



## HKScan Group's financial statement release for the financial year of 1 Jan - 31 Dec 2009

Published on 19 February 2010, at 8am

**\* The HKScan Group's competitiveness grew stronger and supplier shares increased in all market areas in 2009.**

**\* Reported EBIT increased by 45% and came to EUR 55.1 million (EUR 38.1m). EBIT exclusive of non-recurring items, which totalled EUR 12.7 million, climbed to EUR 67.8 million (EUR 38.1 m).**

**\* Owing to improved profitability and reduced financing costs, pre-tax profit quadrupled to EUR 37.3 million (EUR 9.0m).**

**\* Owing to exchange rate fluctuations, full-year net sales in euro declined by 7.4 percent but remained at the previous year's level when calculated at fixed rates.**

**\* The share offering executed in December strengthened the Group's balance sheet structure.**

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

	Q4/2009	Q4/2008	2009	2008
Net sales	557.5	592.3	2 124.7	2 294.6
EBIT	18.4	15.3	55.1	38.1
- as % of net sales	3.3	2.6	2.6	1.7
Share of associates' result	0.6	-0.1	2.0	0.9
Financial income and expenses, net	-3.6	-9.4	-19.7	-30.1
Profit before taxes	15.4	5.9	37.3	9.0
- as % of net sales	2.8	1.0	1.8	0.4
Income taxes	-1.6	2.1	-4.9	-1.4
Profit for the period	13.8	8.0	32.5	7.6
- as % of net sales	2.5	1.4	1.5	0.3
Profit attributable to:				
- Equity holders of the parent	13.2	6.9	29.9	4.7
- Minority interests	0.6	1.1	2.6	2.9
Total	13.8	8.0	32.5	7.6
EPS, undiluted, EUR	0.28	0.15	0.64	0.10
EPS, diluted, EUR	0.28	0.15	0.64	0.10

Per-share data has been adjusted for the share offering in 2009.

## Q4/2009, OCTOBER-DECEMBER

- The final quarter of 2009 was a successful one both commercially and financially.
- The Group's EBIT rose from the corresponding period a year earlier to EUR 18.4 million (EUR 15.3m), an increase of 20.3 percent. EBIT for the quarter was eroded by non-recurring charges totalling EUR 5.8 million (EUR 0m).
- Net sales came to EUR 557.5 million (EUR 592.3m). The year-on-year decline of 5.9 percent arose from exchange rate fluctuations and a low price level in exports.

## CEO MATTI PERKONJOJA:

"The final quarter of the year was a resounding success in terms of both sales and financial performance in all market areas. In the Baltics, Rakvere Lihakombinaat and Tallegg exceeded the Group's EBIT target of five percent. The market area of Sweden also developed favourably in the fourth quarter and had it not been for non-recurring charges of EUR 5.8 million, EBIT in Sweden as well would have climbed to five percent of net sales. The fact that this was accomplished amidst the restructuring and reorganization ongoing in the Scan Group only makes the achievement more remarkable. In Poland, Sokolów posted the best quarterly results in its history. In the market area of Finland, HK Ruokatalo's solid earnings development carried through until the end of the year.

A share offering amounting to roughly EUR 78 million was executed in December 2009. The proceeds of this share offering were used to strengthen the company's capital structure and to increase its operational and strategic flexibility.

The year under review saw the implementation of a new management system as well as the determination and development of operational and administrative Group processes to achieve financial benefits. Particular attention was also paid to matters pertaining to responsibility and risk management.

The HKScan Group improved its profitability in line with plans in 2009. Most pleasingly, performance in the latter half of the year in fact outstripped expectations. HKScan is headed in the right direction."

MARKET AREA: FINLAND  
(EUR million)

	Q4/2009	Q4/2008	2009	2008
Net sales	185.4	197.3	732.5	740.4
EBIT	6.4	6.4	27.0	14.4
- EBIT margin, %	3.5	3.2	3.7	1.9

Profitability in the market area of Finland continued to rise in line with plans throughout the financial year and showed a considerable improvement when compared to the previous year.

HK Ruokatalo's domestic market sales by both volume and value increased by roughly 10% and the company achieved greater supplier shares. The excellent delivery reliability maintained all year further contributed to customer satisfaction. The sales of processed meats, which first picked up in late 2008, continued to rise all through the year. The holiday season, vital to the company's earnings performance, was highly successful, and HK Ruokatalo was the nation's largest supplier of Christmas hams.

Matters pertaining to responsibility were underscored in business operations.

The fall of 1.1 percent in net sales in HKScan's Finnish market area is attributable to the planned decrease of export sales.

A cost provision totalling of EUR 1.1 million and relating to personnel cuts at HK Ruokatalo's Forssa production facilities in 2006 is recognized in the figures for 2009. Severance pay of EUR 1.3 million to HKScan Corporation's former CEO is included in Group administration costs.

MARKET AREA: SWEDEN  
(EUR million)

	Q4/2009	Q4/2008	2009	2008
Net sales	278.3	301.6	1 037.4	1 179.3
EBIT	9.1	8.6	16.7	18.0
- EBIT margin, %	3.3	2.9	1.6	1.5

The performance of Scan AB and its subsidiaries improved throughout the year and especially in the final quarter, the best of the year. EBIT exclusive of non-recurring items rose to EUR 14.9 million (EUR 8.6m) or 5.4 percent (2.9%) of net sales. The profitability of operations was successfully enhanced despite the challenges presented by the market and restructuring. In terms of profitability, the year 2009 was the best in the company's history.

All in all, non-recurring charges of roughly EUR 10.3 million (EUR 0m) were recognized in Sweden in 2009. These had to do with the ongoing streamlining programme and changes in management. Non-recurring charges recognized in Q4 amounted to EUR 5.8 million (EUR 0m).

The weakening of the Swedish crown against the euro resulted in lower euro-denominated net sales and EBIT. Measured in crowns, net sales fell by 2.9 percent on the year.

March 2009 saw the launch of a three-year streamlining programme designed to bring Scan's profitability up to the Group's EBIT target level of 5 percent. The tools employed to this end are a leaner cost structure at Scan, the introduction of higher value-added products and more efficient commercial operations.

To allow a sustained approach to developing the procurement of meat raw material, Scan established a separate procurement company Svenska Livdjur och Service (SLS) that in future will attend to Scan's producer contracts, meat purchases and production counselling in a centralized manner.

Scan AB's management changed on 4 March 2009 when managing director Magnus Lagergren and senior VP/director Matts Rosendahl decided to leave the company. Olli Antniemi, BSc (Econ) replaced Lagergren as managing director and was replaced in turn by Denis Mattsson eMBA on 23 June 2009.

MARKET AREA: THE BALTICS  
(EUR million)

	Q4/2009	Q4/2008	2009	2008
Net sales	38.1	43.0	156.9	168.2
EBIT	2.0	0.6	9.8	6.4
- EBIT margin, %	5.1	1.4	6.3	3.8

HKScan's Baltic Group posted an excellent financial result. This accomplishment is made even more remarkable by the fact that it was delivered by AS Rakvere Lihakombinaat and Tallegg in a highly demanding business environment. Successful cost management, operational flexibility and product

launches matching the spirit of the times kept financial performance sound despite a 6.7-percent decline in net sales over the year.

The deep economic recession and decline in consumer purchasing power were clearly reflected in demand in all Baltic states. Nonetheless, Rakvere Lihakombinaat and Tallegg managed to grow their EBIT and further strengthen their market standing.

#### MARKET AREA: POLAND

(EUR million)

*)	Q4/2009	Q4/2008	2009	2008
Net sales	65.1	66.3	251.7	270.9
EBIT	2.9	1.9	9.3	4.2
- EBIT margin, %	4.4	2.9	3.7	1.6

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

In Poland, Sokolów continued to grow its net sales and improve its profitability in the final quarter of the year to deliver an EBIT margin of 4.4 percent (2.9%). The company's sales increased in terms of both volume and value. Measured in zloty, Sokolów's net sales grew by 14 percent on the year, yet fell short of the euro-denominated figure a year earlier due to changes in exchange rates.

The increase in net sales in 2009 was attributable to successful sales in the domestic market, higher exports, and cost management. The ongoing recession had little effect on the food-buying decisions of Polish consumers in 2009.

#### INVESTMENTS

The Group's production-related gross investments in 2009 totalled EUR 41.3 million (EUR 84.0m). Breakdown of investments by market area: Finland EUR 8.0 million, Sweden EUR 18.5 million and the Baltics EUR 7.3 million. HKScan's share of Sokolów investments in Poland added a further EUR 7.5 million.

The most important undertaking in Sweden was the new distribution centre rising in Linköping, where installations of machinery and equipment continued. The centre will come online in spring 2010. No major investments were underway in Finland or the Baltics.

#### FINANCING

Group funding is based on a EUR 550 million syndicated credit facility signed in June 2007, comprising a EUR 275 million seven-year amortising term loan and a EUR 275 million five-year credit limit with two one-year extension options, one of which has been exercised. Untapped credit facilities at 31 December 2009 stood at EUR 207 million (EUR 140m). In addition, the Group had other untapped overdraft and other facilities of EUR 39 million (EUR 37m). The EUR 100 million commercial paper programme had been drawn in the amount of EUR 5 million (EUR 0m). The increase in untapped facilities was due to the share offering, the net proceeds of which were used to pay down debt. In connection with the offering, the company also paid back its EUR 20 million hybrid bond.

The company has experienced no problems with re-financing and sees no significant need for further financing before the year 2013. The company's current loan agreements are subject to ordinary terms relating to profit and balance sheet. The financial covenants are net gearing ratio and ratio of net debt to EBITDA.

The share offering executed in December 2009 strengthened the company's capital structure and the equity ratio climbed to 37.1 percent at year-end (29.5%). Consolidated cash flow from operating activities improved owing to better financial performance and prudent consideration of investments delivered stronger net cash flow from investing activities.

## TAXES

The Group's taxes for January to December 2009 totalled EUR -4.9 million (EUR -1.4m). The effective tax rate was 13.0 percent (15.3%). The lower effective tax rate was the result of a number of distinct factors, with the greatest impacts originating in the Baltics and Sweden. In Baltic operations, advantage was taken of Estonia's zero tax rate on retained profits. In Sweden, the company utilized losses on which a deferred tax asset had not been recognized earlier.

## EFFECT OF CURRENCY EXCHANGE RATES

Of the Group's main currencies, the Swedish crown and the Polish zloty started to plunge against the euro in autumn 2008 and hit bottom in February-March 2009. Both currencies have picked up since then but remain below their long-term levels. Fluctuations in currency exchange rates become visible upon the consolidation of the figures of foreign business segments. At the closing date, an average of two thirds of the equities of foreign subsidiaries had been hedged.

## SHARE OFFERING AND BOND ISSUE

Pursuant to an authorization granted by the Extraordinary Meeting of Shareholders on 24 November 2009, HKScan's Board of Directors between 2 and 17 December 2009 executed a directed share issue in which shareholders had pre-emptive right to subscribe for new A Shares in proportion to their existing holding of the company's series A and/or K shares. The share offering was warranted in order to strengthen the company's capital structure and to increase its operational and strategic flexibility. The subscription price was EUR 5.30 per share.

A total of 14 720 329 new A Shares were subscribed for, approximately 99.0 percent in the primary subscription and the remaining shares in the secondary subscription. The proceeds of the share offering amounted to approximately EUR 78.0 million before fees and expenses related to the offering.

As a result of the share offering, the total number of HKScan shares increased to 54 026 522 shares and the number of A Shares to 48 626 522 shares. The new shares entitle shareholders to dividend and other rights effective 29 December 2009, on which date the shares were entered in the Trade Register. The company's registered share capital did not increase as a result of the offering, as the proceeds were recognized in full in the reserve for invested unrestricted equity (RIUE).

The company allocated EUR 20 million of the proceeds of the offering to repaying in late December the hybrid bond which it had issued to its majority shareholders in September 2008. The bond was originally issued to strengthen the company's capital structure. It carried an interest rate of 8.5 percent p.a. and had no maturity. The bond was treated as equity in the IFRS financial statements. HKScan paid the interest on the bond for 2009 in cash, though the holders of the bond also had the option of accepting company shares in lieu of cash. The remaining proceeds of the offering were used to pay other interest-bearing debts.

## RESEARCH AND DEVELOPMENT

Practically all research and development in the HKScan Group 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 8.9 million (EUR 13.1m) was spent on R&D in 2009, equal to 0.4 percent of net sales.

## CHANGES IN MANAGEMENT

HKScan Corporation's management changed on 5 January 2009 when the Board of Directors relieved CEO Kai Seikku of his duties. Seikku had served as CEO since April 2006. CFO Matti Perkonoja was appointed CEO effective 12 January 2009. He had been the CFO of HKScan since 2000 and also served in commercial and industrial executive positions in the Group which he joined in 1993. It was agreed that Mr Perkonoja would serve as CEO until the end of 2010. In January 2010, however, the Board and Mr Perkonoja agreed that he would stay on as CEO until the end of February 2012, after which time he plans to retire.

The Group's Management Team was augmented in January with the inclusion of CFO Irma Kiilunen and VP of strategy and development Tero Hemmilä. VP Tero Hemmilä left HKScan at the beginning of 2010.

In Sweden, Scan AB's managing director Magnus Lagergren resigned on 4 March 2009. Olli Antniemi, BSc (Econ) replaced Lagergren as managing director and was replaced in turn by Denis Mattsson eMBA on 23 June 2009.

HKScan Corporation Board member Lars Hultström announced his resignation from the Board on 1 December 2009, effective immediately. Hultström was elected to the Board as a new member by the Annual General Meeting of Shareholders of 23 April 2009.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association were amended on two occasions during the year under review. The Annual General Meeting of Shareholders of 23 April 2009 passed a resolution to amend Article 7 concerning notice of meeting deadlines to read as follows: "Notice of general meetings of shareholders shall be given by announcement published in at least two (2) newspapers designated by the Board of Directors no earlier than three (3) months and no later than three (3) weeks prior to the meeting."

The Extraordinary General Meeting of Shareholders of 24 November 2009 passed a resolution to increase the number of A Shares mentioned in the Articles of Association. The amended Article 3 reads as follows: "At least 3,600,000 and at most 8,000,000 of the total number of shares in the company are Series K shares and at least 400,000 and at most 60,000,000 are Series A shares. Holders of Series K and Series A shares are entitled to exercise their right to vote at meetings of shareholders as provided in Article 5 of these Articles of Association."

## SHAREHOLDERS AND SHARE CAPITAL

At the end of the financial year, a total of 11 387 shareholders were entered in the register of shareholders, compared to 8 356 the year before. At the end of 2009, 25.1 percent (29.6%) of the company's shares were nominee registered or held by non-domestic shareholders.

The Company's registered and fully paid-up share capital at the beginning of the financial year and at the balance sheet date was EUR 66 820 528.10. The share capital breaks down as follows:

Series A shares	48 626 522 shares	90.0%
Series K shares	5 400 000 shares	10.0%
Total	54 026 522 shares	100%

Each A Share conveys one vote and each K Share 20 votes. The K Shares are held by LSO Osuuskunta (4 375 000 shares) and Swedish Meats (665 000 shares). Each share gives equal entitlement to a dividend. The shares have no nominal value.

#### INCREASES IN SHARE CAPITAL FROM 2007 TO 2009

The company's share capital reported to the Trade Register was not increased during the financial year 2009. The proceeds of roughly EUR 78 million from the share offering executed in November-December 2009 were recognized in full in the reserve for invested unrestricted equity (RIUE).

No share capital increases or share offerings took place in the 2008 financial year.

The most recent share capital increase took place in January 2007 with the directed issue of 4 843 000 A Shares to Swedish Meats. The issue was 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 first entitled to dividend for the 2007 financial year.

#### STOCK EXCHANGE LISTINGS

HKScan's A Share has been quoted on Nasdaq OMX since 6 February 1997 in the sector of Consumer Staples. During the year under review, 22 285 126 of the company's shares were traded for a total of EUR 149 498 534.

The highest price quoted was EUR 10.38 and the lowest EUR 3.70. The middle price was EUR 7.18 and the year-end closing price was EUR 7.85. The share price rose by 77.6 percent on the year while the index for the Food Products sector (HX302020) rose by 47.8 percent on the year.

The company's market capitalization (A and K Shares) at year-end was EUR 423.7 million, having stood at EUR 173.7 million a year earlier.

HKScan has in place a market making agreement with FIM Pankkiiriliike Oy which meets the requirements of NASDAQ OMX's Liquidity Providing (LP) operation.

#### TREASURY SHARES

At 1 January 2009, HKScan held a total of 4 474 of its A Shares. Over the course of the year, 47 508 shares assigned in the years 2006-2008 as part of the key employees' share bonus scheme reverted back to the company. At 31 December 2009, the company held a total of 51 982 of its A Shares. These had a market value of EUR 0.41 million (EUR 7.85 each) and accounted for 0.10% of all shares and 0.03% of all votes. No dividend is paid on treasury shares.

#### NOTICES OF CHANGES IN OWNERSHIP

During 2009, the company received three notices regarding changes in holdings pursuant to Chapter 2:9 of the Securities Markets Act.

(1) Artio Global Management LLC announced that as a result of a share transaction executed on 20 April 2009, its shareholding in HKScan Corporation had fallen to zero.

(2) HKScan Corporation and Danske Bank A/S signed on 24 November 2009 an underwriting agreement relating to HKScan's upcoming share offering. In consequence of the agreement, Danske Bank A/S Helsinki Branch announced that its holding in HKScan would rise to 14.2 percent of the shares and 4.9 percent of the votes in the company if its underwriting commitment was realized in full.

Under the agreement, Danske Bank A/S Helsinki Branch committed, subject to certain conditions, to subscribe for offered shares that remain unsubscribed for in HKScan's rights offering.

(3) HKScan Corporation announced the final result of the share offering on 23 December 2009. The underwriting commitment announced by Danske Bank A/S in the notification released on 24 November 2009 thus did not materialize and neither was the potential shareholding announced in the said notification realized. Danske Bank gave the company notification to this effect on 23 December 2009.

#### BOARD OF DIRECTORS' EXISTING AUTHORIZATIONS

(1) The Board holds the authorisation granted by the AGM on 23 April 2009 to decide on acquiring a maximum of 3 500 000 Series A shares as treasury shares, equivalent to approximately 8.9% of total registered shares and 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 utilized in purchasing the shares. The shares may be purchased in a proportion other than that of the shares held by the shareholders (directed purchase). The authorisation is valid until 30 June 2010. To date, the Board of Directors has not exercised this authorisation.

(2) 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 10:1 of the Finnish Limited Liability Companies Act. The Board was authorized 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 and ca. 16.2% of all A Shares.

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 2010.

The authorisations concerning purchases of own shares and share issue 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 or to execute mergers and acquisitions. 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 HKScan Group had an average of 7 427 employees in 2009 (7 750). The reduction is attributable to the ongoing streamlining and cost-effectiveness measures in the market areas of Sweden and the Baltics in particular, by which Group companies are seeking to enhance their competitiveness and profitability.

The average number of employees in each market area was as follows: 3 270 in Sweden, 2 361 in Finland and 1 798 in the Baltics. In addition, Sokolów had an average of 5 569 employees.



The HKScan Group has employees in nine European 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.

#### INCENTIVE SCHEME FOR KEY EMPLOYEES

The company had in place a share-based incentive scheme for key employees concerning the years 2006-2008. The company's Board has not launched a new share-based incentive scheme since the expiration of the earlier scheme at the end of 2008. No bonuses were paid under the scheme in 2008 or 2009. In accordance with the terms of the scheme, 47 508 A Shares assigned as a part of the incentive scheme in the years 2006-2008 reverted to the company in 2009.

#### RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The most significant business risks faced by the HKScan Group involve developments in the price of raw materials and pork in particular, in future possibly the availability of these as well. Country-specific uncertainties involve the success of the business development programmes in Sweden and the development of the national economies in the Baltics.

The international economic situation is gradually stabilizing, yet bad debt remains a possibility. The problems experienced by customers are due to the state of the economy in their country of operation as well as the availability of financing. Ongoing major fluctuations in the Group's central currencies may affect the Group's net sales, earnings and balance sheet. Any devaluation of local currencies in particular may have a negative effect on the Group's Baltic operations.

Changes in demand owing to e.g. rising unemployment and attributable to the financial climate may occur in the Group's market areas or its export markets. These may erode Group net sales and earnings.

The possibility of animal diseases can never be fully excluded in the food industry.

The Group is currently involved in certain legal proceedings and civil litigation. Though the cases remain pending, they are estimated to have no significant impact on the Group's financial standing.

#### ENVIRONMENTAL MANAGEMENT

HKScan operates on the principle of causing minimum adverse environmental impact during production. This principle is put into practice in all market areas, taking into account existing regulations and certification processes. Executive management in each market area are responsible for ensuring the appropriate organisation of environmental management.

An ISO 14001-certified environmental management system is in place at all HK Ruokatalo production plants in Finland, the Rakvere Lihakombinaat and Tallegg plants in Estonia and six production 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 Sokolów plants operate according to good production practice under the ongoing supervision of the Polish veterinary authority.

In the food industry, energy, water, waste arising from processing biological materials, wastewater and smoke gases from heating plants cause the greatest environmental loading. HKScan seeks to reduce the amount of energy and water consumed in relation to production (= specific consumption), to reduce all waste, particularly the relative amount of landfill waste, and to improve sorting. Since there are

differences in operations and technology, focus areas vary from one production facility to another. Continuous improvement has been achieved by combining and rationalizing operations, by introducing new policies and by adjusting and improving technology.

All plants operated by the Group in Finland, Sweden and the Baltics furthermore have in place a quality management system certified to the ISO 9001 standard. Most also hold either ISO 22000 certification or the British BRC certificate for their product safety management system.

#### EVENTS TAKING PLACE AFTER 31 DECEMBER 2009

(1) HKScan Corporation transitioned to a holding company structure in its Finnish business. The reorganization streamlines financial reporting and internal auditing in the Group, as the business in each market area is kept separate from the parent company. The reorganization was accomplished as a business transfer on 1 January 2010 by transferring HKScan Corporation's production-related property, plant and equipment in Finland as well as its holdings in subsidiaries and associates to HKScan Finland Oy, a holding company wholly owned by HKScan Corporation.

The reorganization is technical and legal in nature and it will have no effect on operational activities. HK Ruokatalo Oy and LSO Foods Oy, the companies responsible for the Group's Finnish business, carry on as before. The arrangement has no effect on jobs or the standing of the parent company or its shareholders. Managing director Jari Leija of HK Ruokatalo Oy also serves as managing director of HKScan Finland Oy.

(2) In January, the Board and HKScan Corporation CEO Matti Perkonoja agreed that he would stay on as CEO for longer than initially announced. The appointment is effective until the end of February 2012, at which time Mr Perkonoja is to retire. He had earlier planned to retire after 2010.

(3) Olli Antniemi, MSc (Econ & Bus Admin), was appointed senior vice president in charge of strategy and development as of 1 January 2010. He also joined the Management Team. Mr Antniemi is responsible for strategic business planning with an emphasis on Group synergies and management of the Group's strategy process. He previously served as executive vice president of the HKScan Group's Baltic Group, managing director of Scan AB and most recently as development director at HK Ruokatalo Oy.

HKScan Corporation's Management Team as of 1 January 2010 consists of CEO Matti Perkonoja as Chairman along with CFO Irma Kiilunen, senior vice president for strategy and development Olli Antniemi, HK Ruokatalo Oy managing director Jari Leija and Scan AB managing director Denis Mattsson. Management Team meetings are also attended by AS Rakvere Lihakombinaat managing director Anne Mere and AS Tallegg managing director Teet Soorm. Tero Hemmilä, Management Team member and VP in charge of strategy, left HKScan at the beginning of 2010. CFO Irma Kiilunen serves as deputy to the CEO of HKScan Corporation.

(4) In late January HKScan Corporation announced that its better than anticipated Q4/2009 performance. According to preliminary data, sound commercial performance during Q4/2009 and the Christmas season in particular had resulted in higher-than-anticipated EBIT before non-recurring items.

HKScan had earlier estimated that EBIT for 2009 would clearly surpass that for 2008. Based on preliminary figures, the HKScan Group's reported EBIT for 2009 would be around EUR 55 million and EBIT before non-recurring items around EUR 67 million.

The company furthermore estimated that the non-recurring charges caused by the measures in the Swedish restructuring programme would amount to approximately EUR 8.6 million instead of the roughly EUR 5 million announced earlier.

## FUTURE OUTLOOK

Consumer demand for food is expected to remain steady in the Group's domestic markets and export markets are anticipated to pick up somewhat towards the end of the year. In addition, the ongoing streamlining programmes and the restructuring programme in Sweden in particular provide the foundation for solid business development.

The Group's full-year EBIT exclusive of non-recurring items is estimated to surpass that in 2009 despite the considerable challenges posed by the markets in the early part of the year.

## BOARD OF DIRECTORS' PROPOSAL ON DISTRIBUTION OF PROFIT

The parent company's distributable assets stand at EUR 156.7 million including the reserve for invested unrestricted equity (RIUE), which holds EUR 143.1 million. The Board of Directors recommends that the company pays a dividend of EUR 0.22 per share for 2009, i.e. a total of EUR 11.9 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.

## ANNUAL GENERAL MEETING

HKScan Corporation's Annual General Meeting will be held at 11am on Tuesday, 23 April 2010 in Helsinki in Congress Hall A of Finlandia Hall, address Mannerheimintie 13 e, 00100 Helsinki, Finland. To be eligible to attend the Annual General Meeting, shareholders should be registered by 13 April 2010 in HKScan Corporation's shareholder register maintained by Euroclear Finland Ltd (the Finnish Central Securities Depository APK). Notice of and Board proposals to the Annual General Meeting will be published at a later date.

# Consolidated financial statements

1 January - 31 December 2009

## CONSOLIDATED INCOME STATEMENT (EUR million)

	2009	2008
NET SALES	2 124.7	2 294.6
Change in inventories of finished goods and work in progress	5.1	0.4
Work performed for own use and capitalized	0.9	1.3
Other operating income	6.7	14.0
Share of associates' results	0.9	0.6
Materials and services	-1 474.5	-1 642.6
Employee benefits expenses	-306.7	-319.0
Depreciation and amortisation	-57.2	-54.8
Impairment	0.0	0.8
Other operating expenses	-244.8	-257.1
EBIT	55.1	38.1
Financial income	5.2	5.5
Financial expenses	-24.9	-35.5
Share of associates' results	2.0	0.9
PROFIT/LOSS BEFORE TAXES	37.3	9.0
Income taxes	-4.9	-1.4
PROFIT/LOSS FOR THE PERIOD	32.5	7.6
PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	29.9	4.7
Minority interests	2.6	2.9
Total	32.5	7.6

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

EPS, undiluted, continuing operations, EUR/share	0.64	0.10
EPS, diluted, continuing operations, EUR/share	0.64	0.10

Per-share data has been adjusted for the share offering in 2009.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1 JANUARY TO 31 DECEMBER (EUR million)

	2009	2008
Profit/loss for the period	32.5	7.6
OTHER COMPREHENSIVE INCOME (after taxes):		
Exchange differences on translating foreign operations	1.8	-23.4
Available-for-sale investments	0.4	-0.2
Cash flow hedging	-7.1	-2.0

TOTAL OTHER COMPREHENSIVE INCOME	-4.8	-25.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27.6	-18.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	24.8	-20.5
Minority interests	2.8	2.5
Total	27.6	-18.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER  
(EUR million)

	Note	2009	2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1.	65.7	57.8
Goodwill	2.	88.2	81.7
Property, plant and equipment	3.	469.1	479.3
Shares in associates		20.9	17.8
Trade and other receivables		18.2	17.4
Other long-term investments		10.5	9.9
Deferred tax asset		12.3	10.1
NON-CURRENT ASSETS		685.0	673.9
CURRENT ASSETS			
Inventories	4.	118.7	128.3
Trade and other receivables		194.3	198.4
Income tax receivable		0.2	1.5
Other financial assets		2.0	2.2
Cash and cash equivalents		73.9	92.2
CURRENT ASSETS		389.0	422.6
ASSETS		1 074.0	1 096.5
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5.	66.8	66.8
Share premium reserve		74.2	73.5
Treasury shares		-0.0	-0.0
Fair value reserve and other reserves		149.7	96.8
Translation differences		-13.1	-15.8
Retained earnings		111.6	97.0
Equity attributable to equity holders of the parent		389.3	318.3
Minority interest		9.4	5.4
SHAREHOLDERS' EQUITY		398.7	323.7
NON-CURRENT LIABILITIES			
Deferred tax liability		32.2	33.6
Non-current interest-bearing liabilities		329.9	442.1
Non-current non-interest bearing liabilities		5.9	7.9
Pension obligations		3.6	3.7

Non-current provisions		8.5	1.4
NON-CURRENT LIABILITIES		380.1	488.7
CURRENT LIABILITIES			
Current interest-bearing liabilities		87.5	82.4
Trade and other payables		202.0	199.4
Income tax liability		2.7	0.5
Current provisions		2.8	1.9
CURRENT LIABILITIES		295.1	284.2
EQUITY AND LIABILITIES		1 074.0	1 096.5

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

	1.	2.	3.	4.	5. *)	6.	7.	8.	9.	10.	11.	12.
SHAREHOLDERS' EQUITY AT 1.1.2009	66.8	73.5	-2.2	66.7	20.0	12.2	-15.8	0.0	97.0	318.2	5.4	323.7
Income and expenses recognized during the period, total		0.0	-6.7			-0.1	2.7	0.0	29.0	24.8	2.8	27.6
Share-based compensation expense		0.8									0.8	0.8
Other change					-20.0	0.2					-19.8	-19.8
Direct recognition in retained earnings **)									-2.0	-2.0		-2.0
Transfers between items			0.6			2.3			-2.9	0.0		0.0
Share offering				76.8						76.8		76.8
Purchase of treasury shares										0.0		0.0
Increase in holdings in subsidiaries											2.1	2.1
Dividend distribution									-9.4	-9.4	-0.9	-10.3
SHAREHOLDERS' EQUITY AT 31.12.2009	66.8	74.2	-8.4	143.5	0.0	14.6	-13.1	0.0	111.6	389.3	9.4	398.7

9												
---	--	--	--	--	--	--	--	--	--	--	--	--

	1.	2.	3.	4.	5.)*	6.	7.	8.	9.	10.	11.	12.
SHAREHOLDERS' EQUITY AT 1.1.2008	66.8	73.4	0.8	66.7	0.0	10.8	3.0	-0.7	105.5	328.5	2.9	331.5
Income and expenses recognized during the period, total		-0.1	-3.1			0.3	-21.1		3.4	-20.5	2.5	-18.0
Share-based compensation expense		0.2								0.2		0.2
Other change					20.0					20.0		20.0
Direct recognition in retained earnings										0.0	1.4	1.4
Transfers between items						1.2			-1.2	0.0		0.0
Purchase of treasury shares								-0.1		-0.1		-0.1
Payments made in treasury shares								0.8		0.8		0.8
Dividend distribution									-10.6	-10.6	-1.4	-12.0
SHAREHOLDERS' EQUITY AT 31.12.2008	66.8	73.5	-2.2	66.7	20.0	12.2	-15.8	0.0	97.0	318.2	5.4	323.7

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

\*) Comprising a hybrid bond classified as equity

\*\*) Comprising interest paid on hybrid bond

In the financial statements for 2008, the company reported re-measurement of net investment hedges in the revaluation reserve. In the financial statements for 2009, the manner of reporting has been changed and hedging is recognized as an adjustment to translation differences. The figures for the comparison year have been modified to correspond to the current practice.

## CASH FLOW STATEMENT(EUR million)

	2009	2008
Operating activities		
EBIT	55.1	38.1
Adjustments to EBIT	-0.4	-1.3
Depreciation and amortisation	57.2	54.0
Change in provisions	7.6	1.4
Change in net working capital	2.5	1.3
Financial income	5.2	5.5
Financial expenses	-24.9	-35.5
Taxes	-4.9	-1.4
Net cash flow from operating activities	97.4	62.2
Investing activities		
Gross investments in fixed assets	-43.7	-84.1
Disposals of fixed assets	2.9	12.0
Investments in subsidiary	-4.7	0.0
Shares in associates purchased	-0.3	0.0
Loans granted	-0.0	-0.2
Repayments of loans receivable	5.1	2.0
Net cash flow from investing activities	-40.8	-70.3
Cash flow before financing activities	56.6	-8.1
Financing activities		
Proceeds from share offering	76.8	0.0
Payments received on hybrid bond	0.0	20.0
Repayment of hybrid bond	-20.0	0.0
Current borrowings raised	46.6	187.9
Current borrowings repaid	-82.3	-164.2
Non-current borrowings raised	74.7	27.4
Non-current borrowings repaid	-160.8	-7.3
Interest on hybrid bond	-2.1	0.0
Dividends paid	-9.4	-10.6
Purchase of treasury shares	0.0	-0.1
Net cash flow from financing activities	-76.5	53.0
Change in cash and cash equivalents	-19.9	44.9
Cash and cash equivalents at 1.1.	94.4	56.8
Effect of changes in exchange rates on cash and cash equivalents	1.4	-7.3
Cash and cash equivalents at 31.12.	75.9	94.4

## FINANCIAL INDICATORS

	2009	2008
Net sales, EUR million	2 124.7	2 294.6
EBIT, EUR million	55.1	38.1
- as % of net sales	2.6	1.7
Profit before taxes, EUR million	37.3	9.0
- as % of net sales	1.8	0.4
Return on equity (ROE), %	9.0	2.3



Return on investment (ROI), %	7.4	5.2
Equity ratio, %	37.1	29.5
Net gearing ratio, %	84.9	131.8
Gross investments, EUR million	41.3	84.0
- as % of net sales	1.9	3.7
R&D expenditure, EUR million	8.9	13.1
- as % of net sales	0.4	0.6
Employees, average	7 429	7 750

## PER SHARE DATA

Per-share data has been adjusted for the share offering in 2009.

	2009	2008
EPS, undiluted, EUR	0.64	0.10
EPS, diluted, EUR	0.64	0.10
Equity per share, EUR	7.21	7.13
Dividend per share, EUR	0.22 *)	0.21
Dividend payout ratio, undiluted, %	34.5 *)	199.3
Dividend payout ratio, diluted, %	34.5 *)	199.3
Effective dividend yield, %	2.8 *)	5.4
Price/earnings ratio (P/E)		
- undiluted	12.3	36.7
- diluted	12.3	37.8
Lowest trading price, EUR	3.70	3.43
Highest trading price, EUR	10.38	12.75
Middle price, EUR	7.18	6.94
Closing price on year, EUR	7.85	3.89
Market capitalization, EUR million	423.7	173.7
Shares traded in thousands	22 285	9 028
- % of average number	56.4	23.0
Adjusted number of shares in thousands		
- average during the financial year	44 937	44 606
- at end of financial year	53 975	44 624
- fully diluted	53 975	44 624

\*) Based on Board of Directors' dividend recommendation.

## FORMULAE FOR FINANCIAL INDICATORS

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

Return on investment (%) 
$$\frac{\text{Profit before taxes} + \text{interest expenses} + \text{and other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing debts (average)}} \times 100$$

Equity ratio (%) 
$$\frac{\text{Total equity}}{\text{Total assets}} \times 100$$

	Balance sheet total - advances received	
	Net interest-bearing liabilities - interest-bearing loans receivable - cash and cash equivalents	
Net gearing ratio (%)	-----	x 100
	Total shareholders' equity	
	Profit for the period attributable to equity holders of the parent	
Earnings per share	-----	
	Average adjusted number of shares during the financial year	
	Equity attributable to equity holders of the parent	
Equity per share	-----	
	Adjusted number of shares at end of financial year	
	Dividend per share	
Dividend per share	-----	
	Coefficient of share issues after the financial year	
	Adjusted dividend per share	
Dividend payout ratio (%)	-----	x 100
	Earnings per share	
	Dividend per share	
Effective dividend yield (%)	-----	x 100
	Adjusted closing price on the last trading day	
	Adjusted closing price on the last trading day	
P/E ratio	-----	
	Earnings per share	
Market capitalization	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 POLICIES

HKScan Corporation's financial statement bulletin for 1 January - 31 December 2009 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 effective at 31 December 2009.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2008 except for the following new standards, interpretations and standard amendments, which are effective as of 1 January 2009.

As of 1 January 2009, the Group has applied the following new or revised standards and interpretations:

- IAS 1 (revised) Presentation of Financial Statements. The revision is aimed at improving users' ability to analyze and compare the information given in financial statements. The means to achieve this include separating changes in a company's equity resulting from transactions with owners in their capacity as owners from other changes in equity. Non-owner-related changes are presented in the statement of comprehensive income. The Group will report a separate income statement and statement of comprehensive income.
- IAS 23 (revised) Borrowing Costs. The standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production facility, are included in the cost of that asset. The Group has previously recognized borrowing costs as an expense during the period in which they are incurred, in the manner permitted. The revised standard means that borrowing costs concerning construction projects undertaken on or after 1 January 2009 are allocated to the project and capitalized in the balance sheet. The Group had no such projects underway in the financial year under review.
- IFRS 8 Operating Segments. The standard replaces IAS 14 and requires adoption of the 'management approach' to presenting segment information, meaning that information is reported in the same manner as in internal reporting. The standard has not altered the Group's segment reporting breakdown.
- Improving Disclosures about Financial Instruments: Amendments to IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level hierarchy for disclosing the fair values of financial instruments. The amended standard also calls for additional disclosures to help judge the relative reliability of fair value measurements. The amendments furthermore enhance and clarify earlier disclosure requirements concerning liquidity risk.
- Improvements to IFRSs. The Annual Improvements process allows minor and non-urgent amendments to IFRSs to be presented and implemented once each year in a single document. The amendments presented concern a total of 34 standards and the impacts vary for each standard. The amendments have had no significant impact on HKScan's consolidated financial statements, however.
- IFRIC 16. Hedges of a Net Investment in a Foreign Unit. The interpretation clarifies the accounting treatment in consolidated financial statements in respect of the hedge of a net investment in a foreign unit. It has not had any significant effect on the Group's financial statements.
- Amendments to IFRS 2. Share-based Payments - Vesting Conditions and Cancellations. The amendments require that non-vesting conditions be taken into account in the estimation of the fair value of the equity instrument at the grant date and also clarify instructions relating to the accounting treatment of cancellations. The amendments have not affected the consolidated financial statements.

The Group has elected to apply the following standard early, in the financial statements for the financial year ended 31 December 2009:

- IFRS 3 (Revised). Business Combinations (effective for annual periods beginning on or after 1 July 2009). The revised standard has a wider scope of application and contains many changes that are significant to the Group. The amendments affect the amount of goodwill recognized on acquisitions as well as the outcomes of disposals of businesses. The amendments furthermore affect items recognized in profit or loss in both the financial year in which the acquisition takes place and in the financial years in which additional purchase price is paid or additional acquisitions made.

The Group has yet to apply the following new or revised standards and interpretations published by the IASB. These will be applied as from the effective date of each standard and interpretation or, if the effective date does not fall on the first day of the financial year, as from the start of the financial year first beginning after the effective date.

- Revised IAS 27. Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The revised standard requires the effects of changes in subsidiary ownership to be recognized directly in Group equity when the parent entity retains control. If control in the subsidiary is lost, any remaining investment is measured to fair value and any difference recognized in profit or loss. A corresponding accounting treatment will in future apply also to investments in associates (IAS 28) and interests in joint ventures (IAS 31) As a result of the revision, the losses of a subsidiary can be allocated to the minority also when the losses exceed the minority's investment.

- Improvements to IFRSs (as a rule, effective for annual periods beginning on or after 1 January 2010). The Annual Improvements process allows minor and non-urgent amendments to IFRSs to be presented and implemented once each year in a single document. The amendments presented concern a total of 12 standards and the impacts vary for each standard. The amendments have had no significant impact on HKScan's consolidated financial statements, however. The amendments are yet to be adopted for application in the EU.

- ED 9 Joint Arrangements. The current IAS 31 Interests in Joint Ventures permits the proportionate consolidation of the figures for a joint venture (line by line consolidation). The standard (the new ED 9) is likely to be amended to permit the application of the equity method only. The new standard will significantly alter both Group figures and the treatment of the Poland segment. No effective date has yet been determined.

#### COMPARISON OF SEGMENT INFORMATION

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

	Q4/2009	Q4/2008	2009	2008
Net sales				
-Finland	185.4	197.3	732.5	740.4
-Sweden	278.3	301.6	1 037.4	1 179.3
-The Baltics	38.1	43.0	156.9	168.2
-Poland	65.1	66.3	251.7	270.9
-Between segments	-9.5	-16.0	-53.9	-64.3
Total	557.5	592.3	2 124.7	2 294.6
EBIT				
-Finland	6.4	6.4	27.0	14.4
-Sweden	9.1	8.6	16.7	18.0
-The Baltics	2.0	0.6	9.8	6.4
-Poland	2.9	1.9	9.3	4.2
-Between segments	0.0	0.0	0.0	0.0
-Group administration costs	-1.9	-2.2	*) -7.7	-4.9

Total	18.4	15.3	55.1	38.1
-------	------	------	------	------

\*) Includes EUR 1.3 million in non-recurring severance pay relating to the termination of the former CEO's employment and recognised in Q1.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

### 1. CHANGES IN INTANGIBLE ASSETS (EUR million)

	1-12/2009	1-12/2008
Carrying value at beginning of period	57.8	65.4
Translation differences	3.0	-7.7
Increase	2.8	0.3
Increase (acquisitions)	2.0	0.0
Decrease	0.0	-0.1
Depreciation and impairment	-2.7	-2.1
Transfer to other balance sheet item	2.8	2.0
Carrying value at end of period	65.7	57.8

### 2. CHANGES IN GOODWILL (EUR million)

	1-12/2009	1-12/2008
Carrying value at beginning of period	81.7	85.1
Translation differences	1.6	-4.1
Increase	1.9	0.7
Increase (acquisitions)	3.0	0.0
Decrease	0.0	0.0
Depreciation and impairment	0.0	0.0
Transfer to other balance sheet item	0.0	0.0
Carrying value at end of period	88.2	81.7

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

	1-12/2009	1-12/2008
Carrying value at beginning of period	479.3	476.7
Translation differences	6.6	-24.1
Increase	41.2	79.9
Increase (acquisitions)	3.8	0.0
Decrease	-3.3	-11.8
Depreciation and impairment	-55.8	-48.3
Transfer to other balance sheet item	-2.6	6.9
Carrying value at end of period	469.1	479.3

### 4. INVENTORIES (EUR million)

	1-12/2009	1-12/2008
Materials and supplies	73.9	80.9
Unfinished products	7.1	7.1
Finished products	23.7	25.6
Goods	0.0	0.0

Other inventories	4.1	4.2
Prepayments	2.1	2.2
Live animals, IFRS 41	7.6	8.2
Total inventories	118.7	128.3

## 5. NOTES TO SHAREHOLDERS' EQUITY

Share capital and share premium reserve	Number of outstanding shares	Share capital	Share premium reserve	RIUE	Treasury shares	Tot.
1.1.2009	39 301 719	66.8	72.9	66.7	0.0	206.4
Reversion of treasury shares	-47 508				0.0	0.0
Share offering	14 720 329			76.8		76.8
31.12.2009	53 974 540	66.8	72.9	143.5	0.0	283.2

RIUE = Reserve for invested unrestricted equity

Dividends for the financial year 2008 were paid on 6 May 2009. At a dividend of EUR 0.24 per share, the total came to EUR 9 422 692.56.

## INTEREST-BEARING LIABILITIES

The Group's interest-bearing debt totalled EUR 417.4 million (EUR 524.4m) at the end of the financial year. The decrease was mainly due to the allocation of the net proceeds from the share offering executed in December to paying down interest-bearing debt. The proceeds were also used to repay the hybrid bond of EUR 20 million. A positive cash flow from operating activities allowed the repayment of loans as well.

## FINANCIAL RISKS

Financial risks consist of refinancing and liquidity risks, counterparty risks in financial contracts, foreign exchange risks, interest rate risks, commodity risks and credit risks. 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 centralized to a finance unit led by the Group's CFO. The treasury policy was amended in the 2009 financial year to allow foreign exchange risk in commercial operations to be hedged for no more than 12 months into the future, with 30-70 percent of the anticipated net currency flow hedged as a rule. Hedging of a net investment in a foreign subsidiary was started in the period under review in respect of the Polish zloty.

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 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 2009 financial statements.

DERIVATIVE INSTRUMENT LIABILITIES  
(EUR million)

	31.12.2009	31.12.2008
Nominal values of derivative instruments		
Foreign exchange derivatives	104.6	84.4
Interest-rate derivatives	203.5	276.8
Electricity derivatives	10.8	8.6
Fair values of derivative instruments		
Foreign exchange derivatives	-1.1	-2.0
Interest-rate derivatives	-11.3	-11.5
Electricity derivatives	-0.6	-1.9

CONSOLIDATED OTHER CONTINGENT LIABILITIES  
(EUR million)

	31.12.2009	31.12.2008
Debts secured by pledges or mortgages		
- Loans from financial institutions	33.9	41.3
Given as security		
- real estate mortgages	55.5	36.0
- pledges	30.4	15.4
- floating charges	20.7	19.7
Security for debts of participating interests		
- Guarantees	5.0	5.5
For others		
- guarantees and pledges	12.4	9.6
Other contingencies		
Leasing commitments	19.0	23.0
Other rent commitments	40.6	42.4
Other commitments	5.8	4.7

BUSINESS TRANSACTIONS WITH RELATED PARTIES

	2009	2008
Sales to associates	34.9	37.6
Purchases from associates	35.2	37.0
Trade and other receivables	2.5	2.2
Trade and other payables	8.5	9.0
Severance pay to the CEO	1.3	0.0

NON-RECURRING ITEMS  
(EUR million)

	Q4/2009	Q4/2008	2009	2008
Employee benefits expenses	-5.8	0.0	-10.8	0.0
Depreciation and impairment	0.0	0.0	-1.9	0.0
Total non-recurring items	-5.8	0.0	-12.7	0.0

The figures reported in the financial statement bulletin are unaudited.

Vantaa, 19 February 2010

HKScan Corporation  
Board of Directors

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

HKScan is one of the leading food companies in northern Europe with home markets in Finland, Sweden, the Baltics and Poland. HKScan manufactures, sells and markets pork and beef, poultry products, processed meats and convenience foods under several well-known local brand names. Its customers are retail, the HoReCa sector, industry and export customers. HKScan is active in nine countries and has some 10,000 employees. It had net sales of 2.1 billion euro in 2009.

DISTRIBUTION:

Nasdaq OMX, Helsinki  
FIN-FSA  
Main media  
[www.hkscan.com](http://www.hkscan.com)

**HKScan Corporation**

tel: +358 10 570 100  
fax: +358 10 570 6146  
[firstname.surname@hkscan.com](mailto:firstname.surname@hkscan.com)  
Business ID: 0111425-3  
[www.hkscan.com](http://www.hkscan.com)

**Turku**

PO Box 50 (Kaivokatu 18)  
FI-20521 Turku, Finland

**Vantaa**

PO Box 49 (Väinö Tannerin tie 1)  
FI-01511 Vantaa, Finland