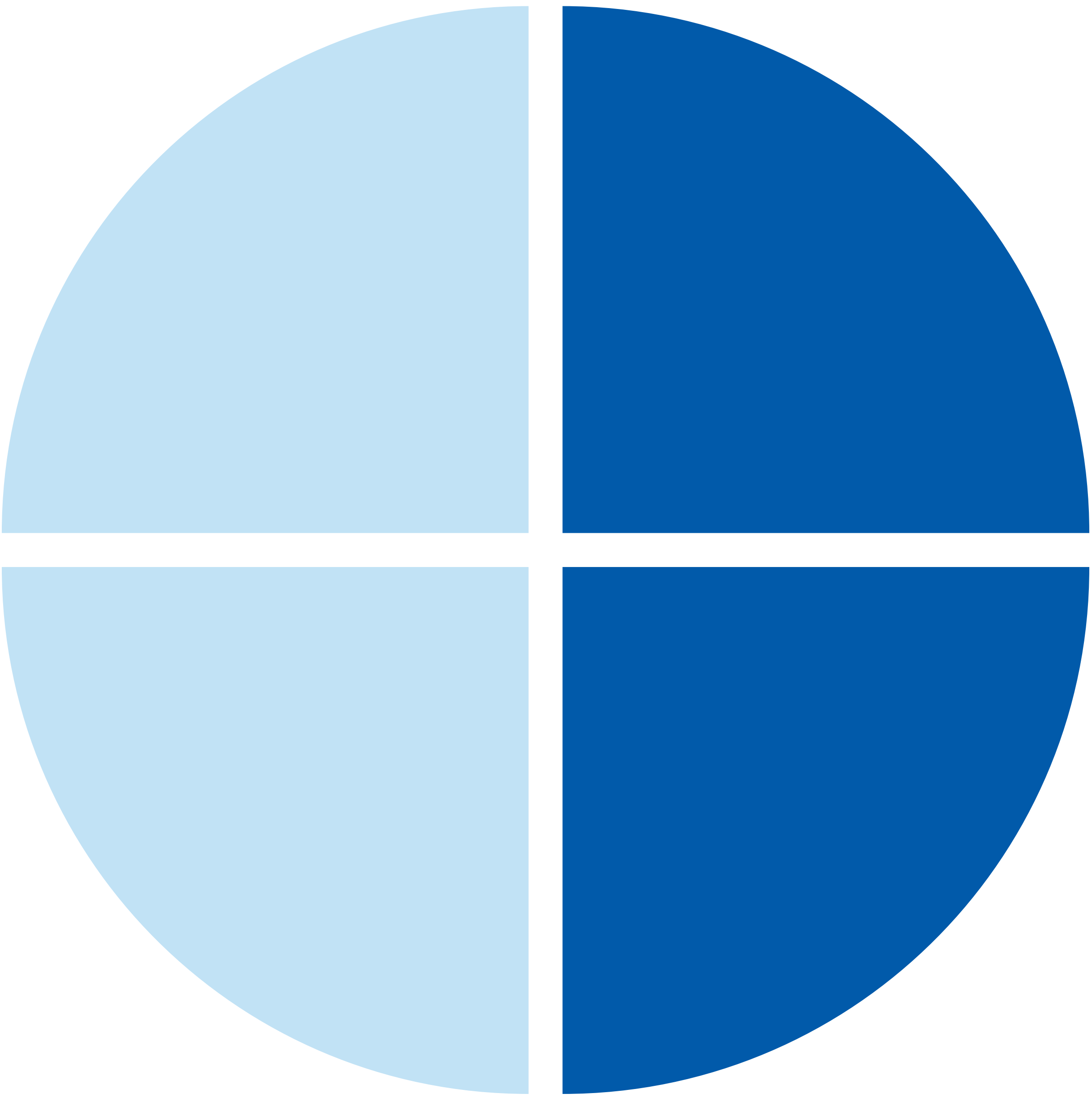
KESKO

Kesko Corporation

Interim report

Q2

January–June 2010



Kesko Corporation
Stock exchange release
23.7.2010 at 09.00

Interim report for 1 January–30 June 2010

Financial performance in brief:

- *In January–June, the Group's net sales increased by 1.8%. The growth rate strengthened to 6.4% in April–June*
- *Operating profit excluding non-recurring items was €99.0 million in January–June, which was clearly better than in the previous year (€39.8 million). In April–June, the operating profit excluding non-recurring items was €78.1 million (€36.4 million), as profitability improved in all divisions*
- *The Kesko Groups' net sales and operating profit excluding non-recurring items are expected to grow during the next twelve months*

Key performance indicators

	1–6/2010	**1–6/2009**	**4–6/2010**	**4–6/2009**
Net sales, € million	4,237	4,160	2,279	2,143
Operating profit excl. non-recurring items, € million	99.0	39.8	78.1	36.4
Profit before tax, € million	100.6	56.5	78.7	38.2
Investments, € million	87.7	107.2	45.7	55.8
Earnings/share, €, diluted	0.67	0.31	0.51	0.19
Earnings/share excl. non-recurring items, €, basic	0.66	0.11	0.51	0.15

	30.6.2010	**30.6.2009**
Equity ratio, %	51.2	51.0
Equity/share, €	20.30	19.36

FINANCIAL PERFORMANCE

Net sales and profit in January–June 2010

The Group's net sales in January–June 2010 were €4,237 million, which is 1.8% up on the corresponding period of the previous year (€4,160 million). The positive trend in net sales clearly strengthened toward the end of the reporting period. Net sales increased by 2.7% in Finland and decreased by 2.7% in other countries. International operations accounted for 16.1% (16.8%) of net sales. In the food trade, steady net sales growth continued although food prices slipped. The sales of the building and home improvement trade and the car trade clearly picked up in spring.

1–6/2010	**Net sales, M€**	**Change, %**	**Operating profit excl. non-recurring items, M€**	**Change, M€**
Food trade	1,888	+1.4	73.7	+9.9
Home and speciality goods trade	689	+1.8	7.1	+23.8
Building and home improvement trade	1,207	+2.9	4.2	−1.5
Car and machinery trade	534	+0.9	20.5	+24.6
Common operations and eliminations	−81	+1.5	−6.5	+2.4
Total	**4,237**	**+1.8**	**99.0**	**+59.2**

Kesko's positive profit performance strengthened in the second quarter of the year. Non-recurring items excluded, the operating profit was €99.0 million (€39.8 million), representing 2.3% (1.0%) of net sales. The operating profit was €100.0 million (€65.9 million). The non-recurring income in the comparative period included €27.9 million of gains on the disposals of real estate and €1.9 million of impairment charges on real estate. The Group's profit before tax for January-June was €100.6 million (€56.5 million).

Cost reductions, coupled with more efficient inventory process management significantly contributed to the Group's improved profitability performance. The operating profit excluding non-recurring items exceeded the level of the comparative period especially in the home and speciality goods trade and in the car and machinery trade. In addition, the profit of the car and machinery trade in the comparative period was negatively impacted by the €9 million amount of impairments and expense provisions recognised on the Baltic agricultural supplies business.

The Group's earnings per share were €0.67 (€0.31). The Group's equity per share was €20.30 (€19.36).

In January-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales, including VAT, were €6,179 million, up 0.8% compared to the previous year. During the same period, K-food stores' grocery sales grew by 3.3% (VAT 0%). The K-Group chains' sales entitling to K-Plussa points were €3,021 million, up 2.3% compared to the previous year. In January-June, the K-Plussa customer loyalty programme gained 44,965 new households. At the end of June, there was 2,065,384 K-Plussa households.

Net sales and profit in April-June 2010

The Group's net sales in April-June 2010 were €2,279 million, which is 6.4% up on the corresponding period of the previous year (€2,143 million). Net sales increased by 7.0% in Finland. The growth strengthened especially in the building and home improvement trade and the car and machinery trade. In other countries net sales increased by 3.6%. International operations accounted for 17.9% (18.4%) of net sales.

4–6/2010	Net sales, M€	Change, %	Operating profit excl. non-recurring items, M€	Change, M€
Food trade	976	+0.2	42.1	+12.0
Home and speciality goods trade	334	+0.9	7.0	+13.0
Building and home improvement trade	712	+10.6	17.9	+3.1
Car and machinery trade	298	+27.6	14.1	+12.2
Common operations and eliminations	-41	+4.6	-3.1	+1.3
Total	**2,279**	**+6.4**	**78.1**	**+41.7**

Kesko's positive profit performance strengthened in the second quarter of the year. Non-recurring items excluded, the operating profit was €78.1 million (€36.4 million), representing 3.4% (1.7%) of net sales. The operating profit was €79.0 million (€42.7 million). The non-recurring income in April-June in the previous year included €8.1 million of gains on the disposals of real estate and €1.9 million of impairment charges on real estate. The Group's profit before tax for April-June was €78.7 million (€38.2 million).

In addition to sales growth, profitability in the second quarter was improved by efficient inventory management and cost adjustments. The operating profit excluding non-recurring items exceeded the level of the comparative period especially in the home and speciality goods trade and in the car and machinery trade.

The Group's earnings per share were €0.51 (€0.19). The Group's equity per share was €20.30 (€19.36).

In April-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales, including VAT, were €3,416 million, up 4.7% compared to the previous year. The K-Group chains' sales entitling to K-Plussa points were €1,593 million, up 1.5% compared to the previous year.

Finance
In January–June, the cash flow from operating activities was €135.4 million (€136.3 million). The net cash from investing activities was €-85.7 million (€-19.5 million). The cash flow from investing activities included €4.6 million (€89.6 million) of proceeds from the sale of fixed assets.

In January–June, the Group's liquidity and solvency remained at an excellent level. At the end of the period, liquid assets totalled €713 million (€507 million). Interest-bearing liabilities were €490 million (€526 million) and interest-bearing net liabilities €-223 million (€18 million) at the end of June. Equity ratio was 51.2% (51.0%) at the end of the period.

In January–June, the Group's net finance income was €0.6 million (net finance costs €9.5 million). The hedging costs of the Baltic and Russian currency exposures, which had increased the net finance costs in the previous year, normalised and were €0.9 million (€10.9 million). Interest income on liquid assets continued to decrease following a decline in the market interest rate level.

In April–June, the cash flow from operating activities was €127.3 million (€143.2 million). The net cash from investing activities was €-44.3 million (€-25.2 million). The cash flow from investing activities included €3.5 million (€26.3 million) of proceeds from the sale of fixed assets.

In April–June, the Group's net finance costs were €0.2 million (net finance costs €4.4 million).

Taxes
The Group's taxes in January–June were €31.7 million (€22.3 million). The effective tax rate was 31.5% (39.5%), affected by loss-making foreign operations.

The Group's taxes in April–June were €24.8 million (€15.7 million). The effective tax rate was 31.5% (41.2%).

Investments
In January–June, the Group's investments totalled €87.7 million (€107.2 million), or 2.1% (2.6%) of net sales. Investments in store sites were €63.5 million (€88.4 million) and other investments €24.2 million (€18.8 million). Investments in foreign operations represented 29.7% (33.8%) of total investments.

In April–June, the Group's investments totalled €45.7 million (€55.8 million), or 2.0% (2.6%) of net sales. Investments in store sites were €31.0 million (€46.0 million) and other investments €14.7 million (€9.7 million). Investments in foreign operations represented 20.7% (39.2%) of total investments.

Personnel
In January–June, the average number of employees in the Kesko Group was 17,913 (19,678) converted into full-time employees. In Finland, the average decrease was 625 people, while outside Finland, it was 1,139.

At the end of June 2010, the total number of employees was 22,467 (23,776), of whom 13,099 (13,773) worked in Finland and 9,368 (10,003) outside Finland. Compared to the end of June 2009, there was a decrease of 674 people in Finland and 635 outside Finland.

During the reporting period, the Group's staff cost decreased by €12.8 million, or by 4.7%, compared to the previous year.

SEGMENTS

Seasonal nature of operations
The Group's operating 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.

Food trade

	1-6/2010	1-6/2009	4-6/2010	4-6/2009
Net sales, € million	1,888	1,861	976	974
Operating profit excl. non-recurring items, € million	73.7	63.9	42.1	30.1
Operating profit as % of net sales excl. non-recurring items	3.9	3.4	4.3	3.1
Investments, € million	37.9	40.2	21.4	19.5

Net sales, € million	1-6/2010	Change, %	4-6/2010	Change, %
Sales to K-food stores	1,451	+2.7	748	+0.8
Kespro	334	+1.1	177	+1.1
Others	103	-12.6	51	-9.6
Total	**1,888**	**+1.4**	**976**	**+0.2**

January–June 2010
In the food trade, the net sales in January–June were €1,888 million (€1,861 million), up 1.4%. During the same period, the grocery sales of K-food stores increased by 3.3% (VAT 0%). Good sales performance was achieved especially by K-citymarkets and K-supermarkets. In January–June, the growth rate of the total grocery trade market in Finland is estimated at some 1–2% (VAT 0%) compared to the previous year (Kesko's own estimate). K-food stores' market share strengthened during the first part of the year.

In January–June, the operating profit excluding non-recurring items of the food trade was €73.7 million (€63.9 million), or €9.9 million up on the previous year. The operating profit was €73.9 million (€76.1 million). The comparative year's operating profit was increased by €13.0 million of non-recurring gains on real estate disposals.

In January–June, investments in the food trade were €37.9 million (€40.2 million), of which investments in store sites were €28.2 million (€34.2 million).

April–June 2010
In the food trade, the net sales in April–June were €976 million (€974 million), up 0.2%. During the same period, the grocery sales of K-food stores increased by 2.6% (VAT 0%).

In April–June, the operating profit excluding non-recurring items of the food trade was €42.1 million (€30.1 million) In addition to retail sales growth and cost savings, the improved profit is partly attributable to the lower-than-usual campaign volume as the food manufacturing industry cancelled some of the agreed campaigns during the strikes in the spring.

In April–June, investments in the food trade were €21.4 million (€19.5 million), of which investments in store sites were €16.7 million (€16.8 million).

In April–June 2010, three new K-supermarkets and one new K-market were opened. In addition, renovations and extensions were carried out in 26 stores.

The most significant store sites being built are the new K-citymarkets in Hyvinkää, in Palokka, Jyväskylä, in the Karisma shopping centre in Karisto, Lahti, in Päivölä, Seinäjoki and in Iisalmi where also the existing K-citymarket is being converted into a K-supermarket. K-supermarket Kankaanpää is being extended into a K-citymarket. New K-supermarkets are being built in Paloheinä, Helsinki, in Jalasjärvi, Kouvola and Sodankylä. K-supermarkets in Nilsiä and Raisio are being extended, and K-market Suonenjoki and K-market Jokela in Tuusula are being extended into K-supermarkets.

Home and speciality goods trade

	1–6/2010	1–6/2009	4–6/2010	4–6/2009
Net sales, € million	689	677	334	331
Operating profit excl. non-recurring items, € million	7.1	-16.7	7.0	-6.0
Operating profit as % of net sales excl. non-recurring items	1.0	-2.5	2.1	-1.8
Investments, € million	12.8	16.9	9.3	7.1

Net sales, € million	**1–6/2010**	**Change, %**	**4–6/2010**	**Change, %**
Anttila	215	-1.0	101	-1.2
K-citymarket Home and Speciality Goods	276	+7.2	139	+3.5
Intersport	76	+2.9	33	+3.2
Indoor	71	-2.6	35	-2.2
Musta Pörssi	43	-5.8	23	-3.7
Kenkäkesko	10	-11.8	4	+17.2
Total	**689**	**+1.8**	**334**	**+0.9**

January–June 2010

In the home and speciality goods trade, the net sales in January–June were €689 million (€677 million), up 1.8%. K-citymarket's net sales performance was good especially in clothes and household goods. The net sales were also increased by the stores opened in the previous year. As the housing market picked up, the home decoration products of the Asko and Kodin Ykkönen stores sold better than in the comparative period. As for Intersport Finland, especially Budget Sport's sales were up on the previous year. Sunday opening had a clearly positive impact on the sales performance in January–April.

The operating profit of the home and speciality goods trade excluding non-recurring items in January–June was €7.1 million, a €23.8 million year-on-year increase attributable to increased sales, improved productivity and more efficient purchasing.

Investments in the home and speciality goods trade in January–June were €12.8 million (€16.9 million).

At the beginning of the year, Kodin Ykkönen in Kaisaniemi, Helsinki was closed down due to the termination of the lease. The K-citymarket in downtown Pori was converted into a K-supermarket early this year. The Anttila department store in Jyväskylä was relocated to a new site in March 2010. Indoor disposed of its operating activities in Latvia in March. A new Kodin Ykkönen was opened in Lappeenranta at the end of May.

April–June 2010

In the home and speciality goods trade, the net sales in April–June were €334 million (€331 million), up 0.9%. The best net sales performance was achieved in clothes and sports equipment.

The operating profit of the home and speciality goods trade excluding non-recurring items in April–June was €7.0 million, a €13.0 million year-on-year increase. The operating profit excluding non-recurring items was positively impacted by improved productivity, cost savings and more efficient purchasing.

Investments in the home and speciality goods trade in April–June were €9.3 million (€7.1 million).

Building and home improvement trade

	1–6/2010	1–6/2009	4–6/2010	4–6/2009
Net sales, € million	1,207	1,173	712	643
Operating profit excl. non-recurring items, € million	4.2	5.6	17.9	14.8
Operating profit as % of net sales excl. non-recurring items	0.3	0.5	2.5	2.3
Investments, € million	28.4	46.3	10.4	26.8

Net sales, € million	**1–6/2010**	**Change, %**	**4–6/2010**	**Change, %**
Rautakesko Finland	588	+5.1	338	+14.6
K-rauta AB	99	+10.7	63	+20.3
Byggmakker	262	+14.7	154	+15.6
Rautakesko Estonia	24	-24.2	14	-23.9
Rautakesko Latvia	22	-8.9	13	-1.4
Senukai	96	-28.5	59	-20.7
Rautakesko Russia	90	+10.5	55	+25.4
OMA	28	+9.6	18	+23.1
Total	**1,207**	**+2.9**	**712**	**+10.6**

January–June 2010
In the building and home improvement trade, the net sales in January–June were €1,207 million (€1,173 million), up 2.9%. The building and home improvement market increased in January–June by some 7.4% in Finland, some 1% in Norway and some 4% in Sweden. The market decreased by some 20–30% in the Baltic countries (Rautakesko's estimate).

In January–June, the net sales in Finland were €588 million, an increase of 5.1%. The building and home improvement trade contributed €430 million, and the agricultural supplies trade €158 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were up 11.1%. The net sales of the agricultural supplies trade decreased by 8.5%.

The net sales from foreign operations in the building and home improvement trade were €618 million (€613 million), an increase of 0.9%. In addition to the decline in demand in the Baltic countries, the sales performance of foreign operations was affected by the strengthening of the Swedish krona, the Norwegian krone and the Russian ruble, as well as new store openings. The net sales from foreign operations dropped by 6.0% in terms of the local currencies. In Sweden, the net sales of K-rauta AB decreased by 0.2% in terms of kronas. In Norway, Byggmakker's net sales increased by 3.3% in terms of krones. In Russia, the net sales of the building and home improvement trade decreased by 0.1% in terms of rubles, and the net sales of the Belarusian OMA were up by 15.6% in terms of rubles. Foreign operations contributed 51.2% to the net sales of the building and home improvement trade.

In January–June, the operating profit excluding non-recurring items of the building and home improvement trade was €4.2 million (€5.6 million). The profit matched the level of the previous year regardless of the contraction in the Baltic building market as well as investments in new store sites in Russia and Sweden.

In January–June, investments in the building and home improvement trade were €28.4 million (€46.3 million), of which 91.5% (78.2%) abroad.

The retail sales of the K-rauta and Rautia chains in Finland increased by 7.5% to €578 million, including VAT, in January–June. The sales of Rautakesko B2B Service increased by 13.2%. The retail sales of the K-maatalous chain were €217 million, including VAT, down 10.7%.

April–June 2010
In the building and home improvement trade, the net sales in April–June were €712 million (€643 million), up 10.6%.

In April–June, the net sales in Finland were €338 million, an increase of 14.6%. The building and home improvement trade contributed €250 million, and the agricultural supplies trade €88 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were up 17.5%. The net sales of the agricultural supplies trade increased by 6.9%.

The net sales from foreign operations in the building and home improvement trade were €374 million (€349 million), an increase of 7.3%. The net sales from foreign operations dropped by 0.7% in terms of the local currencies. In Sweden, the net sales of K-rauta AB increased by 8.0% in terms of kronas. In Norway, Byggmakker's net sales increased by 3.6% in terms of krones. In Russia, the net sales of the building and home improvement trade increased by 11.6% in terms of rubles, and the net sales of the Belarusian OMA were up by 24.7% in terms of rubles. Foreign operations contributed 52.6% to the net sales of the building and home improvement trade.

In April–June, the operating profit excluding non-recurring items of the building and home improvement trade was €17.9 million, up €3.1 million. The profit performance was especially affected by an increased demand in Finland.

In April–June, investments in the building and home improvement trade were €10.4 million (€26.8 million).

In April–June, new K-rauta stores were opened in Stockholm, Sweden and in Kaluga, Russia. OMA, a subsidiary of Rautakesko's Lithuanian subsidiary Senukai, opened a new DIY store in Minsk, Belarus.

The retail sales of the K-rauta and Rautia chains in Finland increased by 11.4% to €385 million, including VAT, in April–June. The sales of Rautakesko B2B Service increased by 18.0%. The retail sales of the K-maatalous chain were €139 million, including VAT, down 1.8%.

Car and machinery trade

	1–6/2010	1–6/2009	4–6/2010	4–6/2009
Net sales, € million	534	529	298	233
Operating profit excl. non-recurring items, € million	20.5	-4.1	14.1	1.9
Operating profit as % of net sales excl. non-recurring items	3.8	-0.8	4.7	0.8
Investments, € million	8.1	3.6	4.0	1.8

Net sales, € million	**1–6/2010**	**Change, %**	**4–6/2010**	**Change, %**
VV-Auto	367	+6.3	197	+46.0
Konekesko	168	-9.3	102	+2.6
Total	**534**	**+0.9**	**298**	**+27.6**

January–June 2010

In January–June, the net sales of the car and machinery trade were €534 million (€529 million), up 0.9%.

VV-Auto's net sales in January–June were €367 million (€345 million), an increase of 6.3%. In the first part of the year, the net sales performance was lowered by the car tax change effective 1 April 2009, causing the car tax to be excluded from the net sales. VV-Auto's comparable net sales growth was 17.0%. During the first part of the year in Finland, new registrations of passenger cars and vans increased by 19.9% and 1.7% respectively compared to the previous year. In January–June, the combined market share of passenger cars imported by VV-Auto rose to 19.9% (18.4%) and that of vans to 22.4% (17.9%).

Konekesko's net sales in January–June were €168 million (€185 million), down 9.3% compared to the previous year, as a result of the planned discontinuation of the Baltic grain and agricultural inputs trade. The net sales in Finland were €114 million, an increase of 4.3%. The net sales from Konekesko's foreign operations were €55 million, down 28.3%. In line with its strategy, Konekesko concentrates on the machinery trade also in the Baltic countries. The net sales of Konekesko's machinery trade increased by 6.4%.

In January–June, the operating profit excluding non-recurring items of the car and machinery trade was €20.5 million, which was €24.6 million higher than in the previous year. The profit performance was affected by VV-Auto's strong sales growth, cost reduction implemented in the division, as well as the €9 million impairment charges and expense provisions recognised by Konekesko on the Baltic agricultural supplies business for the first quarter of 2009.

Investments in the car and machinery trade were €8.1 million (€3.6 million) in January–June.

April–June 2010
In April–June, the net sales of the car and machinery trade were €298 million (€233 million), up 27.6%.

VV-Auto's net sales in April–June were €197 million (€135 million), an increase of 46.0%. In addition to the general market trend, the net sales were increased especially by Volkswagen's good market share performance, coupled with the execution of the exceptionally full order books seen in the first part of the year. Especially in June, sales were boosted by the VAT rate rise on 1 July 2010. At the end of June, order books were still fuller than in the previous year.

Konekesko's net sales in April–June were €102 million (€99 million), up 2.6%. The net sales from Konekesko's machinery trade increased by 20.6% owing to boat exports and a slight recovery of the machinery trade market.

In April–June, the operating profit excluding non-recurring items of the car and machinery trade was €14.1 million, which was €12.2 million higher than in the previous year. The profit performance was especially affected by a strong sales growth in the car trade coupled with cost adjustments implemented in the machinery trade.

Investments in the car and machinery trade were €4.0 million (€1.8 million) in April–June.

Changes in the Group composition
There were no significant changes in the Group composition during the reporting period.

Resolutions of the Annual General Meeting 2010 and decisions of the Board's organisational meeting
Kesko Corporation's Annual General Meeting held on 29 March 2010 adopted the financial statements for 2009 and discharged the Board of Directors' members and the Managing Director from liability. The Annual General Meeting also resolved to distribute a dividend of €0.90 per share, or a total amount of €88,547,166.90, as proposed by the Board. The dividend pay date was 12 April 2010. The Annual General Meeting also resolved to leave the number of members of the Board of Directors unchanged at seven, 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 Association providing for the convocation period so that the notice of a General Meeting shall be given not later than three weeks before the General Meeting, but in any case at least nine days before the record date of the General Meeting, referred to in Chapter 4, Article 2, Subsection 2 of the Companies Act. The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 29 March 2010.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting, decided to leave the compositions of the Board's Audit Committee and Remuneration Committee unchanged. The decisions of the Board's organisational meeting were announced in a stock exchange release on 29 March 2010.

Shares, securities market and Board authorisations
At the end of June 2010, Kesko Corporation's share capital totalled €197,282,584. Of all shares 31,737,007, or 32.2%, were A shares and 66,904,285, or 67.8%, were B shares. The aggregate number of shares was 98,641,292. Each A share entitles to ten (10) votes and each B share to one (1) vote. In January–June, the share capital was increased three times as a result of the share subscriptions with the options of the 2003 stock option scheme. The increases were made on 11 February 2010 (€128,424), 3 May 2010 (€422,754) and 3 June 2010 (€88,348) and announced in stock exchange notifications on the same days. The subscribed shares were included on the main list of Nasdaq OMX Helsinki for public trading with the old B shares on 12 February 2010, 4 May 2010 and 4 June 2010.

The price of a Kesko A share quoted on Nasdaq OMX Helsinki (the Helsinki stock exchange) was €23.60 at the end of 2009, and €26.60 at the end of June 2010, representing an increase of 12.7%. Correspondingly, the price of a B share was €23.08 at the end of 2009, and €26.63 at the end of June 2010, representing an increase of 15.4%. In January–June, the highest A share quotation was €30.20 and the lowest was €23.16. For B shares, they were €30.75 and €22.40 respectively. In January–June, the Helsinki stock exchange (OMX Helsinki) All-Share index fell by 3.2%, the weighted OMX Helsinki CAP index rose by 1.0%, while the Consumer Staples Index was up 9.0% during the same period.

At the end of June 2010, the market capitalisation of A shares was €844 million, while that of B shares was €1,782 million. Their combined market capitalisation was €2,626 million, an increase of €340 million on the end of 2009.

In January–June 2010, 752,140 A shares were traded on the Helsinki stock exchange at a total value of €20 million, while 27.9 million B shares were traded at a total value of €748 million.

The number of 2003F stock options of the 2003 scheme traded during the reporting period was 273,212 at a total value of about €3.4 million. The 2003 option scheme expired on 30 April 2010.

In addition, the company operates the 2007 stock option scheme for management and key personnel which comprises 2007A options, whose exercise period began on 1 April 2010, and 2007B and 2007C options, whose exercise periods will begin at the beginning of April in 2011 and 2012 respectively. The 2007A options were also included on the official list of the Helsinki stock exchange on 1 April 2010. The options of the 2007 option scheme have not been exercised or traded yet. Further information on the Board's authorisations is available at www.kesko.fi.

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 against payment or other consideration. The authorisation also includes a rights issue. The authorisation has not been used.

At the end of June 2010, the number of shareholders was 37,599, which was 1,289 less than at the end of 2009. At the end of June 2010, foreign ownership of all shares was 24%, and foreign ownership of B shares was 36% at the end of June 2010.

Flagging notifications

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

Main events after the reporting period

On 1 July 2010, Kesko sold ten properties to Ilmarinen Mutual Pension Insurance Company and Kruunuvuoren Satama Oy, a joint venture established by Ilmarinen, the Kesko Pension Fund and Kesko Corporation. The debt-free selling price of the properties totalled €107.5 million. The €47.4 million gain on the sale of the properties will be treated as a non-recurring item in Kesko's operating profit for the third quarter of the year, with the exception of a non-recurring €2.3 million gain on the sale, which will be recognised for the fourth quarter. In the same connection, the Kesko Pension Fund sold seven retail store properties owned by it to Kruunuvuoren Satama Oy. The Kesko Group companies leased the properties for the Kesko Group companies' use, mainly on 15-year leases with extension options. In consequence, the Kesko Group's lease liabilities rose by about €120 million. Kesko Corporation has made an equity investment of approximately €33 million in the joint venture. Its ownership interest and voting rights in Kruunuvuoren Satama Oy are 49%. The company will be included in the Kesko Group's financial reporting as an associate starting from 1 July 2010 (stock exchange releases on 1 July 2010).

Responsibility

Kesko's Corporate Responsibility Report 2009 was published in Finnish and English on 5 May. The report has been assured by an independent assurance provider. Kesko has followed the A+ application level of the GRI guidelines in the report.

In May, as in the previous year, Kesko was included as a member in the FTSE4Good Global and FTSE4Good Europe indexes focusing on responsible investment. The FTSE4Good indexes include a total of over 800 companies. The assessment for the FTSE Group in London is made by the Ethical Investment Research Service (EIRIS).

On Mother's Day, 9 May, Kesko and K-retailers donated the sculpture 'Expectation' by Pekka Jylhä, depicting an expectant mother, to the city of Helsinki.

Kesko's Board of Directors supported Finnish institutions of higher education with substantial donations. The donations were granted to Aalto University and the Universities of Helsinki, Tampere, Turku, Eastern Finland, Jyväskylä, Oulu and Vaasa, and to polytechnics to be announced later. The total donation amount was €1,115,000.

Kesko's Board of Directors granted scholarships to talented young athletes and art students. The Kesko scholarships were distributed to 24 promising young athletes and 16 art students from different parts of Finland. The total scholarship amount was €40,000 and the recipients were chosen on the recommendation of fine arts universities and sports associations.

Kesko sponsored the nationwide polytechnics' Thesis contest which selected the 2009 best theses in April. In addition to categories in separate fields of education, this year's contest also featured a theme category on corporate responsibility.

Kesko was the main partner of the ´Your Move On Tour´ series of events organised by the Young Finland Association and the Finnish Sports Federation. The tour, targeted to 13–19-year olds, ran in May–June and Kesko was present in five localities in Finland.

Risk management

The Kesko Group has established a risk management process according to which divisions regularly assess risks and their management and report on them to the Group's management. Kesko's risk management and risks involved in its operating activities are discussed in more detail in Kesko's Annual Report and the financial statements for 2009, and in the corporate governance section at Kesko's website. During the first months of the year, no material changes have taken place in the risk factors presented in the Annual Report and the financial statements.

The most significant risks for Kesko's operating activities in the near future are involved in the general economic development in Kesko's operating area and its impacts on the Kesko Group's sales and profit performance. Country-specific differences in the economic revival will affect the developments in demand especially in the building and home improvement trade and in the machinery trade. In the prevailing market situation, cost reduction, efficient management of inventories, trade receivables and investment assets, as well as risk management responses to the prevention of malpractice are emphasized.

The risks and uncertainties related to profit performance have been described in the future outlook section of this release.

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 (7/2010–6/2011) in comparison with the 12-month period preceding the reporting period (7/2009–6/2010).

The outlook for trends in consumer demand has improved somewhat, especially as a result of higher consumer confidence and continuously low interest rate levels. Nevertheless, the trend in economic development continues to involve significant uncertainties relating to the evolution of total production, tightening taxation and ramifications of possible disturbances in the financial market.

Reduced grocery prices continue to dampen market growth in terms of euros, although otherwise the trend in the grocery trade is expected to continue steadily. In the home and speciality goods trade, the market recovery is expected to continue as a result of higher consumer confidence. As house building activity increases, the building and home improvement market is expected to continue strengthening in the Nordic countries and the decline is expected to ease in the other operating countries. In the car and machinery trade, new car sales are expected to increase, and the market situation in the machinery trade is expected to recover slowly.

The Kesko Group's net sales and operating profit excluding non-recurring items are expected to grow during the next twelve months.

Helsinki, 22 July 2010
Kesko Corporation
Board of Directors

The information in this interim report is 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 report can be accessed at www.kesko.fi at 10.00. An English-language web conference on the interim 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

ATTACHMENTS

Kesko Corporation's interim report for January-September will be released on 26 October 2010. In addition, the Kesko Group's sales figures are 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

ATTACHMENTS:

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard. The interim report has been prepared in accordance with the same principles as the annual financial statements for 2009, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations.

- IFRS 3 (revised), Business combinations
- IAS 27 (revised), Consolidated and Separate Financial Statements
- IAS 39 (amendment) Financial Instruments: Recognition and Measurement – Eligible hedged items
- IFRS 5 (amendment) Non-current assets held for sale and discontinued operations
- IFRS 2 (amendment) Share-based Payment – Group cash-settled transactions
- IFRIC 9 and IAS 39 (Amendments) Reassessment of Embedded Derivatives on Reclassification
- IFRIC 17 Distributions of Non-cash Assets to Owners
- Annual amendments to the IFRSs (Annual Improvements)

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

The net sales from operations in Finland presented in the interim report are inclusive of the export sales of the Finnish companies (previously exports were included in the net sales of other countries). The comparative figures have been restated accordingly.

Consolidated income statement (€ million)

	1-6/2010	1-6/2009	Change %	4-6/2010	4-6/2009	Change %	1-12/2009
Net sales	4,237	4,160	1.8	2,279	2,143	6.4	8,447
Cost of sales	-3,648	-3,613	1.0	-1,960	-1,858	5.4	-7,298
Gross profit	589	548	7.5	319	284	12.4	1,149
Other operating income	313	326	-4.2	166	165	0.3	710
Staff cost	-260	-273	-4.7	-132	-136	-3.3	-535
Depreciation and impairment charges	-57	-58	-2.6	-29	-31	-4.8	-131
Other operating expenses	-485	-477	1.6	-245	-240	2.3	-961
Operating profit	100	66	51.7	79	43	85.0	232
Interest income	10	13	-25.1	4	5	-17.6	21
Interest expenses	-8	-11	-27.0	-4	-5	-24.8	-20
Exchange differences and other financial items	-1	-12	-90.3	-1	-4	-86.2	-17
Income from associates	0	0	(..)	0	0	42.8	0
Profit before tax	101	56	78.1	79	38	(..)	217
Income tax	-32	-22	42.0	-25	-16	57.6	-82
Profit for the period	69	34	(..)	54	22	(..)	134
Attributable to							
Owners of the parent	66	31	(..)	51	19	(..)	125
Non-controlling interests	3	4	-13.9	3	3	-5.4	9
Earnings per share (€) for profit attributable to equity holders of the parent							
Basic	0.67	0.31	(..)	0.52	0.19	(..)	1.28
Diluted	0.67	0.31	(..)	0.51	0.19	(..)	1.27

Consolidated statement of comprehensive income (€ million)

	1-6/2010	1-6/2009	Change %	4-6/2010	4-6/2009	Change %	1-12/2009
Net profit for the period	69	34	(..)	54	22	(..)	134
Other comprehensive income							
Exchange differences on translating foreign operations	7	-3	(..)	4	-1	(..)	-3
Cash flow hedge revaluation	7	-7	(..)	8	2	(..)	-4
Revaluation of available-for-sale financial assets	1	-1	(..)	1	0	(..)	-2
Tax relating to other comprehensive income	-2	2	(..)	-2	-1	(..)	2
Total other comprehensive income for the period, net of tax	13	-9	(..)	10	0	(..)	-7
Total comprehensive income for the period	81	25	(..)	64	23	(..)	127
Attributable to							
Owners of the parent	77	26	(..)	59	20	(..)	123
Non-controlling interests	5	-1	(..)	5	3	82.7	4

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.6.2010	30.6.2009	Change %	31.12.2009
ASSETS				
Non-current assets				
Intangible assets	187	177	5.6	185
Tangible assets	1,101	1,190	-7.5	1,111
Interests in associates and other financial assets	37	36	3.7	36
Loans and receivables	70	62	11.5	71
Pension assets	327	310	5.5	315
Total	1,722	1,776	-3.0	1,717
Current assets				
Inventories	677	739	-8.4	665
Trade receivables	729	717	1.6	594
Other receivables	138	122	13.1	150
Financial assets at fair value through profit or loss	267	20	(..)	213
Available-for-sale financial assets	372	402	-7.5	428
Cash and cash equivalents	74	85	-13.2	74
Total	2,256	2,085	8.2	2,124
Non-current assets held for sale	51	1	(..)	1
Total assets	4,029	3,862	4.3	3,842
EQUITY AND LIABILITIES				
Equity	2,002	1,901	5.3	2,005
Non-controlling interests	52	60	-14.1	64
Total equity	2,054	1,961	4.7	2,069
Non-current liabilities				
Pension obligations	2	2	-6.1	2
Interest-bearing liabilities	241	263	-8.5	262
Non-interest-bearing liabilities	4	9	-54.2	6
Deferred tax liabilities	134	128	5.0	128
Provisions	14	18	-26.1	14
Total	394	420	-6.1	412
Current liabilities				
Interest-bearing liabilities	249	263	-5.1	194
Trade payables	878	809	8.5	704
Other non-interest-bearing liabilities	431	387	11.2	434
Provisions	24	22	7.6	29
Total	1,582	1,481	6.8	1,361
Total equity and liabilities	4,029	3,862	4.3	3,842

(..) 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 1.1.2009	**196**	**0**	**191**	**243**	**-10**	**2**	**1,344**	**61**	**2,026**
Shares subscribed for with options	1	0	2						3
Option cost							3	0	3
Dividends							-98	0	-98
Other changes							1	0	1
Net profit for the period							31	4	34
Other comprehensive income									
Exchange differences on translating foreign operations				0	1		0	-4	-3
Cash flow hedge revaluation						-7			-7
Revaluation of available-for-sale financial assets						-1			-1
Tax relating to other comprehensive income						2			2
Total other comprehensive income				0	1	-6	0	-4	-9
Balance at 30.6.2009	**196**	**0**	**193**	**243**	**-9**	**-4**	**1,281**	**60**	**1,961**
Balance at 1.1.2010	**197**	**0**	**194**	**243**	**-7**	**-3**	**1,381**	**64**	**2,069**
Shares subscribed for with options	1		4						4
Option cost							3	0	3
Dividends							-89	-18	-106
Other changes							1	0	1
Net profit for the period							66	3	69
Other comprehensive income									
Exchange differences on translating foreign operations				0	5		0	2	7
Cash flow hedge revaluation						7			7
Revaluation of available-for-sale financial assets						1			1
Tax relating to other comprehensive income						-2			-2
Total other comprehensive income				0	5	6	-1	2	13
Balance at 30.6.2010	**197**	**0**	**198**	**243**	**-2**	**4**	**1,362**	**52**	**2,054**

Consolidated cash flow statement (€ million), condensed

	1-6/2010	1-6/2009	Change %	4-6/2010	4-6/2009	Change %	1-12/2009
Cash flow from operating activities							
Profit before tax	101	56	78.1	79	38	(..)	217
Planned depreciation	57	56	0.7	29	29	1.6	117
Finance income and costs	-1	10	(..)	0	4	-95.0	16
Other adjustments	-12	-28	-57.5	-5	-7	-24.1	-74
Working capital							
Current non-interest-bearing trade and other receivables, increase (-)/decrease (+)	-117	-67	74.9	-55	9	(..)	39
Inventories increase (-)/decrease (+)	-3	130	(..)	11	91	-88.3	207
Current non-interest-bearing liabilities, increase (+)/decrease (-)	174	14	(..)	119	4	(..)	-84
Financial items and tax	-64	-34	85.0	-50	-25	(..)	-59
Net cash from operating activities	135	136	-0.7	127	143	-11.1	379
Cash flow from investing activities							
Investments	-92	-110	-16.4	-48	-51	-5.6	-223
Sales of fixed assets	5	90	-94.8	4	26	-86.5	252
Increase of non-current receivables	0	0	(..)	0	0	(..)	0
Decrease of non-current receivables	1	1	94.0	0	-1	-94.6	2
Net cash used in investing activities	-86	-19	(..)	-44	-25	75.4	31
Cash flow from financing activities							
Increase (+)/decrease (-) in interest-bearing liabilities	45	38	16.4	36	27	34.0	-33
Increase (-)/decrease (+) in current interest-bearing receivables	10	-1	(..)	12	0	(..)	-14
Dividends paid	-105	-98	6.7	-105	-98	6.7	-98
Equity increase	4	3	36.9	3	3	15.2	5
Short-term money market investments	-118	58	(..)	62	4	(..)	-98
Other items	-7	7	(..)	-4	0	(..)	4
Net cash used in financing activities	-172	8	(..)	4	-64	(..)	-234
Change in cash and cash equivalents	-122	124	(..)	87	54	62.8	175
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	491	319	53.9	283	387	-26.9	319
Translation difference and revaluation	1	-3	(..)	0	0	(..)	-3
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Jun.	371	440	-15.9	371	440	-15.9	491

(..) Change over 100%

Group performance indicators

	1–6/2010	1–6/2009	Change, pp
Return on capital employed, %	**10.2**	6.1	**4.1**
Return on capital employed, %, moving 12 mo	**13.2**	5.4	**7.8**
Return on capital employed excl. non-recurring items, %	**10.1**	3.7	**6.4**
Return on capital employed excl. non-recurring items, %, moving 12 mo	**10.6**	6.4	**4.2**
Return on equity, %	**6.7**	3.4	**3.3**
Return on equity, %, moving 12 mo	**8.4**	2.9	**5.5**
Return on equity excl. non-recurring items, %	**6.6**	1.5	**5.1**
Return on equity excl. non-recurring items, %, moving 12 mo	**6.6**	4.5	**2.1**
Equity ratio, %	**51.2**	51.0	**0.3**
Gearing, %	**-10.9**	0.9	**-11.8**
			Change, %
Investments, € million	**87.7**	107.2	**-18.2**
Investments, % of net sales	**2.1**	2.6	**-19.7**
Earnings per share, basic, €	**0.67**	0.31	**(..)**
Earnings per share, diluted, €	**0.67**	0.31	**(..)**
Earnings per share excl. non-recurring items, basic, €	**0.66**	0.11	**(..)**
Cash flow from operating activities, € million	**135**	136	**-0.7**
Cash flow from investing activities, € million	**-86**	-19	**(..)**
Equity/share, €	**20.30**	19.36	**4.9**
Personnel, average	**17,913**	19,678	**-9.0**

(..) Change over 100%

Group performance indicators by quarter	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	1–3/ 2010	4–6/ 2010
Net sales, € million	2,018	2,143	2,133	2,153	1,958	**2,279**
Change in net sales, %	-11.4	-15.9	-12.4	-7.7	-3.0	**6.4**
Operating profit, € million	23.2	42.7	48.3	118.1	20.9	**79.0**
Operating margin, %	1.1	2.0	2.3	5.5	1.1	**3.5**
Operating profit excl. non-recurring items, € million	3.4	36.4	47.5	68.0	20.9	**78.1**
Operating margin excl. non-recurring items, %	0.2	1.7	2.2	3.2	1.1	**3.4**
Finance income/costs, € million	-5.1	-4.4	-4.7	-1.8	0.8	**-0.2**
Profit before tax, € million	18.2	38.2	43.8	116.3	21.9	**78.7**
Profit before tax, %	0.9	1.8	2.1	5.4	1.1	**3.5**
Return on capital employed, %	4.2	8.0	9.4	22.9	4.4	**16.0**
Return on capital employed excl. non-recurring items, %	0.6	6.8	9.2	13.2	4.3	**15.8**
Return on equity, %	2.4	4.6	5.2	14.7	2.9	**10.6**
Return on equity excl. non-recurring items, %	-0.6	3.7	5.0	7.7	2.9	**10.5**
Equity ratio, %	49.8	51.0	52.3	54.1	51.1	**51.2**
Investments, € million	51.5	55.8	49.2	41.5	42.0	**45.7**
Earnings per share, diluted, €	0.12	0.19	0.24	0.73	0.15	**0.51**
Equity per share, €	19.16	19.36	19.60	20.39	19.69	**20.30**

Segment information

Net sales by segment, (€ million)	1-6/2010	1-6/2009	Change, %	4-6/2010	4-6/2009	Change, %
Food trade, Finland	1,888	1,861	1.4	976	974	0.2
Food trade, other countries*	-	-	-	-	-	-
Food trade total	1,888	1,861	1.4	976	974	0.2
- of which intersegment trade	82	79	4.1	40	37	7.3
Home and speciality goods trade, Finland	682	667	2.3	331	327	1.4
Home and speciality goods trade, other countries*	8	11	-30.0	3	5	-31.4
Home and speciality goods trade total	689	677	1.8	334	331	0.9
- of which intersegment trade	11	10	11.9	7	6	6.8
Building and home improvement trade, Finland	588	560	5.1	338	295	14.6
Building and home improvement trade, other countries*	618	613	0.9	374	349	7.3
Building and home improvement trade total	1,207	1,173	2.9	712	643	10.6
- of which intersegment trade	0	1	-67.1	0	1	-54.0
Car and machinery trade, Finland	479	453	5.7	266	192	38.8
Car and machinery trade, other countries*	55	76	-28.1	31	41	-24.1
Car and machinery trade total	534	529	0.9	298	233	27.6
- of which intersegment trade	0	0	(..)	0	0	(..)
Common operations and eliminations	-81	-80	1.5	-41	-39	4.6
Finland total	3,556	3,461	2.7	1,870	1,748	7.0
Other countries total*	680	699	-2.7	409	395	3.6
Group total	4,237	4,160	1.8	2,279	2,143	6.4

** Net sales in countries other than Finland.*

Operating profit by segment (€ million)	1-6/2010	1-6/2009	Change	4-6/2010	4-6/2009	Change
Food trade	73.9	76.1	-2.2	42.2	33.8	8.4
Home and speciality goods trade	7.1	-6.9	14.0	7.0	-3.6	10.6
Building and home improvement trade	4.2	9.6	-5.4	17.9	14.8	3.2
Car and machinery trade	21.4	-4.1	25.5	15.0	1.9	13.1
Common operations and eliminations	-6.6	-8.8	2.3	-3.2	-4.3	1.1
Total	100.0	65.9	34.1	79.0	42.7	36.3

Operating profit excl. non-recurring items by segment (€ million)	1-6/2010	1-6/2009	Change	4-6/2010	4-6/2009	Change
Food trade	73.7	63.9	9.9	42.1	30.1	12.0
Home and speciality goods trade	7.1	-16.7	23.8	7.0	-6.0	13.0
Building and home improvement trade	4.2	5.6	-1.5	17.9	14.8	3.1
Car and machinery trade	20.5	-4.1	24.6	14.1	1.9	12.2
Common operations and eliminations	-6.5	-9.0	2.4	-3.1	-4.4	1.3
Group total	99.0	39.8	59.2	78.1	36.4	41.7

Segments' operating margins excl. non-recurring items	1-6/2010 % of net sales	1-6/2009 % of net sales	Change, pp	4-6/2010 % of net sales	4-6/2009 % of net sales	Change, pp
Food trade	3.9	3.4	0.5	4.3	3.1	1.2
Home and speciality goods trade	1.0	-2.5	3.5	2.1	-1.8	3.9
Building and home improvement trade	0.3	0.5	-0.1	2.5	2.3	0.2
Car and machinery trade	3.8	-0.8	4.6	4.7	0.8	3.9
Group total	2.3	1.0	1.4	3.4	1.7	1.7

Capital employed by segment, cumulative average (€ million)	1-6/2010	1-6/2009	Change	4-6/2010	4-6/2009	Change
Food trade	625	635	-10	635	624	11
Home and speciality goods trade	439	523	-84	447	527	-80
Building and home improvement trade	648	661	-13	660	665	-5
Car and machinery trade	187	266	-79	177	247	-70
Common operations and eliminations	59	79	-20	56	67	-10
Group total	1,958	2,164	-206	1,975	2,129	-154

Return on capital employed excl. non-recurring items by segment, %	1-6/2010	1-6/2009	Change, pp	4-6/2010	4-6/2009	Change, pp	Moving 12 mo 6/2010
Food trade	23.6	20.1	3.5	26.5	19.3	7.2	22.6
Home and speciality goods trade	3.2	-6.4	9.6	6.3	-4.5	10.8	11.3
Building and home improvement trade	1.3	1.7	-0.4	10.9	8.9	2.0	1.6
Car and machinery trade	22.0	-3.0	25.0	32.0	3.1	28.9	12.3
Group total	10.1	3.7	6.4	15.8	6.8	9.0	10.6

Investments by segment (€ million)	1-6/2010	1-6/2009	Change	4-6/2010	4-6/2009	Change
Food trade	38	40	-2	21	19	2
Home and speciality goods trade	13	17	-4	9	7	2
Building and home improvement trade	28	46	-18	10	27	-16
Car and machinery trade	8	4	5	4	2	2
Group total	88	107	-20	46	56	-10

Segment information by quarter

Net sales by segment (€ million)	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	1–3/ 2010	4–6/ 2010
Food trade	888	974	966	970	912	**976**
Home and speciality goods trade	346	331	381	500	355	**334**
Building and home improvement trade	529	643	614	525	495	**712**
Car and machinery trade	296	233	213	205	236	**298**
Common operations and eliminations	-41	-39	-41	-47	-40	**-41**
Group total	2,018	2,143	2,133	2,153	1,958	**2,279**

Operating profit by segment (€ million)	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	1–3/ 2010	4–6/ 2010
Food trade	42.3	33.8	35.8	58.7	31.7	**42.2**
Home and speciality goods trade	-3.3	-3.6	7.0	66.5	0.1	**7.0**
Building and home improvement trade	-5.2	14.8	8.5	1.6	-13.8	**17.9**
Car and machinery trade	-6.0	1.9	1.7	-2.7	6.4	**15.0**
Common operations and eliminations	-4.6	-4.3	-4.5	-5.9	-3.4	**-3.2**
Group total	23.2	42.7	48.3	118.1	20.9	**79.0**

Operating profit excl. non-recurring items by segment (€ million)	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	1–3/ 2010	4–6/ 2010
Food trade	33.8	30.1	35.5	33.7	31.7	**42.1**
Home and speciality goods trade	-10.7	-6.0	6.5	39.7	0.1	**7.0**
Building and home improvement trade	-9.1	14.8	8.4	-2.1	-13.8	**17.9**
Car and machinery trade	-6.0	1.9	1.7	2.7	6.4	**14.1**
Common operations and eliminations	-4.6	-4.4	-4.5	-6.0	-3.4	**-3.1**
Group total	3.4	36.4	47.5	68.0	20.9	**78.1**

Operating margin excl. non-recurring items by segment, %	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	1–3/ 2010	4–6/ 2010
Food trade	3.8	3.1	3.7	3.5	3.5	**4.3**
Home and speciality goods trade	-3.1	-1.8	1.7	7.9	0.0	**2.1**
Building and home improvement trade	-1.7	2.3	1.4	-0.4	-2.8	**2.5**
Car and machinery trade	-2.0	0.8	0.8	1.3	2.7	**4.7**
Group total	0.2	1.7	2.2	3.2	1.1	**3.4**

Personnel average and at 30.6.

Personnel, average by segment	1-6/2010	1-6/2009	Change
Food trade	2,894	3,121	-227
Home and speciality goods trade	5,366	5,703	-337
Building and home improvement trade	8,145	9,073	-928
Car and machinery trade	1,117	1,366	-249
Common operations	391	415	-24
Group total	17,913	19,678	-1,765

Personnel at 30.6.* by segment	2010	2009	Change
Food trade	3,485	3,792	-307
Home and speciality goods trade	7,865	8,260	-395
Building and home improvement trade	9,451	9,883	-432
Car and machinery trade	1,208	1,371	-163
Common operations	458	470	-12
Group total	22,467	23,776	-1,309

** total number incl. part-time employees*

Group contingent liabilities (€ million)

	30.6.2010	30.6.2009	Change, %
For own commitments	266	215	23.4
For shareholders	0	0	-0.7
For others	6	8	-24.9
Lease liabilities for machinery and fixtures	21	24	-11.7
Lease liabilities for real estate	2,294	2,114	8.5

Contingent liabilities arising from derivative financial instruments

Values of underlying instruments at 30.6.	30.6.2010	30.6.2009	Fair value 30.6.2010
Interest rate derivatives			
Forward and future contracts	2	12	2.00
Interest rate swap contracts	206	204	3.82
Currency derivatives			
Forward and future contracts	480	488	-9.53
Option agreements	-	1	-
Foreign exchange contracts	100	100	-2.63
Commodity derivatives			
Electricity derivatives	48	40	-0.36
Grain derivatives	-	1	-

Calculation of performance indicators

Indicator		Numerator	Denominator	
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, %, moving 12 months	=	Operating profit for 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, excl. 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 excl. non-recurring items, %, moving 12 months	=	Operating profit excl. non-recurring items for 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, %, moving 12 months	=	(Profit/loss for prior 12 months before tax - income tax for prior 12 months)	Shareholders' equity	x 100
Return on equity excl. 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 excl. non-recurring items, %, moving 12 months	=	(Profit/loss for prior 12 months adjusted for non-recurring items before tax - income tax for prior 12 months adjusted for the tax effect of non-recurring items)	Shareholders' equity	x 100
Equity ratio, %	=	Shareholders' equity	(Balance sheet total - prepayments 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 balance sheet date	
Gearing, %	=	Interest-bearing net liabilities	Shareholders' equity	x 100

** Capital return ratios have been annualised.*

K-Group's retail and B2B sales in euros, incl. VAT (preliminary data):

	1.1.–30.6.2010		1.4.–30.6.2010	
K-Group retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group food trade				
K-food stores, Finland	2,389	-0.6	1,248	-1.1
Kespro	381	-4.1	202	-4.2
Food trade total	**2,770**	**-1.1**	**1,450**	**-1.5**
K-Group home and speciality goods trade				
Home and speciality goods stores, Finland	921	2.7	445	0.5
Home and speciality goods stores, Baltic countries	9	-29.1	4	-30.6
Home and speciality goods trade total	**930**	**2.2**	**449**	**0.1**
K-Group building and home improvement trade				
K-rauta and Rautia	578	7.5	385	11.4
Rautakesko B2B Service	107	13.2	62	18.0
K-maatalous	217	-10.7	139	-1.8
Finland total	**902**	**3.1**	**586**	**8.6**
Building and home improvement stores, other Nordic countries	608	12.7	372	16.4
Building and home improvement stores, Baltic countries	170	-24.6	104	-18.1
Building and home improvement stores, other countries	140	10.5	86	25.4
Building and home improvement trade total	**1,820**	**3.0**	**1,148**	**8.8**
K-Group car and machinery trade				
VV-Autotalot	210	2.1	118	30.6
VV-Auto, import	249	11.2	129	66.3
Konekesko, Finland	136	2.9	85	20.1
Finland total	**596**	**5.9**	**332**	**39.1**
Konekesko, Baltic countries	63	-26.8	37	-21.2
Car and machinery trade total	**659**	**1.6**	**369**	**29.3**
Finland total	**5,189**	**1.0**	**2,814**	**4.4**
Other countries total	**990**	**-0.1**	**602**	**6.2**
Retail and B2B sales total	**6,179**	**0.8**	**3,416**	**4.7**