KESKO

Kesko Corporation

Interim Report

January–June 2009

Kesko Corporation
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Interim financial report for the period 1 Jan.–30 Jun. 2009

In January–June 2009, the Group's net sales from continuing operations were €4,160 million, which is 13.8% down on the corresponding period of the previous year (€4,824 million). In January–June 2009, the operating profit excluding non-recurring items was €39.8 million (€117.7 million). The profit before tax was €56.5 million (€232.9 million). The whole Group's profit for January–June was €30.6 million (€207.6 million). The whole Group's earnings per share were €0.31 (€2.11).

Key performance indicators

Continuing operations	1–6/2009	1–6/2008	4–6/2009	4–6/2008
Net sales, € million	4,160	4,824	2,143	2,547
Operating profit, € million	65.9	235.0	42.7	84.8
Operating profit excluding non-recurring items, € million	39.8	117.7	36.4	81.1
Profit before tax, € million	56.5	232.9	38.2	84.3
Earnings/share, €, diluted	0.31	1.69	0.19	0.58
Investments, € million	107.2	143.3	55.8	83.0

Whole Group				
Earnings/share, diluted, €	0.31	2.11	0.19	0.89
Earnings/share excl. non-recurring items, basic, €	0.11	0.81	0.15	0.56
Cash flow from operating activities, € million	146	89	143	126
Cash flow from investing activities, € million	–30	79	–25	26
Return on equity, %	3.4	21.7	4.6	19.1
Return on capital employed, %	6.1	26.0	8.0	22.2

Whole Group	30.6.2009	30.6.2008
Equity ratio, %	51.0	49.0
Equity/share, €	19.36	20.17

JANUARY–JUNE 2009

CONTINUING OPERATIONS

Net sales and profit

The Group's net sales in January–June 2009 were €4,160 million, which is 13.8% down on the corresponding period of the previous year (€4,824 million). Net sales decreased by 9.0% in Finland and by 30.9% abroad. Exports and foreign operations accounted for 17.4% (21.7%) of the net sales. In consequence of the recession, the Group's net sales performance was affected by a substantially contracted construction market, and a decrease in the sales of the car, machinery and home and speciality goods trade. A steady growth continued in the grocery trade.

In January–June, the K-Group's (i.e. Kesko's and the chain stores') retail and B-to-B sales (incl. VAT) totalled €6,135 million, a decrease of 10.5% on the corresponding period of the previous year.

The Group's profit before tax for January–June was €56.5 million (€232.9 million). The operating profit was €65.9 million (€235.0 million). The operating profit excluding non-recurring items was €39.8 million (€117.7 million), representing 1.0% (2.4%) of the net sales. The non-recurring items include €27.9 million in gains on property transactions, and €1.9 million in property write-downs. The most significant non-recurring income items of the comparative period include a €103.2 million gain on property sale and lease arrangements between Kesko and Nordisk Renting Oy, and a €10.3 million gain on the sale of K-Rahoitus Oy.

The smaller year-on-year operating profit excluding non-recurring items is due to a decrease in the demand in the building and home improvement trade, the car and machinery trade, and the home and speciality goods trade. Due to cost adjustments, the Group's fixed costs dropped by some €19 million compared with the previous year, regardless of store site openings.

The Group's earnings per share from continuing operations were €0.31 (€1.69). The Group's equity per share was €19.36 (€20.17).

Investments

In January–June, the Group's investments totalled €107.2 million (€143.3 million), which is 2.6% (3.0%) of the net sales. Investments in store sites were €88.4 million (€119.4 million) and other investments €18.8 million (€23.9 million). Investments in foreign operations represented 33.8% of total investments (26.1%).

Finance

In January–June, the cash flow from operating activities developed positively and was €146 million (€89 million). The working capital was reduced by the adjustment of inventories to the prevailing market situation. The cash flow from investing activities was €-30 million (€79 million). The cash flow from investing activities included €90 million (€217 million) of proceeds from the disposal of fixed assets.

The Group's liquidity and solvency remained strong throughout the reporting period. At the end of the period, liquid assets totalled €507 million (€551 million). At the end of the reporting period, the interest-bearing net debt was €18 million (€-43 million). The equity ratio was 51.0% (49.0%) and gearing 0.9% (-2.1%) at the end of the period.

In January–June, the Group's net financial expenses were €9.5 million (€1.6 million). The costs were increased by €10.5 million for hedging Baltic and Russian currency exposures due to an increased interest rate spread between the currencies. The interest income from liquid assets fell as the market interest rate level declined.

Taxes

In January–June, the Group's taxes were €22.3 million (€58.0 million). The effective tax rate was 39.5% (24.9%), affected by the loss-making performances of foreign companies. Income tax has been calculated on the profit for the reporting period as a proportion of the estimated tax for the whole financial year.

Personnel

In January–June, the average number of personnel in the Kesko Group was 19,678 (21,458) converted into full-time employees. In Finland, the average decrease was 464 people, while outside Finland it was 1,316.

At the end of June 2009, the total number of personnel was 23,776 (25,255), of whom 13,773 (13,762) worked in Finland and 10,003 (11,493) outside Finland. Compared with the end of June 2008, there was an increase of 11 employees in Finland and a decrease of 1,490 employees outside Finland.

Due to the decline in consumer demand, measures aimed at staff number and cost adjustments were continued in various business activities of the Group. During the reporting period, the Group's staff cost decreased by €23.0 million, or by some 8%, compared with the previous year, regardless of new store openings.

Market review
In January–May, the value of the Finnish retail trade sales decreased by 2.6% compared with the previous year and in May by 4.8% compared with May 2008. The consumer price inflation stood at an average of 0.9% in January–June (Statistics Finland).

Consumers' confidence in the economy recovered somewhat in May–June, but still remained below the long-term average level. Own economic situation and saving possibilities were considered good in June, and the time was considered to be better than before for buying consumer durables and raising loans. On the other hand, estimates of the unemployment rate trend continued to be gloomy. In May, the unemployment rate was 10.9%, compared with 8.8% in May 2008 (Statistics Finland).

Seasonal nature of operations
The Group's business activities are affected by seasonal fluctuations. The net sales and operating profits of the reportable segments are not earned evenly throughout the year. Instead they vary by quarter depending on the characteristics of each segment.

Segment performance in January–June

Food trade
The food trade comprises the food business based on the K-retailer business model and Kespro Ltd's grocery wholesaling in Finland.

In the food trade, the net sales in January–June were €1,861 million (€1,792 million), up 3.8%. The retail sales of K-food stores in January–June totalled €2,406 million (incl. VAT), representing a growth of 6.2%. The K-food stores' grocery sales increased by 6.6%. During the first part of the year, the sales performance of K-food stores' own brand products was particularly good. The growth rate of the total grocery trade market in Finland for the first part of the year is estimated at 4–5% up on the previous year. In January–May, prices increased at an average monthly rate of 6.1% compared with the previous year (Statistics Finland).

In January–June, the operating profit excluding non-recurring items of the food trade was €63.9 million (3.4% of the net sales), which is €7.4 million, or 0.3 percentage points, higher than in the previous year. The operating profit was €76.1 million (€112.9 million). The non-recurring gains on property sales and write-downs were €12.2 million in January–June. The comparative year's operating profit was increased by a €56.4 million non-recurring gain on a property sale and lease arrangement.

In January–June, investments in the food trade were €40.2 million (€63.8 million), of which investments in store sites were €34.2 million (€56.0 million).

Home and speciality goods trade
The home and speciality goods trade comprises Anttila, K-citymarket's home and speciality goods trade, Intersport Finland, Indoor Group, Musta Pörssi and Kenkäkesko.

In the home and speciality goods trade, the net sales in January–June were €677 million (€719 million), down 5.8%. Owing to a general deterioration of the economic situation and a rise of the unemployment rate, consumer demand in the home and speciality goods trade declined especially for the home electronics and interior decoration products.

The operating loss of the home and speciality goods trade excluding non-recurring items in January–June was €16.7 million (-2.5% of the net sales), a €13.4 million year-on-year increase due to the fall in sales. In January–June, the operating loss was €6.9 million (operating profit €43.8 million). Non-recurring gains on property sales and write-downs were €9.8 million in January–June and €47.0 million in the comparative period.

Investments in the home and speciality goods trade in January–June were €16.9 million (€23.6 million).

Anttila's net sales in January–June were €217 million (€243 million), down 10.8%. Especially the sales of interior decoration and home electronics decreased. The sales of the Anttila department stores were €127 million, down 6.2%. The sales of the Kodin Ykkönen department stores for home goods and interior decoration were €55 million, down 18.3%. NetAnttila's sales were €35 million, a decrease of 16.0%.

The net sales of K-citymarket's home and speciality goods trade in January–June were €257 million (€244 million), up 5.2%. The net sales performance was affected by store site network expansions and intensified marketing actions.

Intersport Finland's net sales in January–June were €74 million (€74 million), equalling the level of the previous year. Indoor's net sales in January–June were €73 million (€88 million), down 16.6%. In Finland, Indoor's net sales decreased by 11.1% and abroad by 49.8%, partly attributable to the discontinuation of Indoor's business activities in Sweden during the first quarter of 2008. Musta Pörssi Ltd's net sales in January–June were €46 million (€59 million), down 22.3%. Kenkäkesko Ltd's net sales in January–June were €11 million (€12 million), down 7.7%.

Building and home improvement trade

The building and home improvement trade comprises Rautakesko and the agricultural supplies trade in Finland.

In the building and home improvement trade, the net sales in January–June were €1,173 million (€1,566 million), down 25.1%.

In January–June, the net sales in Finland were €554 million, a decrease of 23.3%. The building and home improvement trade contributed €385 million and the agricultural supplies trade €169 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were down 21.2% and the net sales of the agricultural supplies trade by 27.6%. The net sales from foreign operations in the building and home improvement trade were €619 million (€844 million), a decrease of 26.6%. In addition to a decline in demand, the sales performance of foreign operations was affected by the weakening of the Swedish krona, the Norwegian krone and the Russian ruble. The net sales from foreign operations dropped by 19.2% in terms of the local currencies. Foreign operations contributed 52.8% to the net sales of the building and home improvement trade.

In Sweden, the net sales of K-rauta AB decreased by 9.0% to €89 million in January–June. In terms of the local currency, K-rauta AB's net sales grew by 5.4%. In Norway, Byggmakker's net sales decreased by 26.1% and were €228 million. In terms of the local currency, Byggmakker's net sales dropped by 17.3%. In Estonia, Rautakesko's net sales were down by 23.1% to €31 million. In Latvia, Rautakesko's net sales decreased by 35.9% to €24 million. In Lithuania, Senukai's net sales decreased by 38.8% to €134 million. In Russia, the net sales of the building and home improvement trade decreased by 9.9% to €82 million. In terms of the local currency, the net sales increased by 8.5%. The net sales of the Belarusian OMA were down by 16.8% to €26 million. In terms of the local currency, OMA's net sales decreased by 5.7%.

In January–June, the operating profit excluding non-recurring items of the building and home improvement trade was €5.6 million (0.5% of the net sales), which was €32.7 million, or 2.0 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by a substantial contraction in the Nordic and Baltic construction markets. In Finland, the building and home improvement trade market declined in January–June by some 25%, in Sweden by some 10%, in Norway by some 20%, and in the Baltic countries by some 30–40% (Rautakesko's estimate). The operating profit of the building and home improvement trade was €9.6 million (€42.0 million) in January–June. The operating profit includes a €3.9 million non-recurring gain on a property sale.

In January–June, investments in the building and home improvement trade were €46.3 million (€52.1 million), of which 78.2% (70.8%) abroad.

The retail sales of the K-rauta and Rautia chains in January–June decreased by 10.0% to €538 million (incl. VAT) in Finland. The sales of Rautakesko B-to-B Service decreased by 35.4%. The retail sales of the K-maatalous chain were €241 million (incl. VAT), down 23.1%.

Car and machinery trade

The car and machinery trade comprises VV-Auto and Konekesko. Konekesko includes, in addition to the machinery trade, the tractor and combine harvester trade in Finland and the agricultural and machinery trade companies in the Baltic countries.

In January–June, the net sales of the car and machinery trade were €529 million (€828 million), down 36.1%.

VV-Auto's net sales in January–June were €345 million (€506 million), a decrease of 31.8%. The net sales performance was affected by a decline in the consumer demand in the car trade, coupled with the car tax change effective at the beginning of April, causing the car tax levied on cars after 1 April 2009 to be excluded from the net sales. The comparable net sales, including the tax change impact, fell by 27.4% in January–June. The combined market share of passenger cars and vans imported by VV-Auto rose to 18.3% (16.6%) during the first half of the year.

Konekesko's net sales in January–June were €185 million (€323 million), down 42.8% on the previous year as a result of the weakened machinery market and the downsizing of the Baltic agricultural trade. The net sales in Finland were €105 million, a decrease of 35.7%. The net sales from Konekesko's foreign operations were €80 million, down 50.0%.

In January–June, the operating loss excluding non-recurring items of the car and machinery trade was €4.1 million (-0.8% of the net sales), which was €41.2 million, or 5.3 percentage points, lower than in the corresponding period of the previous year (operating profit excluding non-recurring items €37.1 million). In addition to the substantial sales decrease in the car and machinery trade, the profit performance was affected by the weakening of the Baltic agricultural market and the downsizing of the agricultural business, which resulted in the recognition of impairment charges and expense provisions in a total amount of €9 million on Konekesko's Baltic business activities for the first quarter.

Investments in the car and machinery trade were €3.6 million (€6.5 million) in January–June.

APRIL–JUNE 2009

CONTINUING OPERATIONS

Net sales and profit

The Group's net sales in April–June 2009 were €2,143 million, which is 15.9% down on the corresponding period of the previous year (€2,547 million). Net sales decreased by 11.5% in Finland and by 30.5% abroad. Exports and foreign operations accounted for 19.1% (23.1%) of the net sales. The Group's net sales decrease was due to a substantially weakened construction market and a decrease in the sales of the car, machinery and home and speciality goods trade resulting from the recession. The grocery trade continued its steady growth.

In April–June, the K-Group's (i.e. Kesko's and the chain stores') retail and B-to-B sales (incl. VAT) totalled €3,268 million, a decrease of 12.0% on the corresponding period of the previous year.

The Group's profit before tax for April–June was €38.2 million (€84.3 million). The operating profit was €42.7 million (€84.8 million). The operating profit excluding non-recurring items was €36.4 million (€81.1 million), representing 1.7% (3.2%) of the net sales. The non-recurring items included €8.1 million in gains on property disposals, and €1.9 million in property write-downs. During the comparative period, the operating profit was increased by a net total of €3.7 million in non-recurring gains and losses.

The smaller year-on-year operating profit excluding non-recurring items is due to a weakened demand in the building and home improvement trade, the car and machinery trade, and the home and speciality goods trade. The adjustments of costs and inventories had a significantly positive impact on the Group's profitability and cash flow for the second quarter.

The Group's earnings per share from continuing operations were €0.19 (€0.58). The Group's equity per share was €19.36 (€20.17).

Investments

In April–June, the Group's investments totalled €55.8 million (€83.0 million), which is 2.6% (3.3%) of the net sales. Investments in store sites were €46.0 million (€69.4 million) and other investments €9.7 million (€13.6 million). Investments in foreign operations represented 39.2% of total investments (24.8%).

Finance

In April–June, the cash flow from operating activities was €143 million (€126 million) and the cash flow from investing activities was €-25 million (€26 million). The cash flow from investing activities included €26 million (€100 million) of proceeds from the disposal of fixed assets.

In April–June, the Group's net financial expenses were €4.4 million (€0.2 million). The costs were increased by €4.1 million for hedging Baltic and Russian currency exposures due to an increased interest rate spread between the currencies.

Taxes
In April–June, the Group's taxes were €15.7 million (€21.3 million). The effective tax rate was 41.2% (25.3%), affected by the loss-making performances of foreign companies.

Personnel
In April–June, the average number of personnel in the Kesko Group was 19,727 (21,769) converted into full-time employees. In Finland, the average decrease was 510 people, while outside Finland it was 1,532.

Segment performance in April–June

Food trade
In the food trade, the net sales in April–June were €974 million (€939 million), up 3.7%. The retail sales of K-food stores in April–June totalled €1,263 million (incl. VAT), representing a growth of 7.4%. Especially the K-citymarket chain and Pirkka products recorded good sales growth. The K-food stores' grocery sales increased by 7.9%. At the end of June, the total number of K-food stores was 1,033.

In April–June, the operating profit excluding non-recurring items of the food trade was €30.1 million (3.1% of the net sales), which was €1.5 million, or 0.3 percentage points, lower than in the previous year. The operating profit was lowered by investments in new store site openings. The operating profit of the food trade was €33.8 million (€31.5 million). The non-recurring gains on property sales and write-downs were €3.8 million (€0.0 million) in April–June.

In April–June, investments in the food trade were €19.5 million (€39.9 million), of which investments in store sites were €16.8 million (€34.5 million).

Kesko Food continued to develop the K-food store network. In April–June, a K-citymarket opened in Ylöjärvi and in Skanssi, Turku, and a K-supermarket in Kempele. The expanded K-citymarket Mikkeli and K-supermarket Lahti Ahtiala reopened. The K-market chain was increased by six new food stores, four of which opened at Teboil stations. In addition, several renovations were implemented in K-supermarkets and K-markets.

The most significant store sites being built are the K-citymarkets in Kirkkonummi, in Linnainmaa, Tampere, in Koivukylä, Vantaa, and the new K-supermarkets in Porvoo, Järvenpää and Eurajoki.

Home and speciality goods trade
In the home and speciality goods trade, the net sales in April–June were €331 million (€355 million), down 6.6%.

The operating loss of the home and speciality goods trade excluding non-recurring items in April–June was €6.0 million (-1.8% of the net sales). The operating loss was due to the fall in sales. In April–June 2008, the operating profit excluding non-recurring items was 3.5 million (1.0% of the net sales). The operating loss in April–June was €3.6 million (operating profit €3.7 million). Non-recurring gains on property sales and write-downs were €2.4 million in April–June (€0.2 million).

Investments in the home and speciality goods trade in April–June were €7.1 million (€13.0 million).

Anttila's net sales in April–June were €103 million (€116 million), down 11.6%. The biggest decrease was registered in the sales of entertainment and home products. The sales of the Anttila department stores were €60 million, down 10.4%. The sales of the Kodin Ykkönen department stores for home goods and interior decoration were €27 million, down 16.8%. NetAnttila's sales were €16 million, a decrease of 6.7% in Finland, 22.7% in Estonia and 29.6% in Latvia. In April, a department store opened in Skanssi, Turku, and a new Kodin Ykkönen will open in Lielahti, Tampere, in November 2009.

The net sales of K-citymarket's home and speciality goods trade in April–June were €134 million (€128 million), up 4.4%. The net sales performance was affected by store site network expansions and an increased number of customers. In April, a K-citymarket opened in Skanssi, Turku and in Ylöjärvi. Further openings in 2009 include K-citymarkets in Kirkkonummi, in Koivukylä, Vantaa, and in Linnainmaa, Tampere.

Intersport Finland's net sales in April–June were €32 million (€37 million), down 12.1%. The Budget Sport online store opened in April. Indoor's net sales in April–June were €36 million (€43 million), down 16.4%. In Finland, Indoor's net sales decreased by 13.2% and abroad by 40.5%. Musta Pörssi Ltd's net sales in April–June were €23 million (€26 million), down 11.5%. Kenkäkesko Ltd's net sales in April–June were €3 million (€5 million), down 27.6%.

Building and home improvement trade

In the building and home improvement trade, the net sales in April–June were €643 million (€870 million), down 26.1%.

In April–June, the net sales in Finland were €291 million, a decrease of 25.8%. The building and home improvement trade contributed €211 million and the agricultural supplies trade €81 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were down 18.3% and the net sales of the agricultural supplies trade by 40.1%.

The net sales from foreign operations in the building and home improvement trade were €352 million (€478 million), a decrease of 26.3%. In addition to a decline in demand, the sales performance of foreign operations was affected by the weakening of the Swedish krona, the Norwegian krone and the Russian ruble. The net sales from foreign operations dropped by 19.1% in terms of the local currencies. Foreign operations contributed 54.7% to the net sales of the building and home improvement trade.

In Sweden, the net sales of K-rauta AB decreased by 12.6% to €52 million in April–June. In terms of the local currency, K-rauta AB's net sales grew by 0.8%. In Norway, Byggmakker's net sales decreased by 25.6% and were €133 million. In terms of the local currency, Byggmakker's net sales dropped by 17.1%. In Estonia, Rautakesko's net sales were down by 18.7% to €19 million. In Latvia, Rautakesko's net sales decreased by 28.6% to €14 million. In Lithuania, Senukai's net sales decreased by 38.8% to €74 million. In Russia, the net sales of the building and home improvement trade decreased by 12.7% to €44 million. In terms of the local currency, Stroymaster's net sales increased by 3.8%. The net sales of the Belarusian OMA were down by 20.3% to €14 million. In terms of the local currency, OMA's net sales decreased by 8.8%.

In April–June, the operating profit excluding non-recurring items of the building and home improvement trade was €14.8 million (2.3% of the net sales), which was €16.2 million, or 1.3 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by a substantial contraction of the construction markets. The operating profit of the building and home improvement trade was €14.8 million (operating profit €34.6 million) in April–June. The adjustments of costs and inventories had a significantly positive impact on the profitability and cash flow of the building and home improvement trade.

In April–June, investments in the building and home improvement trade were €26.8 million (€29.4 million), of which 81.0% (69.0%) abroad.

The retail sales of the K-rauta and Rautia chains in April–June decreased by 9.0% to €346 million (incl. VAT) in Finland. The sales of Rautakesko B-to-B Service were €52 million, down 35.4%. The retail sales of the K-maatalous chain were €136 million (incl. VAT), down 31.3%.

In April–June, six new stores opened and three stores closed down. In Finland, a Rautia store opened in Pietarsaari and a Rautia-K-Maatalous store in Levi. A new K-rauta store opened in Valga, Estonia, and another in Madona, Latvia. In Norway, a Byggmakker store opened in Bodö. OMA opened a store in Baranovichy. In Norway, two Byggmakker stores closed down and one K-rauta store in Sweden.

Car and machinery trade

In April–June, the net sales of the car and machinery trade were €233 million (€426 million), down 45.3%.

VV-Auto's net sales in April–June were €135 million (€246 million), a decrease of 45.2%. The net sales performance was affected by a decline in the consumer demand in the car trade, coupled with the car tax change effective at the beginning of April, causing the car tax levied on cars after 1 April 2009 to be excluded from the net sales figures. The comparable net sales, including the tax change impact, fell by 36.0% in April–June. The combined market share of passenger cars and vans imported by VV-Auto grew to 17.4% (16.8%) in April–June.

Konekesko's net sales in April–June were €99 million (€181 million), down 45.5% on the corresponding period of the previous year. The net sales decrease is due to the weakened machinery market and the downsizing of the Baltic agricultural trade. The net sales in Finland were €55 million, a decrease of 38.6%. The net sales from Konekesko's foreign operations were €44 million, down 52.1%.

In April–June, the operating profit excluding non-recurring items of the car and machinery trade was €1.9 million (0.8% of the net sales), which was €19.4 million, or 4.2 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by the substantial sales decrease in the car and machinery trade.

Changes in the Group composition

Effective 1 January 2009, the Kesko Group's segments are the food trade, the home and speciality goods trade, the building and home improvement trade, and the car and machinery trade (stock exchange release on 12 December 2008).

Resolutions of the Annual General Meeting 2009 and decisions of the Board's organisational meeting

Kesko Corporation's Annual General Meeting held on 30 March 2009 adopted the financial statements for 2008 and discharged the Board of Directors' members and the Managing Director from liability. The Annual General Meeting also resolved to distribute a dividend of €1.00 per share, or a total amount of €97,851,050, as proposed by the Board. The dividend pay date was 9 April 2009. The Annual General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with APA Johan Kronberg as the auditor with principal responsibility, and approved the Board's proposal to amend the article of the Articles of Association providing for the convocation period so that the notice of the General Meeting shall be given at the latest 21 days before the General Meeting, and the Board's proposal to authorise the Board to decide on the issuance of a maximum of 20,000,000 new B shares. The share issue authorisation is valid until 30 March 2012.

The Annual General Meeting resolved to leave the number of members of the Board of Directors unchanged at seven, and elected Heikki Takamäki, Seppo Paatelainen, Maarit Näkyvä, Ilpo Kokkila, Esa Kiiskinen (new member), Mikko Kosonen (new member) and Rauno Törrönen (new member) as members of the company's Board of Directors for a three-year term defined in the Articles of Association, which will expire at the close of the 2012 Annual General Meeting.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 30 March 2009.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting on 30 March 2009, elected Heikki Takamäki as its Chair and Seppo Paatelainen as its Deputy Chair. Maarit Näkyvä (Ch.), Seppo Paatelainen and Mikko Kosonen were appointed to the Board of Directors' Audit Committee. Heikki Takamäki (Ch.), Seppo Paatelainen and Ilpo Kokkila were appointed to the Board of Directors' Remuneration Committee. The terms of the Committees expire at the close of the Annual General Meeting. The decisions of the Board's organisational meeting were announced in a stock exchange release on 30 March 2009.

Shares, securities market and Board authorisations

At the end of the reporting period, Kesko Corporation's share capital totalled €196,426,496. Of all shares 31,737,007, or 32.3%, were A shares and 66,476,241, or 67.7%, were B shares. The aggregate number of shares was 98,213,248. Each A share entitles to ten (10) votes and each B share to one (1) vote. During the reporting period, the share capital was increased three times corresponding to share subscriptions with the stock options of the year 2003 option scheme. The increases were made on 11 February 2009 (€52,392), 5 May 2009 (€51,250) and 5 June 2009 (€673,146), and announced in stock exchange notifications on the same days. The subscribed shares were included on the main list of the Helsinki stock exchange for public trading with the old B shares on 12 February 2009, 6 May 2009 and 8 June 2009.

The price of a Kesko A share was €22.00 at the end of 2008, and €20.50 at the end of the reporting period in June, representing a decrease of 6.8%. The price of a B share was €17.80 at the end of 2008, and €18.86 at the end of the reporting period, representing an increase of 6.0%. During the reporting period, the highest A share quotation was €24.90 and the lowest was €18.73. For B shares, they were €21.98 and €14.99 respectively. During the reporting period, the Helsinki stock exchange All Share index (OMX Helsinki) rose by 3.8%, the weighted OMX Helsinki CAP index by 8.8%, while the Consumer Staples Index was up 8.0% during the same period.

At the end of the reporting period, the market capitalisation of A shares was €651 million, while that of B shares was €1,254 million. Their combined market capitalisation was €1,904 million, an increase of €30 million compared with the end of 2008. During the first half of 2009, 608,300 A shares were traded on the Helsinki stock exchange at a total value of €13.3 million, while 46.7 million B shares were traded at a total value of €827.9 million.

The 2003F stock options of the year 2003 option scheme were available for trading and a total of some 42,000 options were traded at a total value of €220,000 during the reporting period.

The Board of Directors was authorised by the Annual General Meeting of 30 March 2009 to issue a maximum of 20,000,000 new B shares. The authorisation has not been used. In addition to the 2003 stock option scheme, the company operates the 2007 scheme of stock options 2007A, 2007B and 2007C. Their exercise period has not started and, for the present, they have not been listed. Further information on the Board's authorisations is available at www.kesko.fi.

At the end of the reporting period, the number of shareholders was 39,338. In 2008 it increased by 9,155 shareholders and during the first half of 2009 by 1,258 shareholders. At the end of June 2009, foreign ownership of all shares was 20% (27%), and foreign ownership of B shares was 30% (39%).

Flagging notifications
Kesko Corporation did not receive flagging notifications during the reporting period.

Main events during the reporting period
Kesko Corporation's Board of Directors approved the Group's revised financial objectives. The objective for return on investment has been replaced by the objective for return on capital employed. The new objective for return on equity has been set at 12% (previously 14%) and the objective for return on capital employed has been set at 14%. The objective range of the equity ratio has been broadened to 40–50% (previously 40–45%). The Board of Directors also revised Kesko's dividend policy, published on 6 April 2005. In accordance with the new dividend policy, Kesko Corporation distributes at least 50% of its earnings per share excluding non-recurring items as dividends, taking however the company's financial position and operating strategy into account (stock exchange release on 5 February 2009).

On 31 March 2009, Kesko sold four store properties to the Kesko Pension Fund. The debt-free selling price was about €50 million. The Kesko Group's gain on the sale was €19.7 million, which was treated as a non-recurring item in the operating profit for the first quarter (stock exchange release on 31 March 2009).

The Annual General Meeting was held on 30 March 2009 (stock exchange releases on 30 March 2009).

The Supreme Administrative Court decided not to grant leave to appeal against the Helsinki Administrative Court's prior decision not to accept the €22.5 million write-down made by Rautakesko Ltd on the shares of its Swedish subsidiary, K-rauta AB, in its taxation for the year 2001. The Supreme Administrative Court also decided not to grant leave to appeal against the Helsinki Administrative Court's prior decision to dismiss Kesko Corporation's appeal concerning the deductibility of expenses added to its taxable income for the years 1997–1999 (stock exchange release on 11 June 2009).

Risk management
The Kesko Group has established a risk management process in which the divisions regularly assess the risks and their management and report on them to the Group's management. Kesko's risk management and risks relating to the business activities have been described in more detail in Kesko's 2008 Annual Report and financial statements, and the corporate governance section on Kesko's website.

The main risks for Kesko's business activities are related to the general economic development in Kesko's operating area. During the first part of the year, the consumer demand has weakened markedly in the building materials, the car and machinery, and the home and speciality goods trade. Because of the possibility that the recession is prolonged and the employment situation continues to deteriorate, the Group's sales and profit performance are affected by material uncertainties. The increased possibility of financial difficulties for customers, principals and suppliers also increases the risk of credit losses and risks relating to the availability of merchandise. The prevailing market situation emphasizes cost adaptation, efficient management of inventories, customer receivables and investment assets, as well as risk management responses to the prevention of malpractice.

Risks and uncertainties relating to profit performance are described in the Group's future outlook.

Future outlook
Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (7/2009–6/2010) in comparison with the 12 months preceding the reporting period (7/2008–6/2009).

The development of the Group's business activities is affected by the economic outlook in its different market areas and especially by the growth rate of private consumption. As a result of the weakening of the real economy, the outlook for the near future remains uncertain. During the next twelve months, the overall consumer demand is expected to continue developing at a rate clearly below the average owing to increasing unemployment and problems relating to the availability of business and consumer finance.

The steady development of the grocery trade is expected to continue. The market situation is expected to remain difficult in the building sector, in the car and machinery trade, and in the home and speciality goods trade.

Uncertainty about the economic outlook continues to make any statement about the Group's future outlook significantly more difficult. In consequence of the weakening economic development, the Kesko Group's net sales and operating profit excluding non-recurring items from continuing operations in the next twelve months are expected to remain at a lower level compared with the net sales and operating profit excluding non-recurring items of the comparative period. The Group's liquidity and solvency are expected to remain good.

Helsinki, 23 July 2009
Kesko Corporation
Board of Directors

The figures of this interim financial report are unaudited.

Further information is available from Arja Talma, Senior Vice President, CFO, telephone +358 1053 22113, and Jukka Erlund, Vice President, Corporate Controller, telephone +358 1053 22338. A Finnish-language webcast from the media and analyst briefing on the interim financial report can be accessed at www.kesko.fi at 11.00. An English-language web conference on the interim financial report will be held today at 14.30 (Finnish time). The web conference login is available at www.kesko.fi

KESKO CORPORATION
Paavo Moilanen
Senior Vice President, Corporate Communications and Responsibility

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Kesko Corporation's interim financial report for the period January-September will be published on 22 October 2009. In addition, the Kesko Group's sales figures will be published each month. News releases and other company information are available on Kesko's website at www.kesko.fi

DISTRIBUTION
NASDAQ OMX Helsinki
Main news media
www.kesko.fi

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Accounting policies

This interim financial report has been prepared in accordance with the IAS 34 standard. The same accounting policies have been applied to the preparation of the interim financial report as to the preparation of the 2008 financial statements, with the exception of the following changes due to the adoption of new and amended IFRS standards and IFRIC interpretations.

IFRS 8 Operating segments

The Kesko Group's reportable segments are the same as its business divisions, which, effective 1 January 2009, are the food trade, the home and speciality goods trade, the building and home improvement trade, and the car and machinery trade (stock exchange release on 12 December 2008). The segment information for the 2008 financial period has been restated accordingly (stock exchange release on 26 March 2009). The adoption of the IFRS 8 has not changed the Group's reportable segments, because the Group's prior segment information was already based on the management's internal reporting, with the measurement principles of assets and liabilities complying with the IFRS regulations.

The food trade in Finland comprises the food business based on the K-retailer business model and Kespro Ltd's grocery wholesaling. The home and speciality goods trade comprises Anttila's department store business, K-citymarket's home and speciality goods business, Intersport Finland's sports business, Indoor Group's furniture and interior decoration business, Musta Pörssi's home technology business, and Kenkäkesko's shoe business. The building and home improvement trade includes, in addition to the previously reported Rautakesko, the K-maatalous chain and the agricultural business in Finland. The car and machinery trade comprises the previously reported VV-Auto and Konekesko. Konekesko includes, in addition to the previously reported machinery business, the tractor and combine harvester business in Finland and the agricultural and machinery business entities in the Baltic countries.

Segment assets and liabilities comprise items used by a segment in its business activities or items that can be allocated to segments. Unallocated items consist of the Group's common items.

IAS 1 Presentation of financial statements

At the beginning of 2009, the Kesko Group adopted the amended IAS 1 standard. Consequently, the interim financial report presents a statement of comprehensive income specifying non-owner changes in equity. At the same time, the statement of changes in equity has been modified to comply with the requirements of the amended standard.

IFRIC 13 Customer Loyalty Programmes

At the beginning of 2009, the Kesko Group adopted a new IFRIC interpretation, IFRIC 13 Customer Loyalty Programmes. According to the interpretation, the loyalty award credits relating to the K-Plussa customer loyalty programme are recognised in sales adjustment items. In consequence, the net sales figures for 2008 of certain retail companies of the Group have been restated to comply with the new interpretation. The adoption of the interpretation does not impact the Group's operating profit.

IAS 23, Borrowing Costs, capitalisation of borrowing costs attributable to a qualifying asset

The amended standard removes the option of immediately expensing borrowing costs attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. These borrowing costs are eligible for capitalisation as part of the cost of the asset. The Group previously expensed borrowing costs in the accounting period in which they incurred. The amendment has not impacted the profit for the reporting period.

In addition, the Group has adopted the following revised or amended IFRS standards and IFRIC interpretations endorsed by the EU as from 1 January 2009:

- IAS 32 Financial Instruments: presentation, and IAS 1 Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation (amendment).
- IFRS 1 First-time adoption of IFRS, and IAS 27 Consolidated and Separate Financial Statements – Cost of an investment in a Subsidiary, Jointly controlled Entity or Associate (amendment)
- IFRS 2 Share-based Payments – Vesting conditions and cancellations (amendment)
- Annual amendments to the IFRSs (Annual Improvements 2007)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

The following standards became effective on 1 January 2009, but have not yet been endorsed by the EU:

- IFRS 7 Financial Instruments: Disclosures (amendment)
- IFRIC 9 Reassessment of Embedded Derivatives (amendment) and IAS 39 Financial Instruments: Recognition and Measurement (amendment)
- IFRIC 15 Agreements for the Construction of Real Estate

The above amendments to standards and interpretations have not had a material impact on the reported income statement, statement of financial position or notes.

Other changes

The credit entry corresponding to granted share options in compliance with IFRS 2 is presented in retained earnings instead of share premium. The change was made retrospectively for the first quarter and does not impact the Group's equity.

The cost for hedging foreign currency denominated items of the statement of financial position is presented in the cash flow from operating activities instead of the cash flow from financing activities. The change has been made retrospectively.

Consolidated income statement (€ million)

	1–6/2009	1–6/2008	Change,%	4–6/2009	4–6/2008	Change,%	1–12/2008
Net sales	4,160	4,824	-13.8	2,143	2,547	-15.9	9,591
Cost of sales	-3,613	-4,168	-13.3	-1,858	-2,196	-15.4	-8,293
Gross profit	548	656	-16.5	284	351	-19.1	1,299
Other operating income	326	406	-19.6	165	158	4.6	730
Staff cost	-273	-296	-7.8	-136	-150	-9.3	-578
Depreciation and impairment charges	-58	-58	0.6	-31	-29	5.4	-178
Other operating expenses	-477	-473	0.9	-240	-245	-2.1	-987
Operating profit	66	235	-71.9	43	85	-49.6	286
Interest income	13	17	-27.0	5	8	-40.6	36
Interest expenses	-11	-16	-32.6	-5	-8	-34.3	-30
Exchange differences and other financial items	-11	-3	(..)	-4	-1	(..)	-4
Income from associates	0	0	(..)	0	0	-68.3	2
Profit before tax	56	233	-75.8	38	84	-54.7	289
Income tax	-22	-58	-61.5	-16	-21	-26.1	-89
Profit for the period from continuing operations	34	175	-80.5	22	63	-64.3	199
Profit for the period from discontinued operations	-	41	(..)	-	31	(..)	42
Net profit for the period	34	216	-84.2	22	94	-76.1	241
Attributable to							
Owners of the parent	31	208	-85.3	19	88	-78.2	220
Non-controlling interests	4	9	-58.6	3	6	-46.7	21
Earnings per share (€) for profit attributable to equity holders of the parent							
Continuing operations							
Basic	0.31	1.70	-81.6	0.19	0.58	-66.3	1.82
Diluted	0.31	1.69	-81.6	0.19	0.58	-66.2	1.81
Whole Group							
Basic	0.31	2.12	-85.3	0.19	0.90	-78.3	2.25
Diluted	0.31	2.11	-85.2	0.19	0.89	-78.2	2.24

Consolidated statement of comprehensive income (€ million)

	1–6/2009	1–6/2008	Change,%	4–6/2009	4–6/2008	Change,%	1–12/2008
Net profit for the period	34	216	-84.2	22	94	-76.1	241
Other comprehensive income							
Exchange differences on translating foreign operations	-3	-1	(..)	-1	1	(..)	-6
Cash flow hedge revaluation	-7	12	(..)	2	14	-84.5	-13
Revaluation of available-for-sale financial assets	-1	0	(..)	0	0	45.7	2
Tax relating to other comprehensive income	2	-3	(..)	-1	-4	-86.2	3
Total other comprehensive income for the period, net of tax	-9	7	(..)	0	12	-99.5	-14
Total comprehensive income for the period	25	223	-88.8	23	106	-78.7	226
Attributable to							
Owners of the parent	26	215	-88.2	20	99	-79.8	205
Non-controlling interests	-1	8	(..)	3	7	-61.6	21

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.6.2009	30.6.2008	Change,%	31.12.2008
ASSETS				
Non-current assets				
Intangible assets	177	217	-18.7	170
Tangible assets	1,190	1,144	4.0	1,210
Interests in associates and other financial assets	36	32	14.5	34
Loans and receivables	62	67	-7.4	76
Pension assets	310	268	15.5	300
Total	1,776	1,729	2.7	1,789
Current assets				
Inventories	739	897	-17.7	871
Trade receivables	717	811	-11.6	633
Other receivables	122	151	-19.2	152
Financial assets at fair value through profit or loss	20	216	-90.9	94
Available-for-sale financial assets	402	262	53.7	291
Cash and cash equivalents	85	73	17.1	58
Total	2,085	2,410	-13.5	2,100
Non-current assets held for sale	1	1	0.0	3
Total assets	3,862	4,140	-6.7	3,892
EQUITY AND LIABILITIES				
Equity	1,901	1,973	-3.6	1,966
Non-controlling interests	60	47	27.1	61
Total equity	1,961	2,020	-2.9	2,026
Non-current liabilities				
Pension obligations	2	4	-49.5	2
Interest-bearing liabilities	263	211	24.6	197
Non-interest-bearing liabilities	9	5	83.2	12
Deferred tax	128	137	-6.6	132
Provisions	18	18	1.4	20
Total	420	374	12.1	363
Current liabilities				
Interest-bearing liabilities	263	298	-11.7	294
Trade payables	809	968	-16.4	756
Other non-interest-bearing liabilities	387	468	-17.3	430
Provisions	22	12	85.3	24
Total	1,481	1,746	-15.2	1,503
Total equity and liabilities	3,862	4,140	-6.7	3,892

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Issue of share capital	Share premium	Other reserves	Currency translation differences	Revaluation surplus	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2008	**196**	**0**	**190**	**247**	**–3**	**10**	**1,270**	**55**	**1,964**
Shares subscribed for with options	0	0	0						0
Option cost							2		2
Subsidiary disposals				–4	0		5		0
Dividends							–156	–16	–172
Other changes							2		2
Total comprehensive income for the period					0	8	207	8	223
Balance at 30.6.2008	**196**	**0**	**190**	**243**	**–4**	**18**	**1,330**	**47**	**2,020**
Balance at 1.1.2009	**196**	**0**	**191**	**243**	**–15**	**2**	**1,350**	**61**	**2,026**
Shares subscribed for with options	1	0	2						3
Option cost							3		3
Dividends							–98	0	–98
Other changes							1		1
Total comprehensive income for the period					7	–5	24	–1	25
Balance at 30.6.2009	**196**	**0**	**193**	**243**	**–9**	**–4**	**1,281**	**60**	**1,961**

Consolidated cash flow statement (€ million), condensed

	1–6/2009	1–6/2008	Change, %	4–6/2009	4–6/2008	Change, %	1–12/2008
Cash flow from operating activities							
Profit before tax	56	275	-79.5	38	115	-66.8	331
Planned depreciation	56	59	-4.5	29	29	-2.2	118
Financial income and expenses	10	1	(..)	4	0	(..)	-1
Other adjustments	-28	-172	-83.5	-7	-39	-81.4	-130
Working capital							
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-67	-160	-58.1	9	-16	(..)	-10
Inventories increase (-)/ decrease (+)	130	-11	(..)	91	3	(..)	2
Current non-interest-bearing liabilities, increase (+)/ decrease (-)	24	139	-82.7	4	59	-93.3	-78
Financial items and tax	-34	-43	-19.5	-25	-27	-7.5	-100
Net cash from operating activities	146	89	63.8	143	126	13.8	131
Cash flow from investing activities							
Investments	-120	-135	-11.3	-51	-75	-32.2	-320
Disposals of fixed assets	90	217	-58.8	26	100	-73.7	281
Increase of long-term receivables	0	-4	(..)	0	0	(..)	-7
Decrease of long-term receivables	1	0	(..)	-1	0	(..)	0
Net cash used in investing activities	-30	79	(..)	-25	26	(..)	-46
Cash flow from financing activities							
Increase (+)/decrease (-) in interest-bearing liabilities	38	-23	(..)	27	-10	(..)	-53
Increase (-)/decrease (+) in short-term interest-bearing receivables	-1	211	(..)	0	-5	(..)	216
Dividends paid	-98	-156	-37.1	-98	-156	-37.1	-172
Equity increase	3	0	(..)	3	0	(..)	0
Short-term money market investments	58	-111	(..)	4	-20	(..)	-17
Other items	7	-1	(..)	0	-1	(..)	11
Net cash used in financing activities	8	-80	(..)	-64	-192	-66.5	-14
Change in cash and cash equivalents	124	88	41.7	54	-41	(..)	71
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	319	245	30.1	387	371	4.4	245
Exchange difference and revaluation	-3	0	(..)	0	0	(..)	1
Cash and cash equivalents relating to available-for-sale assets	0	-2	(..)	0	-4	(..)	-2
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Jun.	440	335	31.6	440	335	31.6	319

(..) Change over 100%

Group financial indicators

	1–6/2009	1–6/2008	Change, pp
Return on capital employed, %	6.1	26.0	-19.9
Return on capital employed, %, rolling 12 months	5.4	20.2	-14.8
Return on capital employed excl. non-recurring items, %	3.7	11.3	-7.6
Return on capital employed excl. non-recurring items, %, rolling 12 months	6.4	13.2	-6.8
Return on equity, %	3.4	21.7	-18.3
Return on equity, %, rolling 12 months	2.9	17.7	-14.7
Return on equity excl. non-recurring items, %	1.5	8.8	-7.3
Return on equity excl. non-recurring items, %, rolling 12 months	4.5	11.1	-6.6
Equity ratio, %	51.0	49.0	1.9
Gearing, %	0.9	-2.1	3.0
			Change,%
Investments, € million*	107.2	143.3	-25.2
Investments, % of net sales*	2.6	3.0	-13.2
Earnings per share, basic, €*	0.31	1.70	-81.6
Earnings per share, diluted, €*	0.31	1.69	-81.6
Earnings per share, basic, €**	0.31	2.12	-85.3
Earnings per share, diluted, €**	0.31	2.11	-85.2
Earnings per share excl. non-recurring items, basic, €**	0.11	0.81	-85.8
Cash flow from operating activities, € million**	146	89	63.8
Cash flow from investing activities, € million**	-30	79	(..)
Equity per share, €	19.36	20.17	-4.0
Personnel, average*	19,678	21,458	-8.3

** Continuing operations ** Whole Group*

Group financial indicators by quarter	1–3/2008	4–6/2008	7–9/2008	10–12/2008	1–3/2009	4–6/2009
Net sales, € million	2,277	2,547	2,435	2,333	2,018	**2,143**
Change in net sales, %	6.8	6.1	3.0	-2.4	-11.4	**-15.9**
Operating profit, € million	150.1	84.8	43.8	6.9	23.2	**42.7**
Operating margin, %	6.6	3.3	1.8	0.3	1.1	**2.0**
Operating profit excl. non-recurring items, € million	36.6	81.1	72.0	27.3	3.4	**36.4**
Operating margin excl. non-recurring items, %	1.6	3.2	3.0	1.2	0.2	**1.7**
Financial income/expenses, € million	-1.4	-0.2	1.8	0.8	-5.1	**-4.4**
Profit before tax, € million	148.6	84.3	48.0	7.7	18.2	**38.2**
Profit before tax, %	6.5	3.3	2.0	0.3	0.9	**1.8**
Return on capital employed, %	30.1	22.2	8.2	1.4	4.2	**8.0**
Return on capital employed excl. non-recurring items, %	7.3	15.6	13.6	4.9	0.6	**6.8**
Return on equity, %	25.1	19.1	4.2	0.6	2.4	**4.6**
Return on equity excl. non-recurring items, %	5.6	12.3	10.4	4.3	-0.6	**3.7**
Equity ratio, %	46.3	49.0	50.2	52.4	49.8	**51.0**
Investments, € million*	60.3	83.0	89.9	105.2	51.5	**55.8**
Earnings per share, diluted, €*	1.11	0.58	0.17	-0.05	0.12	**0.19**
Equity per share, €	19.13	20.17	20.29	20.09	19.16	**19.36**

** Continuing operations*

Segment information

Net sales by segment, continuing operations (€ million)	1–6/2009	1–6/2008	Change, %	4–6/2009	4–6/2008	Change, %
Food trade, Finland	1,857	1,786	4.0	972	936	3.8
Food trade, other countries*	4	6	-39.6	2	3	-31.7
Food trade total	1,861	1,792	3.8	974	939	3.7
– of which intersegment trade	79	89	-11.5	37	41	-8.3
Home and speciality goods trade, Finland	663	695	-4.6	325	346	-6.0
Home and speciality goods trade, other countries*	14	24	-41.4	6	9	-32.4
Home and speciality goods trade total	677	719	-5.8	331	355	-6.6
– of which intersegment trade	10	9	8.7	6	6	-3.7
Building and home improvement trade, Finland	554	722	-23.3	291	392	-25.8
Building and home improvement trade, other countries*	619	844	-26.6	352	478	-26.3
Building and home improvement trade total	1,173	1,566	-25.1	643	870	-26.1
– of which intersegment trade	1	1	-12.7	1	1	-6.3
Car and machinery trade, Finland	444	657	-32.5	185	329	-43.7
Car and machinery trade, other countries*	86	171	-49.8	48	98	-50.7
Car and machinery trade total	529	828	-36.1	233	426	-45.3
– of which intersegment trade	0	1	-57.8	0	0	-27.2
Common operations and eliminations	-80	-81	-1.4	-39	-44	-11.0
Finland total	3,437	3,778	-9.0	1,734	1,959	-11.5
Other countries total*	723	1,045	-30.9	408	588	-30.5
Group total	4,160	4,824	-13.8	2,143	2,547	-15.9

** exports and net sales in countries other than Finland*

Operating profit by segment, continuing operations (€ million)	1–6/2009	1–6/2008	Change	4–6/2009	4–6/2008	Change
Food trade	76.1	112.9	-36.7	33.8	31.5	2.3
Home and speciality goods trade	-6.9	43.8	-50.7	-3.6	3.7	-7.3
Building and home improvement trade	9.6	42.0	-32.4	14.8	34.6	-19.8
Car and machinery trade	-4.1	37.1	-41.2	1.9	21.3	-19.4
Common operations and eliminations	-8.8	-0.8	-8.1	-4.3	-6.3	2.1
Total	65.9	235.0	-169.1	42.7	84.8	-42.1

Segments' operating profits excl. non-recurring items, continuing operations (€ million)	1–6/2009	1–6/2008	Change	4–6/2009	4–6/2008	Change
Food trade	63.9	56.5	7.4	30.1	31.5	-1.5
Home and speciality goods trade	-16.7	-3.3	-13.4	-6.0	3.5	-9.5
Building and home improvement trade	5.6	38.3	-32.7	14.8	31.0	-16.2
Car and machinery trade	-4.1	37.1	-41.2	1.9	21.3	-19.4
Common operations and eliminations	-9.0	-11.0	2.0	-4.4	-6.2	1.8
Total	39.8	117.7	-77.9	36.4	81.1	-44.7

Segments' operating margins excl. non-recurring items, continuing operations	1–6/2008 % of net sales	1–6/2008 % of net sales	Change pp	4–6/2009 % of net sales	4–6/2008 % of net sales	Change pp
Food trade	3.4	3.2	0.3	3.1	3.4	-0.3
Home and speciality goods trade	-2.5	-0.5	-2.0	-1.8	1.0	-2.8
Building and home improvement trade	0.5	2.4	-2.0	2.3	3.6	-1.3
Car and machinery trade	-0.8	4.5	-5.3	0.8	5.0	-4.2
Total	1.0	2.4	-1.5	1.7	3.2	-1.5

Capital employed by segment, cumulative average (€ million)	1–6/2009	1–6/2008	Change	4–6/2009	4–6/2008	Change
Food trade	635	622	13	624	620	5
Home and speciality goods trade	523	495	28	527	506	21
Building and home improvement trade	661	630	32	665	643	22
Car and machinery trade	266	272	-6	247	270	-23
Common operations and eliminations	79	110	-31	67	45	22
Group total	2,164	2,128	36	2,129	2,082	47

Return on capital employed by segment excl. non-recurring items, %	1–6/2009	1–6/2008	Change pp	4–6/2009	4–6/2008	Change pp	Rolling 12 mo 6/2009
Food trade	20.1	18.2	2.0	19.3	20.4	-1.1	20.3
Home and speciality goods trade	-6.4	-1.3	-5.1	-4.5	2.8	-7.3	3.4
Building and home improvement trade	1.7	12.2	-10.5	8.9	19.3	-10.4	3.7
Car and machinery trade	-3.0	27.3	-30.4	3.1	31.6	-28.5	-3.9
Group total	3.7	11.3	-7.6	6.8	15.6	-8.7	6.4

Investments by segment, continuing operations (€ million)	1–6/2009	1–6/2008	Change	4–6/2009	4–6/2008	Change
Food trade	40	64	-24	19	40	-20
Home and speciality goods trade	17	24	-7	7	13	-6
Building and home improvement trade	46	52	-6	27	29	-3
Car and machinery trade	4	7	-3	2	4	-2
Group total	107	143	-36	56	83	-27

Segment information by quarter

Net sales by segment, continuing operations (€ million)	**1–3 2008**	**4–6 2008**	**7–9 2008**	**10–12 2008**	**1–3 2009**	**4–6 2009**
Food trade	853	939	933	982	888	**974**
Home and speciality goods trade	364	355	396	490	346	**331**
Building and home improvement trade	695	870	795	617	529	**643**
Car and machinery trade	402	426	357	295	296	**233**
Common operations and eliminations	-37	-44	-46	-51	-41	**-39**
Group total	2,277	2,547	2,435	2,333	2,018	**2,143**

Segments' operating profits, continuing operations (€ million)	**1–3 2008**	**4–6 2008**	**7–9 2008**	**10–12 2008**	**1–3 2009**	**4–6 2009**
Food trade	81.3	31.5	45.3	27.4	42.3	**33.8**
Home and speciality goods trade	40.1	3.7	9.2	10.6	-3.3	**-3.6**
Building and home improvement trade	7.3	34.6	-16.1	-6.5	-5.2	**14.8**
Car and machinery trade	15.8	21.3	10.4	-17.0	-6.0	**1.9**
Common operations and eliminations	5.6	-6.3	-4.9	-7.6	-4.6	**-4.3**
Group total	150.1	84.8	43.8	6.9	23.2	**42.7**

Segments' operating profits excl. non-recurring items, continuing operations (€ million)	**1–3 2008**	**4–6 2008**	**7–9 2008**	**10–12 2008**	**1–3 2009**	**4–6 2009**
Food trade	25.0	31.5	34.4	31.6	33.8	**30.1**
Home and speciality goods trade	-6.8	3.5	6.8	27.7	-10.7	**-6.0**
Building and home improvement trade	7.3	31.0	25.5	-7.5	-9.1	**14.8**
Car and machinery trade	15.8	21.3	10.4	-17.1	-6.0	**1.9**
Common operations and eliminations	-4.8	-6.2	-5.1	-7.5	-4.6	**-4.4**
Group total	36.6	81.1	72.0	27.3	3.4	**36.4**

Personnel average and at 30 June

Personnel, average by segment, continuing operations	1–6/2009	1–6/2008	Change
Food trade	3,121	3,528	-407
Home and speciality goods trade	5,703	5,816	-113
Building and home improvement trade	9,073	10,404	-1,331
Car and machinery trade	1,366	1,468	-102
Common operations	415	242	173
Group total	19,678	21,458	-1,780

Personnel at 30.6* by segment, continuing operations	2009	2008	Change
Food trade	3,792	4,220	-428
Home and speciality goods trade	8,260	7,885	375
Building and home improvement trade	9,883	11,365	-1,482
Car and machinery trade	1,371	1,534	-163
Common operations	470	251	219
Group total	23,776	25,255	-1,479

** total number incl. part-time employees*

Group contingent liabilities (€ million)

Group contingent liabilities (€ million)	30.6.2009	30.6.2008	Change,%
For own commitments	215	230	-6.2
For shareholders	0	0	0.0
For others	8	9	-11.7
Lease liabilities	24	23	1.5
Contingent liabilities arising from derivative financial instruments			
Values of underlying instruments at 30.6.	30.6.2009	30.6.2008	Käypä arvo 30.6.2009
Interest rate derivatives			
Forward and future contracts	12	–	0.1
Interest rate swap contracts	204	201	1.9
Currency derivatives			
Forward and future contracts	488	348	-3.1
Option contracts	1	2	0.0
Currency swap contracts	100	100	-15.5
Commodity derivatives			
Electricity derivatives	40	63	-8.6
Grain derivatives	1	3	0.1

Calculation of financial indicators

Return on capital employed, %	=	Operating profit	(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for the reporting period	x 100
Return on capital employed, %, rolling 12 months	=	Operating profit for the prior 12 months	(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for 12 months	x 100
Return on capital employed, excluding non-recurring items, %	=	Operating profit excl. non-recurring items	(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for the reporting period	x 100
Return on capital employed, excluding non-recurring items, %, rolling 12 months	=	Operating profit excl. non-recurring items for the prior 12 months	(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for 12 months	x 100
Return on equity, %	=	Profit/loss before tax − income tax	Shareholders' equity	x 100
Return on equity, %, rolling 12 months	=	Profit/loss for the prior 12 months before tax − income tax for the prior 12 months	Shareholders' equity	x 100
Return on equity excluding non-recurring items, %	=	Profit/loss adjusted for non-recurring items before tax − income tax adjusted for the tax effect of non-recurring items	Shareholders' equity	x 100
Return on equity excluding non-recurring items, %, rolling 12 months	=	Profit/loss for the prior 12 months adjusted for non-recurring items before tax − income tax for the prior 12 months adjusted for the tax effect of non-recurring items	Shareholders' equity	x 100
Equity ratio, %	=	Shareholders' equity	Statement of financial position total − advances received	x 100
Earnings/share, diluted	=	Profit − non-controlling interests	Average number of shares adjusted for the dilutive effect of options	
Earnings/share, basic	=	Profit − non-controlling interests	Average number of shares	
Earnings/share excl. non-recurring items, basic	=	Profit adjusted for non-recurring items − non-controlling interests	Average number of shares	
Equity/share	=	Equity attributable to equity holders of the parent	Basic number of shares at reporting date	
Gearing, %	=	Interest-bearing net liabilities	Shareholders' equity	x 100

K-Group retail and B-to-B sales in euros (incl. VAT) (preliminary data):

	1.1.-30.6.2009		1.4.-30.6.2009	
	€ million	Change, %	€ million	Change, %
K-Group retail and B-to-B sales				
K-Group food trade				
K-food stores, Finland	2,406	6.2	1,263	7.4
Kespro	397	-1.4	211	-0.3
Food trade total	**2,803**	**5.0**	**1,474**	**6.2**
K-Group home and speciality goods trade				
Home and speciality goods stores, Finland	897	-4.7	443	-4.7
Home and speciality goods stores, Baltic countries	13	-46.6	6	-34.5
Home and speciality goods trade total	**910**	**-5.7**	**449**	**-5.3**
K-Group building and home improvement trade				
K-rauta and Rautia	537	-10.0	346	-9.0
Rautakesko B-to-B Service	94	-35.4	52	-35.4
K-maatalous	241	-23.1	136	-31.3
Finland total	**873**	**-17.4**	**535**	**-18.9**
Building and home improvement stores, other Nordic countries	548	-20.5	331	-20.0
Building and home improvement stores, Baltic countries	226	-35.7	127	-34.2
Building and home improvement stores, other countries	126	-11.7	68	-15.0
Building and home improvement trade total	**1,773**	**-20.9**	**1,061**	**-21.2**
K-Group car and machinery trade				
VV-Autotalot	206	-20.8	91	-32.5
VV-Auto, import	224	-39.2	78	-54.6
Konekesko, Finland	132	-39.4	71	-40.6
Finland total	**562**	**-33.6**	**239**	**-43.7**
Konekesko, Baltic countries	86	-34.5	47	-42.5
Car and machinery trade total	**648**	**-33.7**	**285**	**-43.5**
Finland total	**5,136**	**-6.9**	**2,690**	**-8.4**
Other countries total	**999**	**-25.4**	**578**	**-25.5**
Retail and B-to-B sales total	**6,135**	**-10.5**	**3,268**	**-12.0**