration of approximately EUR 76 million (SEK 692 million). A further element of the deal was HKScan Corporation assuming liability for Swedish Meats' debt amounting to a net value of some EUR 171 million or SEK 1.6 billion. The sum of some EUR 7 million (ca. SEK 66 million) will be paid over the next five years in additional purchase price, conditional however on the repayment to Scan AB of certain Swedish Meats' membership loans of equivalent value.

Before measurement to fair value of the balance sheet to be acquired, goodwill amounted to some EUR 50 million. At the time the deal was announced, it was stated that purchase price would be allocated to intangible assets under brands. A key rationale for the deal was the acquisition of Sweden's leading meat sector brand. The purchase price allocation process completed at the end of the year involved remeasurement to fair value of Scan AB's assets acquired and debts assumed. In the remeasurement, a value of EUR 46.8 million was allocated to Scan's brands based on the company's own estimates and external evaluations commissioned by the company and the seller. The fair values of the production plants affected by the efficiency programme announced in May 2007 in continuation of the consolidation programme launched by Swedish Meats back in 2006 were measured at EUR 23.0 million below original carrying values. No material differences between carrying value and fair value were found in respect of the other assets acquired and debts assumed. The remaining goodwill of EUR 31.9 million is based on HKScan's stronger position as one of the leading northern European meat companies and the potential for substantial synergy benefits i.a. in purchasing, production and marketing.

Allocation of purchase price

The following assets and liabilities have been recognised on the object of acquisition:
(EUR million)

		Fair values recorded on consolidation HKScan Group 2007	Carrying values prior to consolidation Scan AB 2007
Intangible assets	1.	61.6	14.8
Goodwill (on Scan Group's balance sheet)		16.7	16.7
Property, plant and equipment	2.	122.3	145.3
Deferred tax and other Assets	3.	35.2	28.8
Inventories		61.2	61.2
Trade receivables		146.3	146.3
Cash and cash equivalents		16.7	16.7
TOTAL ASSETS		460.0	429.8
Minority interest		2.5	2.5
Provisions		8.9	8.9
Deferred tax liability	4.	17.4	4.3
Non-current liabilities		106.5	106.5
Current liabilities		178.2	178.2
TOTAL LIABILITIES		313.5	300.4
NET ASSETS		146.5	129.4
Purchase price		157.2	157.2
Expert expenditure		4.5	4.5
Total purchase price		161.7	161.7
Goodwill arising on transaction		15.2	
Goodwill shown on Scan's balance sheet		16.7	
Total goodwill		31.9	

Recognitions:	
1. Remeasurement to fair value of intangible assets	46,8
2. Remeasurement to fair value of PPE	-23,0
3. Deferred tax asset on remeasurement	6.4
4. Deferred tax liability on remeasurement	13.1
Cash consideration paid	76.2
Cash and cash equivalents of subsidiary acquired	-16.7
Cash flow effect	59.5

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.

DISTRIBUTION:
OMX Nordic Exchange
Financial Supervision Authority
Main media
www.hkscan.com