

KESKO



Q2

2012

Kesko Corporation

INTERIM REPORT

JANUARY–JUNE

KESKO CORPORATION
 Stock exchange release
 25.7.2012 at 09.00

KESKO'S INTERIM REPORT

1 JAN.–30 JUN. 2012

FINANCIAL PERFORMANCE IN BRIEF:

- The Group's net sales for January-June increased by 4.4%.
- The K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) increased by 4.9% in January-June.
- The operating profit excluding non-recurring items was €84.3 million (€118.3 million).
- The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the costs involved in the expansion of the store site network and Russian business operations, as well as a sales decrease in the car trade, we are prepared for the operating profit excluding non-recurring items for the next twelve months to be lower than the operating profit excluding non-recurring items for the preceding twelve months. Capital expenditure is expected to be lower than the capital expenditure for the preceding twelve months.

KEY PERFORMANCE INDICATORS

	1-6/2012	1-6/2011	4-6/2012	4-6/2011
Net sales, € million	4,778	4,575	2,460	2,472
Operating profit excl. non-recurring items, € million	84.3	118.3	60.7	83.3
Operating profit, € million	85.3	119.6	59.0	83.9
Profit before tax, € million	84.8	120.1	58.5	84.0
Capital expenditure, € million	171.9	194.6	67.8	130.5
Earnings per share, diluted, €	0.55	0.79	0.38	0.55
Earnings per share excl. non-recurring items, basic, €	0.54	0.79	0.39	0.55

	30.6.2012	30.6.2011
Equity ratio, %	51.1	52.1
Equity per share, €	21.59	21.21

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-JUNE 2012

The Group's net sales in January-June 2012 were €4,778 million, which is 4.4% up on the corresponding period of the previous year (€4,575

million). In Finland, net sales increased by 3.3% and in other countries by 10.3%. International operations accounted for 17.6% (16.7%) of the net sales. Net sales grew in all divisions.

1-6/2012	Net sales, M€	Change, %	Operating profit excl. non-recurring items, M€	Change, M€
Food trade	2,101	+3.8	73.8	-13.4
Home and speciality goods trade	721	+5.0	-13.5	-8.5
Building and home improvement trade	1,411	+6.3	6.4	-3.4
Car and machinery trade	627	+1.0	25.9	-5.9
Common operations and eliminations	-83	-2.9	-8.3	-2.8
Total	4,778	+4.4	84.3	-34.0

The operating profit excluding non-recurring items in January-June was €84.3 million (€118.3 million). It was 1.8% of net sales (2.6%). The profit performance was influenced by the opening of new stores, higher rental expenses, the expansion of Russian business operations and the slowing down of sales growth towards the end of the reporting period.

The operating profit was €85.3 million (€119.6 million). The operating profit includes a net amount of €1.1 million (€1.4 million) of non-recurring gains on disposals of properties and write-downs. The Group's profit before tax for January-June was €84.8 million (€120.1 million).

The Group's earnings per share were €0.55 (€0.79). The Group's equity per share was €21.59 (€21.21).

In January-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €5,883 million, up 4.9% compared to the previous year. In January-June, the K-Group chains' sales enti-

ting to K-Plussa points were €2,844 million excluding tax, up 4.7% compared to the previous year. The K-Plussa customer loyalty programme gained 41,925 new households in January-June. At the end of June, the number of K-Plussa households was 2,181,609 and the number of K-Plussa card holders was 3.8 million.

NET SALES AND PROFIT FOR APRIL-JUNE 2012

The Group's net sales in April-June 2012 were €2,460 million, which is 0.5% down on the corresponding period of the previous year (€2,472 million). In Finland, net sales decreased by 2.0% and in other countries it increased by 6.1%. International operations accounted for 19.6% (18.4%) of the net sales. In the second quarter, there was a significant negative impact on the growth of net sales from the decrease in car trade net sales, -27.8%, which was attributable to the car tax change.

4-6/2012	Net sales, M€	Change, %	Operating profit excl. non-recurring items, M€	Change, M€
Food trade	1,091	+1.4	38.9	-7.0
Home and speciality goods trade	352	+3.9	-0.6	-3.1
Building and home improvement trade	782	+3.3	15.3	-3.5
Car and machinery trade	274	-19.8	10.3	-9.3
Common operations and eliminations	-41	-6.6	-3.2	0.1
Total	2,460	-0.5	60.7	-22.7

The operating profit excluding non-recurring items in April-June was €60.7 million (€83.3 million). It was 2.5% of net sales (3.4%). The operating profit excluding non-recurring items was negatively impacted by the steep decrease in car sales due to the car tax change, the slowing down of sales growth in other divisions, and the expansion of the store site network and the expansion of Russian business operations.

The operating profit was €59.0 million (€83.9 million). The operating profit includes €-1.7 million (€0.6 million) of non-recurring items. The Group's profit before tax for April-June was €58.5 million (€84.0 million).

The Group's earnings per share were €0.38 (€0.55).

In April-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €3,104 million, up 0.4% compared to the previous year. In April-June, the K-Group chains' sales entitling to K-Plussa points were €1,490 million excluding tax, up 2.9% compared to the previous year.

FINANCE

In January-June, the cash flow from operating activities was €57.2 million (€43.3 million). The cash flow from investing activities was €-171.2 million (€-194.2 million), including €21.1 million (€3.8 million) of proceeds from the sale of fixed assets.

The Group's solvency remained at an excellent level despite the ongoing capital expenditure programme. At the end of the period, liquid assets totalled €253 million (€545 million). Interest-bearing liabilities were €563 million (€475 million) and interest-bearing net debt €310 million (€-70 million) at the end of June. Equity ratio was 51.1% (52.1%) at the end of the period.

In January-June, the Group's net finance costs were €0.4 million (€0.3 million).

In April-June, the cash flow from operating activities was €62.4 million (€68.6 million). The cash flow from investing activities was €-79.3 million (€-126.5 million), including €1.5 million (€2.1 million) of proceeds from the sale of fixed assets.

In April-June, the Group's net finance costs were €0.3 million (net financial income €0.3 million).

TAXES

The Group's taxes in January-June were €25.9 million (€37.2 million). The effective tax rate was 30.5% (31.0%), affected by loss-making foreign operations.

The Group's taxes in April-June were €18.3 million (€26.0 million). The effective tax rate was 31.2% (31.0%).

CAPITAL EXPENDITURE

In January-June, the Group's capital expenditure totalled €171.9 million (€194.6 million), or 3.6% (4.3%) of the net sales. Capital expenditure in store sites was €148.1 million (€171.4 million) and other capital expenditure was €23.8 million (€23.2 million). Capital expenditure in foreign operations represented 13.8% (36.8%) of total capital expenditure.

In April-June, the Group's capital expenditure totalled €67.8 million (€130.5 million), or 2.8% (5.3%) of the net sales. Capital expenditure in store sites was €57.3 million (€118.7 million) and other capital expenditure was €10.5 million (€11.8 million). Capital expenditure in foreign operations represented 22.2% (45.3%) of total capital expenditure.

MAIN FOCUS AREAS IN KESKO'S OPERATIONS

The main focus areas in Kesko's operations are: strengthening the growth of sales, improving the profitability of the building and home improvement trade, utilisation of business opportunities in St. Petersburg and Moscow in Russia, and a strong financial result, financial position and good dividend payment capacity.

In order to ensure Kesko's earnings and return on capital, divisions take significant measures to enhance sales and purchasing operations and to adjust costs, working capital and capital expenditure. Capital expenditure will be aligned with funds generated from operations to €200–300 million per year also due to uncertainty of the general economic outlook.

FOOD TRADE

	1–6/2012	1–6/2011	4–6/2012	4–6/2011
Net sales, € million	2,101	2,025	1,091	1,077
Operating profit excl. non-recurring items, € million	73.8	87.2	38.9	45.8
Operating profit as % of net sales excl. non-recurring items	3.5	4.3	3.6	4.3
Capital expenditure, € million	95.7	94.4	35.6	63.5

Net sales, € million	1–6/2012	Change, %	4–6/2012	Change, %
Sales to K-food stores	1,625	+3.4	845	+0.8
Kespro	380	+6.2	199	+2.8
Others	97	+1.4	47	+5.9
Total	2,101	+3.8	1,091	+1.4

January–June 2012

In the food trade, the net sales for January-June were €2,101 million (€2,025 million), up 3.8%. The sales of Pirkka products to K-food stores grew by 14.5% (VAT 0%). During the same period, the grocery sales of K-food stores increased by 4.9% (VAT 0%). In the grocery market, retail prices are estimated to have changed by some 4–4.5% compared to the previous year (VAT 0%; Kesko's own estimate based on the Consumer Price Index of Statistics Finland) and the total grocery trade market (VAT 0%) is estimated to have grown by some 5.5% in January-June compared to the previous year (Kesko's own estimate).

Due to the availability of store sites in Russia suitable for Kesko's operations and the adjustment of capital expenditure, it is expected that it will take two years longer than previously announced to meet the growth targets of Kesko's Russian operations. The net sales target for the building and home improvement trade for the year 2017 is €800 million, and the net sales target for the food trade for the year 2017 is €500 million. Previously, these targets were estimated to be reached in 2015. Russian operations in food trade will start in St. Petersburg, and during the years 2012 and 2013 the target is to open a total of three food stores in St. Petersburg.

PERSONNEL

In January-June, the average number of employees in the Kesko Group was 19,574 (18,644) converted into full-time employees. In Finland, the average increase was 208 people, while outside Finland, it was 722.

At the end of June 2012, the total number of employees was 24,461 (23,084), of whom 13,762 (13,191) worked in Finland and 10,699 (9,893) outside Finland. Compared to the end of June 2011, there was an increase of 571 people in Finland and 806 people outside Finland.

In January-June, the Group's staff cost was €307.9 million, an increase of 8.7% compared to the previous year. In April-June, the Group's staff cost increased 7.8% compared to the previous year and was €156.8 million.

SEGMENT INFORMATION

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.

In January-June, the operating profit excluding non-recurring items of the food trade was €73.8 million (€87.2 million), or €13.4 million down on the previous year. The operating profit development was impacted by the expansion of the store site network and costs related to launching business operations in Russia. The operating profit was €76.5 million (€88.0 million). Non-recurring income included €2.7 million of gains on disposals of properties.

Capital expenditure of the food trade was €95.7 million (€94.4 million).

April–June 2012

In the food trade, the net sales for April–June were €1,091 million (€1,077 million), up 1.4%. The second quarter had one delivery day less than the previous year. During the same period, the grocery sales of K-food stores increased by 3.2% (VAT 0%).

In April–June, the operating profit excluding non-recurring items of the food trade was €38.9 million (€45.8 million), or €7.0 million down on the previous year. The development of operating profit was impacted by the expansion of the store site network and costs related to launching business operations in Russia. The operating profit was €38.9 million (€45.9 million).

Capital expenditure of the food trade in April–June was €35.6 million (€63.5 million).

In April–July 2012, two new K-citymarkets, three new K-supermarkets and one K-market were opened. A total of 16 stores were renovated and extended.

The most significant store sites being built are K-citymarkets in Kokkola, Kouvola and Valkeakoski. K-supermarkets in Mäntsälä and Loimaa are being extended into K-citymarkets and K-citymarket Imatra is being extended. New K-supermarkets are being built in Lähdekeskus, Espoo; in Kaisaniemi, Helsinki; in Joutsa, Jyväskylä, Kouvola, Lohja, Muurame and Nurmijärvi; and in Hämeenkylä and Nikinmäki, Vantaa. The first Kesko food store in Russia is being built in St. Petersburg.

HOME AND SPECIALITY GOODS TRADE

	1–6/2012	1–6/2011	4–6/2012	4–6/2011
Net sales, € million	721	687	352	339
Operating profit excl. non-recurring items, € million	-13.5	-5.0	-0.6	2.4
Operating profit as % of net sales excl. non-recurring items	-1.9	-0.7	-0.2	0.7
Capital expenditure, € million	29.3	18.1	10.8	10.0

Net sales, € million	1–6/2012	Change, %	4–6/2012	Change, %
K-citymarket home and speciality goods	297	+5.1	150	+2.0
Anttila	206	+0.1	99	+2.1
Intersport Finland	80	+7.5	36	+7.7
Intersport Russia	14		6	
Indoor	89	+6.9	45	+7.3
Musta Pörssi	27	-15.3	15	-10.7
Kenkäkesko	11	+5.2	4	-13.8
Total	721	+5.0	352	+3.9

January–June 2012

In the home and speciality goods trade, the net sales for January–June were €721 million (€687 million), up 5.0%. The sales of K-citymarket's home and speciality goods, Intersport, Asko and Sotka grew significantly from the previous year.

New Asko stores were opened in Ylivieska and in Pärnu, Estonia, and new Konebox stores in Raisio and Lielähti. In Finland, Intersport opened new stores in Ideapark, Lempäälä, and in Hyvinkää. In Russia, Intersport opened a new store in Otrada, Moscow, and one store was closed in St. Petersburg. The reform of the Kookenkä chain was completed at the end of March. As a result of network restructuring, there were 29 (35) Musta Pörssi stores at the end of June.

The operating profit excluding non-recurring items of the home and speciality goods trade in January–June was €-13.5 million (€-5.0 million). Profitability was weakened by the integration and development measures of K-citymarket and Anttila, the expansion of the store site network and the loss from Russian Intersport operations. Operating profit was €-13.5 million (€-4.6 million).

In April 2012, Kesko acquired the minority holding of 20% of Intersport Russia from its previous owner Melovest Ltd. Due to the transaction, Kesko's ownership in Intersport Russia went up to 100%. In June, the plan was announced to renovate the Musta Pörssi concept and business model and to integrate Konebox in Musta Pörssi.

Capital expenditure of the home and speciality goods trade in January–June was €29.3 million (€18.1 million).

April–June 2012

In the home and speciality goods trade, the net sales for April–June were €352 million (€339 million), up 3.9%. K-citymarket's home and speciality goods, Anttila, Asko and Sotka as well as Intersport Finland increased their sales.

The operating profit excluding non-recurring items of the home and speciality goods trade in April–June was €-0.6 million (€2.4 million), or €3.1 million down on the previous year. The most important factor affecting the development in profitability was the expansion of the K-citymarket store site network. The operating profit was €-0.6 million (€2.8 million).

Capital expenditure of the home and speciality goods trade was €10.8 million (€10.0 million).

BUILDING AND HOME IMPROVEMENT TRADE

	1–6/2012	1–6/2011	4–6/2012	4–6/2011
Net sales, € million	1,411	1,327	782	757
Operating profit excl. non-recurring items, € million	6.4	9.8	15.3	18.8
Operating profit as % of net sales excl. non-recurring items	0.5	0.7	2.0	2.5
Capital expenditure, € million	26.0	66.1	14.2	47.4

Net sales, € million	1–6/2012	Change, %	4–6/2012	Change, %
Rautakesko Finland	648	+3.7	348	+0.9
K-rauta Sweden	107	-0.8	63	-2.4
Byggnakker Norway	322	+12.4	176	+7.8
Rautakesko Estonia	29	+9.8	17	+4.1
Rautakesko Latvia	23	+0.7	13	-6.9
Senukai Lithuania	117	+8.6	67	+5.4
Stroymaster Russia	128	+20.4	75	+18.9
OMA Belarus	38	-17.7	23	-17.6
Total	1,411	+6.3	782	+3.3

January–June 2012

In the building and home improvement trade, the net sales for January–June were €1,411 million (€1,327 million), up 6.3%. Towards the end of the reporting period, the development of sales weakened in Finland, Sweden and the Baltic countries. Growth remained strong in Russia and Norway. In Sweden, sales decreased in the weakening market conditions.

In Finland, the net sales for January–June were €648 million (€625 million), an increase of 3.7%. The building and home improvement product lines contributed €460 million to the net sales in Finland, an increase of 0.6%. The agricultural supplies trade contributed €188 million to the net sales, up 12.1%.

The retail sales of the K-rauta and Rautia chains in Finland grew by 3.2% to €511 million (VAT 0%). The sales of Rautakesko B2B Service increased by 2.1%. As a whole, Rautakesko chains' retail and B2B sales are estimated to have exceeded the growth rate of the market in Finland. The retail sales of the K-maatalous chain were €221 million (VAT 0%), up 10.5%.

In January–June, the net sales from foreign operations in the building and home improvement trade were €763 million (€702 million), an increase of 8.6%. In Russia, net sales increased by 19.2% in terms of roubles. In Norway, net sales increased by 8.8% in terms of kroner. In Sweden, net sales were down by 1.4% in terms of kronas. Foreign operations contributed 54.1% (52.9%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade in January–June was €6.4 million (€9.8 million). The profit performance was impacted by new store openings in Russia and Sweden and significant introduction and development costs of the international enterprise resource planning system. In addition, the profitability was negatively impacted by obsolete inventories and trade receivables written off at €8 million. The operating profit was €4.7 million (€9.8 million).

In January–June, capital expenditure of the building and home improvement trade totalled €26.0 million (€66.1 million), of which 54.9% (85.4%) abroad.

During the reporting period, a new Rautia-K-maatalous store was opened in Turku and Rautia stores in Muhos and Sastamala were renovated. In April, a K-rauta was opened in Ylivieska, and a significant extension of a K-rauta in Mikkeli was completed. There are

replacement K-rauta stores being built in Kouvola and Turku. In Sweden, a K-rauta was opened in Uppsala and a K-rauta replacing the former store in Linköping. In Russia, a new K-rauta was opened in Moscow, where two sites have been acquired for new K-rauta stores.

April–June 2012

In the building and home improvement trade, the net sales for April–June were €782 million (€757 million), up 3.3%. The growth of building and home improvement product sales slowed down in all Rautakesko's operating countries.

In Finland, the net sales were €348 million (€345 million), an increase of 0.9%. The building and home improvement product lines contributed €248 million to the net sales in Finland, a decrease of 3.5%. The agricultural supplies trade contributed €100 million to the net sales, up 13.4%.

The retail sales of the K-rauta and Rautia chains in Finland in April–June grew by 1.1% to €324 million (VAT 0%). The sales of B2B Service decreased by 7.0%. The retail sales of the K-maatalous chain were €132 million (VAT 0%), up 9.5%.

The net sales from foreign operations in the building and home improvement trade were €434 million (€413 million), an increase of 5.3%. The net sales from foreign operations grew by 8.5% in terms of local currencies. In Sweden, net sales were down by 3.4% in terms of kronas. In Norway, net sales increased by 4.2% in terms of kroner. In Russia, net sales increased by 17.7% in terms of roubles and in Belarus, net sales increased by 59.3% in terms of roubles, due to strong inflation. Foreign operations contributed 55.6% (54.5%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade in April–June was €15.3 million (€18.8 million). The weakening of the operating profit excluding non-recurring items from the comparative period was impacted by the renewal and expansion of the store site network and introduction and development costs of the international enterprise resource planning system. In addition, the profitability was negatively impacted by obsolete inventories and trade receivables written off at €4 million. The operating profit was €13.6 million (€18.8 million).

Capital expenditure of the building and home improvement trade totalled €14.2 million (€47.4 million), of which 45.6% (92.5%) abroad.

CAR AND MACHINERY TRADE

	1–6/2012	1–6/2011	4–6/2012	4–6/2011
Net sales, € million	627	621	274	342
Operating profit excl. non-recurring items, € million	25.9	31.8	10.3	19.6
Operating profit as % of net sales excl. non-recurring items	4.1	5.1	3.8	5.7
Capital expenditure, € million	18.7	13.9	5.9	7.9

Net sales, € million	1–6/2012	Change, %	4–6/2012	Change, %
VV-Auto	454	+1.6	165	-27.8
Konekesko	174	-0.4	109	-3.6
Total	627	+1.0	274	-19.8

January–June 2012

In January–June, the net sales of the car and machinery trade were €627 million (€621 million), up 1.0%.

VV-Auto's net sales for January–June were €454 million (€447 million), an increase of 1.6%. In Finland, new registrations of passenger cars decreased by 6.2% and those of vans by 4.7% compared to the previous year. In January–June, the combined market share of passenger cars and vans imported by VV-Auto was 20.4% (20.3%).

Konekesko's net sales for January–June were €174 million (€175 million), down 0.4% compared to the previous year. Net sales in Finland were €120 million, down 3.3%. The net sales from Konekesko's foreign operations were €55 million, up 5.7%.

In January–June, the operating profit excluding non-recurring items of the car and machinery trade was €25.9 million (€31.8 million), down €5.9 million compared to the previous year. The decrease in the operating profit was due to the change in car tax effective from 1 April 2012 and the more difficult general market conditions of passenger cars and vans. The operating profit for January–June was €25.9 million (€32.0 million).

Capital expenditure of the car and machinery trade was €18.7 million (€13.9 million) in January–June.

April–June 2012

In April–June, the net sales of the car and machinery trade were €274 million (€342 million), down 19.8%.

VV-Auto's net sales for April–June were €165 million (€229 million), a decrease of 27.8%. The decrease in the car trade was attributable to the car tax change effective from 1 April 2012 and the more difficult general market conditions of passenger cars and vans. In April–June, the combined market share of passenger cars and vans imported by VV-Auto was 21.8% (21.6%).

Konekesko's net sales for April–June were €109 million (€113 million), down 3.6% compared to the previous year.

In April–June, the operating profit excluding non-recurring items of the car and machinery trade was €10.3 million (€19.6 million), down €9.3 million compared to the previous year. The profitability was weakened by the radical decrease in car trade sales. The operating profit for April–June was €10.3 million (€19.7 million).

Capital expenditure of the car and machinery trade was €5.9 million (€7.9 million) in April–June.

CHANGES IN THE GROUP COMPOSITION

No significant changes took place in the Group composition during the reporting period.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of June 2012, the total number of Kesko Corporation shares was 98,649,542, of which 31,737,007, or 32.2%, were A shares and 66,912,535, or 67.8%, were B shares. On 30 June 2012, Kesko Corporation held 607,249 own B shares. Each A share entitles to ten (10) votes and each B share to one (1) vote. The company cannot vote with own shares held by it and no dividend is paid on them. At the end of June 2012, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares has been increased once to account for the shares subscribed for with the options based on the 2007 stock option scheme. The increase was made on 5 June 2012 (4,500 B shares), and there was a stock exchange notification about the increase on the same day. The shares subscribed for were entered for public trading in NASDAQ OMX Helsinki (Helsinki Stock Exchange) together with the old B shares on 6 June 2012. The whole subscription price of €60,480.00 received by the company has been recorded in the reserve of invested non-restricted equity.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €24.82 at the end of 2011, and €21.89 at the end of June 2012, representing a decrease of 11.8%. Correspondingly, the price of a B share was €25.96 at the end of 2011, and €20.59 at the end of June 2012, representing a decrease of 20.7%. In January–June, the highest A share price was €27.65 and the lowest was €19.99. For B share, they were €27.81 and €19.04 respectively. In January–June, the Helsinki stock exchange (OMX Helsinki) All-Share index was down by 5.3% and the weighted OMX Helsinki CAP index was down by 4.5%. The Retail Index was down by 6.9%.

At the end of June 2012, the market capitalisation of A shares was €695 million, while that of B shares was €1,365 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,060 million, a decrease of €447 million from the end of 2011. In January–June 2012, a total of 1.0 (1.1) million A shares were traded on the Helsinki stock exchange, down 8.7%. The exchange value of A shares was €24 million. A total of 42.9 (32.1) million B shares were traded on the Helsinki stock exchange, up 33.4%. The exchange value of B shares was €988 million.

The company operates the 2007 stock option scheme for management and other key personnel, under which the share subscription period of 2007A option rights ran from 1 April 2010 to 30 April 2012 (subscription period has ended), that of 2007B option rights runs from 1 April 2011 to 30 April 2013, and that of 2007C option rights began on 1 April 2012 and it will end on 30 April 2014. All option rights have also been included on the official list of the Helsinki stock exchange since the beginning of the share subscription periods. No 2007A option rights were traded during the reporting period. A total of 55,520

2007B option rights were traded during the reporting period at a total value of €174,548, and a total of 42,680 2007C option rights at a total value of €364,294.

The Board has the authority, granted by the Annual General Meeting of 16 April 2012 and valid until 30 June 2015, to issue a total maximum of 20,000,000 new B shares. The shares can be issued against payment for subscription by shareholders in a directed issue in proportion to their existing shareholdings regardless of whether they consist of A or B shares, or, deviating from the shareholder's pre-emptive right, in a directed issue, if there is a weighty financial reason for the company, such as using the shares to develop the company's capital structure, and financing possible acquisitions, investments or other arrangements within the scope of the company's business operations. The amount paid for the shares is recognised in the reserve of invested non-restricted equity. The authorisation also includes the Board's authority to decide on the share subscription price, the right to issue shares against non-cash consideration and the right to make decisions on other matters concerning share issuances. The corresponding authority, granted by the Annual General Meeting of 30 March 2009, to issue a total maximum of 20,000,000 new B shares against payment or other consideration expired on 30 March 2012. The authority expired at the end of March had not been used. In addition, the Board has the authority, granted by the Annual General Meeting of 4 April 2011 and valid until 30 September 2012, to decide on the acquisition of a total maximum of 1,000,000 own B shares, and the authority, valid until 30 June 2014, to decide on the issuance of a total maximum of 1,000,000 own B shares held by the company itself. Based on the authority to issue own shares and the fulfilment of the vesting criteria of the 2011 vesting period of Kesko's three-year share-based compensation plan, the Board granted a total of 92,751 company shares held by the company itself to the people included in the target group. The matter was announced in a stock exchange release on 12 April 2012. Further information on the Board's authorities is available at www.kesko.fi.

At the end of June 2012, the number of shareholders was 45,314, which is 4,099 more than at the end of 2011. At the end of June, foreign ownership of all shares was 15%. At the end of June, foreign ownership of B shares was 21%.

FLAGGING NOTIFICATIONS

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

MAIN EVENTS DURING THE REPORTING PERIOD

The second phase of the transfer of the Kesko Group companies' statutory pension insurance liability portfolio, agreed between the Kesko Pension Fund and Ilmarinen Mutual Pension Insurance Company, was carried out with effect from 1 January 2012. (Stock exchange release on 15 February 2012)

Kesko transferred a total of 90,889 own B shares held by the company itself to the about 150 Kesko management employees and other named key persons included in the target group of the 2011 vesting period of Kesko's three-year share-based compensation plan. In addition, on the same basis, Kesko transferred a total of 1,862 own B shares held by the company itself in May. After the transfers, the company itself held 607,249 own B shares. (Stock exchange release on 12 April 2012)

MAIN EVENTS AFTER THE REPORTING PERIOD

The number of own shares was increased by 476 B shares that were returned to the company in accordance with the terms of the share-based compensation plan. On 20 July, Kesko Oyj held 607,725 own B shares. (Stock exchange notification on 20 July 2012)

RESOLUTIONS OF THE 2012 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Kesko Corporation's Annual General Meeting, held on 16 April 2012, adopted the financial statements for 2011 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute €1.20 per share as dividends on 98,035,931 shares held outside the company at the date of dividend distribution, or a total amount of €117,643,117.20. The dividend pay date was 26 April 2012. The General Meeting resolved to leave the number of Board members unchanged at seven and elected Esa Kiiskinen, Ilpo Kokkila, Tomi Korpisaari, Maarit Näkyvä, Seppo Paatelainen, Toni Pokela and Virpi Tuunainen as Board members for a three-year term of office as stated in the Articles of Association. The General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with Johan Kronberg, APA, as the company's auditor with principal responsibility. The General Meeting also approved the Board's proposal to issue a total maximum of 20,000,000 new B shares until 30 June 2015, and the Board's proposal that it be authorised until the 2013 Annual General Meeting to decide on the donation of a total maximum of €300,000 for charitable or corresponding purposes.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting, elected Esa Kiiskinen as its Chair and Seppo Paatelainen as its Deputy Chair. The Board elected Maarit Näkyvä as the Chair, Seppo Paatelainen as the Deputy Chair and Virpi Tuunainen as a member of the Audit Committee, and Esa Kiiskinen as the Chair, Seppo Paatelainen as the Deputy Chair and Ilpo Kokkila as a member of the Remuneration Committee. The Board elects the Board Chair and Deputy Chair for the whole three-year term of a Board member, and the Committee Chairs, Deputy Chairs and members for one year at a time.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 16 April 2012.

RESPONSIBILITY

In April, Kesko joined the Climate Partners network, a joint organization formed by business and the City of Helsinki, and signed a commitment to reduce carbon dioxide emissions.

Kesko's 12th Corporate Responsibility Report was published in April. The report is a comprehensive account of the objectives, actions and performance of Kesko's responsibility programme and responsibility work.

In Kaivopuisto Park in Helsinki, Kesko arranged a Mother's day event, at which Fairtrade was put on the map and 10,000 Pirkka Fairtrade roses were given to mothers and grandmothers.

Kesko partnered with the Young Finland Association in the Taisto campaign that challenged more than 60,000 13-to-15-year old children to exercise during the spring.

In May, Kesko's Board awarded scholarships with a total value of €41,000 to talented young athletes and arts students.

Konekesko Oy and Helly Hansen buoyancy aids and life jackets support again this summer the Finnish water safety campaign "Viisaasti vesillä" (Be smart when boating). The water safety campaign started in May and will visit a total of 31 localities during the summer.

RISK MANAGEMENT

The Kesko Group has an established and comprehensive risk management process. Risks and their management responses are regularly assessed within the Group and reported to the Group management. Kesko's risk management and risks associated with business operations are described in more detail on Kesko's website in the Corporate Governance section.

The most significant near-future risks in Kesko's business operations are associated with the general economic development, the euro zone financial market situation and consumer confidence in Kesko's operating area, as well as their impact on the Kesko Group's sales and profit performance. It is estimated that in other respects, no material changes have taken place in the risks described in the report by the Board of Directors and financial statements for 2011 and the risks described on Kesko's website.

Risks and uncertainties associated with economic development are 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 (7/2012–6/2013) in comparison with the 12 months preceding the reporting period (7/2011–6/2012).

Resulting from the problems of European national economies, the outlook for the general economic situation is characterised by significant uncertainty. In addition, cuts in public finances and tightening taxation increase the uncertainty about the development of consumer demand.

The market is expected to remain stable in the grocery trade and home and speciality goods trade. Growth in the building and home improvement trade is expected to slow down as the growth of building construction slows down especially in Finland and Sweden. In the car and machinery trade, the market is expected to decrease.

The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the costs involved in the expansion of the store site network and Russian business operations, as well as a sales decrease in the car trade, we are prepared for the operating profit excluding non-recurring items for the next twelve months to be lower than the operating profit excluding non-recurring items for the preceding twelve months. Capital expenditure is expected to be lower than the capital expenditure of preceding twelve months.

Helsinki, 24 July 2012

Kesko Corporation

Board of Directors

The information in the interim report release is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, CFO, telephone +358 1053 22113, and Eva Kaukinen, 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's interim report for January-September will be released on 24 October 2012. 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.

KESKO CORPORATION

Merja Haverinen

Senior Vice President,

Corporate Communications and Responsibility

ATTACHMENTS: TABLES

Accounting policies
 Consolidated statement of comprehensive income
 Consolidated statement of financial position
 Consolidated statement of changes in equity
 Consolidated cash flow statement
 Group's performance indicators
 Net sales by segment
 Operating profit by segment
 Operating profit excl. non-recurring items by segment
 Operating margin excl. non-recurring items by segment
 Capital employed by segment
 Return on capital employed excl. non-recurring items by segment
 Capital expenditure by segment
 Segment information by quarter
 Personnel average and at the end of the reporting period
 Group's contingent liabilities
 Calculation of performance indicators
 K-Group's retail and B2B sales

DISTRIBUTION

NASDAQ OMX Helsinki

Main news media

www.kesko.fi

TABLES:

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard, applying the same accounting policies as to the annual financial statements for 2011, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations:

- IFRS 7 (amendment), Financial instruments: Disclosures – Derecognition
- IAS 12 (amendment), Income taxes – Deferred tax
- Annual amendments to the IFRS (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.

CONSOLIDATED INCOME STATEMENT (€ MILLION), CONDENSED

	1-6/2012	1-6/2011	Change,%	4-6/2012	4-6/2011	Change,%	1-12/2011
Net sales	4,778	4,575	4.4	2,460	2,472	-0.5	9,460
Cost of goods sold	-4,138	-3,951	4.7	-2,131	-2,137	-0.3	-8,163
Gross profit	640	624	2.5	329	335	-1.9	1,297
Other operating income	368	343	7.1	197	183	7.8	705
Staff cost	-308	-283	8.7	-157	-145	7.8	-571
Depreciation and impairment charges	-76	-59	28.6	-41	-30	34.3	-125
Other operating expenses	-538	-506	6.4	-270	-259	4.3	-1,026
Operating profit	85	120	-28.7	59	84	-29.7	281
Interest income and other finance income	10	10	-2.0	5	5	-7.1	22
Interest expense and other finance costs	-8	-8	1.5	-5	-4	22.2	-18
Exchange differences	-2	-2	-8.6	-1	-1	-48.4	-3
Income from associates	0	1	(..)	0	0	-49.7	1
Profit before tax	85	120	-29.4	59	84	-30.3	282
Income tax	-26	-37	-30.5	-18	-26	-29.9	-85
Net profit for the period	59	83	-28.9	40	58	-30.5	197
Attributable to							
Owners of the parent	54	79	-31.9	37	54	-32.0	182
Non-controlling interests	5	4	32.9	3	4	-6.9	15

Earnings per share (€) for profit attributable to equity holders of the parent

Basic	0.55	0.80	-31.6	0.38	0.55	-31.7	1.85
Diluted	0.55	0.79	-31.3	0.38	0.55	-31.4	1.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ MILLION)

	1-6/2012	1-6/2011	Change,%	4-6/2012	4-6/2011	Change,%	1-12/2011
Net profit for the period	59	83	-28.9	40	58	-30.5	197
Other comprehensive income							
Exchange differences on translating foreign operations	3	-11	(..)	0	-9	97.9	-17
Adjustment for hyperinflation	1			0			6
Cash flow hedge revaluation	-1	-10	92.2	1	-5	(..)	-15
Revaluation of available-for-sale financial assets	-1	-1	-48.0	-1	0	(..)	0
Other items	0	0	100.0	0	0	100.0	0
Tax relating to other comprehensive income	0	3	-85.7	0	1	(..)	4
Total other comprehensive income for the period, net of tax	3	-18	(..)	0	-13	99.6	-22
Total comprehensive income for the period	62	65	-4.4	40	45	-11.2	175
Attributable to							
Owners of the parent	55	71	-22.5	35	49	-29.8	170
Non-controlling interests	7	-6	(..)	6	-4	(..)	4

(..) Change over 100%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ MILLION), CONDENSED

	30.6.2012	30.6.2011	Change,%	31.12.2011
ASSETS				
Non-current assets				
Tangible assets	1,579	1,383	14.2	1,490
Intangible assets	190	179	6.3	189
Investments in associates and other financial assets	72	67	7.2	69
Loans and receivables	82	74	10.4	80
Pension assets	146	180	-18.7	200
Total	2,069	1,883	9.9	2,029
Current assets				
Inventories	869	780	11.4	868
Trade receivables	803	769	4.5	700
Other receivables	322	137	(..)	218
Financial assets at fair value through profit or loss	51	148	-65.4	98
Available-for-sale financial assets	141	323	-56.4	186
Cash and cash equivalents	61	74	-17.1	84
Total	2,248	2,230	0.8	2,153
Non-current assets held for sale	1	1	18.8	8
Total assets	4,318	4,114	5.0	4,190
EQUITY AND LIABILITIES				
Equity	2,117	2,077	1.9	2,175
Non-controlling interests	65	49	34.4	58
Total equity	2,182	2,126	2.6	2,233
Non-current liabilities				
Interest-bearing liabilities	210	219	-3.9	210
Non-interest-bearing liabilities	10	7	46.4	18
Deferred tax liabilities	87	83	5.3	91
Pension obligations	2	2	4.6	2
Provisions	11	10	11.0	10
Total	321	321	0.1	332
Current liabilities				
Interest-bearing liabilities	353	256	37.9	190
Trade payables	993	939	5.7	886
Other non-interest-bearing liabilities	445	446	-0.2	526
Provisions	24	26	-9.4	24
Total	1,815	1,667	8.8	1,625
Total equity and liabilities	4,318	4,114	5.0	4,190

(..) 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 1.1.2011	197	0	198	243	-3	14	1,503	59	2,210
Shares subscribed with options		0		0					0
Option cost							2	0	2
Own shares							-23	0	-23
Dividends							-128	-4	-132
Other changes				0			4	0	4
Net profit for the period							79	4	83
Other comprehensive income									
Exchange differences on translating foreign operations				0	0			-10	-11
Cash flow hedge revaluation						-10			-10
Revaluation of available-for-sale financial assets						-1			-1
Other items							0		0
Tax relating to other comprehensive income						3			3
Total other comprehensive income				0	0	-7	0	-10	-18
Balance at 30.6.2011	197	0	198	243	-3	6	1,436	49	2,126
Balance at 1.1.2012	197	0	198	243	-3	3	1,537	58	2,233
Shares subscribed with options				0					0
Share-based compensation							2		2
Option cost							0	0	0
Own shares							0		0
Dividends							-118		-118
Other changes							2		2
Net profit for the period							54	5	59
Other comprehensive income									
Exchange differences on translating foreign operations				0	2		0	1	3
Adjustment for hyperinflation							0	1	1
Cash flow hedge revaluation						-1			-1
Revaluation of available-for-sale financial assets						-1			-1
Tax relating to other comprehensive income						0			0
Total other comprehensive income				0	2	-2	0	2	3
Balance at 30.6.2012	197	0	198	243	-1	1	1,478	65	2,182

CONSOLIDATED CASH FLOW STATEMENT (€ MILLION), CONDENSED

	1-6/2012	1-6/2011	Change,%	4-6/2012	4-6/2011	Change,%	1-12/2011
Cash flow from operating activities							
Profit before tax	85	120	-29.4	59	84	-30.3	282
Planned depreciation	75	59	25.6	39	30	28.7	125
Finance income and costs	2	0	(..)	1	0	(..)	-1
Other adjustments	6	14	-55.2	-1	7	(..)	-6
Change in working capital							
Current non-interest-bearing trade and other receivables, increase (-)/decrease (+)	-124	-144	-14.1	-4	-83	-95.3	-89
Inventories, increase (-)/decrease (+)	0	-34	(..)	37	6	(..)	-119
Current non-interest-bearing liabilities, increase (-)/decrease (+)	55	90	-39.3	-46	102	(..)	127
Financial items and tax	-41	-63	-34.2	-23	-78	-69.8	-103
Net cash generated from operating activities	57	43	32.1	62	69	-9.0	216
Cash flow from investing activities							
Capital expenditure	-191	-198	-3.5	-80	-128	-37.7	-449
Sales of fixed assets	21	4	(..)	2	2	-25.7	8
Increase of non-current receivables	-2	0	(..)	-1	0	(..)	0
Net cash used in investing activities	-171	-194	-11.9	-79	-127	-37.3	-441
Cash flow from financing activities							
Interest-bearing liabilities, increase (-)/decrease (+)	162	5	(..)	113	34	(..)	-58
Current interest-bearing receivables, increase (-)/decrease (+)	-35	1	(..)	-14	2	(..)	-37
Dividends paid	-118	-132	-10.9	118	-132	-10.9	-133
Equity increase	0	0	-21.8	0	0	-21.8	0
Acquisition of own shares	-	-23	(..)	-	-23	(..)	-23
Increase (-)/ decrease (+) in short-term money market investments	85	126	-32.9	53	40	33.1	199
Other items	-8	-2	(..)	-2	-1	59.4	1
Net cash used in financing activities	86	-24	(..)	32	-81	(..)	-51
Change in cash and cash equivalents	-28	-175	-83.9	15	-139	(..)	-277
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	231	509	-54.7	187	473	-60.4	509
Currency translation difference adjustment and revaluation	0	-1	-67.8	0	-1	-48.1	-2
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 June	202	334	-39.4	202	334	-39.4	231

(..) Change over 100%

GROUP'S PERFORMANCE INDICATORS

	1-6/2012	1-6/2011	Change pp	1-12/2011
Return on capital employed, %	6.8	11.7	-4.9	13.2
Return on capital employed, %, moving 12 mo	10.4	16.6	-6.1	13.2
Return on capital employed excl. non-recurring items, %	6.7	11.6	-4.8	13.1
Return on capital employed excl. non-recurring items, %, moving 12 mo	10.4	14.6	-4.2	13.1
Return on equity, %	5.3	7.6	-2.3	8.9
Return on equity, %, moving 12 mo	8.0	11.0	-3.0	8.9
Return on equity excl. non-recurring items, %	5.3	7.5	-2.3	8.8
Return on equity excl. non-recurring items, %, moving 12 mo	8.0	9.6	-1.6	8.8
Equity ratio, %	51.1	52.1	-1.0	53.9
Gearing, %	14.2	-3.3	17.5	1.5

			Change,%	
Capital expenditure, € million	171.9	194.6	-11.7	425.4
Capital expenditure, % of net sales	3.6	4.3	-16.7	4.5
Earnings per share, basic, €	0.55	0.80	-31.6	1.85
Earnings per share, diluted, €	0.55	0.79	-31.3	1.84
Earnings per share excl. non-recurring items, basic, €	0.54	0.79	-31.7	1.84
Cash flow from operating activities, € million	57	43	32.1	216
Cash flow from investing activities, € million	-171	-194	-11.9	-441
Equity per share, €	21.59	21.21	1.8	22.20
Interest-bearing net debt	310	-70	(..)	33
Diluted number of shares, average of reporting period	98,440	99,328	-0.9	98,919
Personnel, average	19,574	18,644	5.0	18,960

(..) Change over 100%

GROUP'S PERFORMANCE INDICATORS BY QUARTER

	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012
Net sales, € million	2,103	2,472	2,404	2,481	2,318	2,460
Change in net sales, %	7.4	8.5	7.8	7.4	10.2	-0.5
Operating profit, € million	35.7	83.9	88.2	72.8	26.3	59.0
Operating margin, %	1.7	3.4	3.7	2.9	1.1	2.4
Operating profit excl. non- recurring items, € million	34.9	83.3	89.2	71.5	23.6	60.7
Operating margin excl. non-recurring items, %	1.7	3.4	3.7	2.9	1.0	2.5
Finance income/costs, € million	-0.6	0.3	0.3	0.8	-0.1	-0.3
Profit before tax, € million	36.1	84.0	88.0	74.0	26.3	58.5
Profit before tax, %	1.7	3.4	3.7	3.0	1.1	2.4
Return on capital employed excl. non-recurring items, %	7.0	15.9	16.6	12.5	3.9	9.5
Return on equity excl. non-recurring items, %	4.4	10.6	11.1	9.8	3.0	7.5
Equity ratio, %	54.4	52.1	54.0	53.9	52.7	51.1
Capital expenditure, € million	64.1	130.5	126.3	104.5	104.1	67.8
Earnings per share, diluted,	0.25	0.55	0.53	0.51	0.17	0.38
Equity per share, €	22.04	21.21	21.66	22.20	22.42	21.59

SEGMENT INFORMATION

Net sales by segment (€ million)	1–6/2012	1–6/2011	Change, %	4–6/2012	4–6/2011	Change, %	1–12/2011
Food trade, Finland	2,101	2,025	3.8	1,091	1,077	1.4	4,182
Food trade, other countries*	-	-	-	-	-	-	-
Food trade total	2,101	2,025	3.8	1,091	1,077	1.4	4,182
- of which intersegment trade	86	83	3.7	41	40	3.4	168
Home and speciality goods trade, Finland	699	680	2.9	343	336	2.1	1,541
Home and speciality goods trade, other countries*	22	7	(..)	10	3	(..)	23
Home and speciality goods trade total	721	687	5.0	352	339	3.9	1,564
- of which intersegment trade	8	9	-4.0	5	5	-12.9	20
Building and home improvement trade, Finland	648	625	3.7	348	345	0.9	1,233
Building and home improvement trade, other countries*	763	702	8.6	434	413	5.3	1,483
Building and home improvement trade total	1,411	1,327	6.3	782	757	3.3	2,716
- of which intersegment trade	0	6	-93.1	1	4	-88.2	12
Car and machinery trade, Finland	572	569	0.6	235	303	-22.4	1,064
Car and machinery trade, other countries*	55	52	5.4	39	39	0.0	110
Car and machinery trade total	627	621	1.0	274	342	-19.8	1,174
- of which intersegment trade	1	1	-4.4	0	0	50.3	1
Common operations and eliminations	-83	-85	-2.9	-41	-43	-6.6	-176
Finland total	3,938	3,813	3.3	1,977	2,016	-2.0	7,844
Other countries total*	840	762	10.3	483	456	6.1	1,616
Group total	4,778	4,575	4.4	2,460	2,472	-0.5	9,460

* Net sales in countries other than Finland.

(..) Change over 100%

Operating profit by segment (€ million)	1-6/2012	1-6/2011	Change	4-6/2012	4-6/2011	Change	1-12/2011
Food trade	76.5	88.0	-11.5	38.9	45.9	-7.1	173.7
Home and speciality goods trade	-13.5	-4.6	-8.9	-0.6	2.8	-3.4	37.0
Building and home improvement trade	4.7	9.8	-5.1	13.6	18.8	-5.2	26.3
Car and machinery trade	25.9	32.0	-6.1	10.3	19.7	-9.4	51.9
Common operations and eliminations	-8.3	-5.5	-2.8	-3.2	-3.3	0.1	-8.3
Group total	85.3	119.6	-34.3	59.0	83.9	-24.9	280.6

Operating profit excl. non-recurring items by segment (€ million)	1-6/2012	1-6/2011	Change	4-6/2012	4-6/2011	Change	1-12/2011
Food trade	73.8	87.2	-13.4	38.9	45.8	-7.0	172.2
Home and speciality goods trade	-13.5	-5.0	-8.5	-0.6	2.4	-3.1	36.6
Building and home improvement trade	6.4	9.8	-3.4	15.3	18.8	-3.5	26.6
Car and machinery trade	25.9	31.8	-5.9	10.3	19.6	-9.3	51.8
Common operations and eliminations	-8.3	-5.5	-2.8	-3.2	-3.3	0.1	-8.3
Group total	84.3	118.3	-34.0	60.7	83.3	-22.7	278.9

Operating margin excl. non-recurring items by segment	1-6/2012	1-6/2011	Change, pp	4-6/2012	4-6/2011	Change, pp	1-12/2011	Moving 12
								mo 6/2012
Food trade	3.5	4.3	-0.8	3.6	4.3	-0.7	4.1	3.7
Home and speciality goods trade	-1.9	-0.7	-1.1	-0.2	0.7	-0.9	2.3	1.8
Building and home improvement trade	0.5	0.7	-0.3	2.0	2.5	-0.5	1.0	0.8
Car and machinery trade	4.1	5.1	-1.0	3.8	5.7	-2.0	4.4	3.9
Group total	1.8	2.6	-0.8	2.5	3.4	-0.9	2.9	2.5

**Capital employed by segment, cumulative average
(€ million)**

	1-6/2012	1-6/2011	Change	4-6/2012	4-6/2011	Change	1-12/2011
Food trade	724	566	158	745	572	173	601
Home and speciality goods trade	502	420	82	525	431	94	437
Building and home improvement trade	767	685	81	781	712	70	696
Car and machinery trade	195	148	47	192	149	43	158
Common operations and eliminations	315	223	92	321	229	92	236
Group total	2,503	2,042	460	2,564	2,092	471	2,129

Return on capital employed excl. non-recurring items by segment, %	1-6/2012	1-6/2011	Change, pp	4-6/2012	4-6/2011	Change, pp	1-12/2011	Moving 12 mo 6/2012
Food trade	20.4	30.8	-10.4	20.9	32.1	-11.2	28.6	23.3
Home and speciality goods trade	-5.4	-2.4	-3.0	-0.5	2.3	-2.7	8.4	5.9
Building and home improvement trade	1.7	2.8	-1.2	7.9	10.6	-2.7	3.8	3.1
Car and machinery trade	26.5	43.0	-16.5	21.5	52.5	-30.9	32.8	25.7
Group total	6.7	11.6	-4.8	9.5	15.9	-6.5	13.1	10.4

Capital expenditure by segment (€ million)	1-6/2012	1-6/2011	Change	4-6/2012	4-6/2011	Change	1-12/2011
Food trade	96	94	1	36	64	-28	221
Home and speciality goods trade	29	18	11	11	10	1	62
Building and home improvement trade	26	66	-40	14	47	-33	110
Car and machinery trade	19	14	5	6	8	-2	30
Common operations and eliminations	2	2	0	1	2	-1	2
Group total	172	195	-23	68	131	-63	425

SEGMENT INFORMATION BY QUARTER

Net sales by segment (€ million)	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012
Food trade	948	1,077	1,049	1,108	1,010	1,091
Home and speciality goods trade	348	339	376	501	369	352
Building and home improvement trade	570	757	731	657	629	782
Car and machinery trade	279	342	290	263	353	274
Common operations and eliminations	-42	-43	-42	-48	-42	-41
Group total	2,103	2,472	2,404	2,481	2,318	2,460

Operating profit by segment (€ million)	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012
Food trade	42.1	45.9	45.7	40.0	37.6	38.9
Home and speciality goods trade	-7.4	2.8	8.7	32.9	-12.9	-0.6
Building and home improvement trade	-9.1	18.8	21.0	-4.5	-9.0	13.6
Car and machinery trade	12.2	19.7	13.0	7.0	15.6	10.3
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1	-3.2
Group total	35.7	83.9	88.2	72.8	26.3	59.0

Operating profit excl. non-recurring items by segment (€ million)	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012
Food trade	41.4	45.8	46.4	38.6	34.9	38.9
Home and speciality goods trade	-7.4	2.4	8.7	32.9	-12.9	-0.6
Building and home improvement trade	-9.1	18.8	21.3	-4.4	-9.0	15.3
Car and machinery trade	12.2	19.6	13.0	7.0	15.6	10.3
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1	-3.2
Group total	34.9	83.3	89.2	71.5	23.6	60.7

Operating margin excl. non-recurring items by segment	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012
Food trade	4.4	4.3	4.4	3.5	3.5	3.6
Home and speciality goods trade	-2.1	0.7	2.3	6.6	-3.5	-0.2
Building and home improvement trade	-1.6	2.5	2.9	-0.7	-1.4	2.0
Car and machinery trade	4.4	5.7	4.5	2.6	4.4	3.8
Group total	1.7	3.4	3.7	2.9	1.0	2.5

PERSONNEL, AVERAGE AND AT 30 JUNE

Personnel average by segment	1-6/2012	1-6/2011	Change
Food trade	2,773	2,730	64
Home and speciality goods trade	6,095	5,542	553
Building and home improvement trade	9,018	8,765	232
Car and machinery trade	1,245	1,192	53
Common operations	444	415	29
Group total	19,574	18,644	930

Personnel at 30 June* by segment	2012	2011	Change
Food trade	3,333	3,192	163
Home and speciality goods trade	8,894	8,128	766
Building and home improvement trade	10,323	9,976	325
Car and machinery trade	1,373	1,308	65
Common operations	538	480	58
Group total	24,461	23,084	1,377

*total number incl. part-time employees

GROUP'S COMMITMENTS (€ MILLION)	30.6.2012	30.6.2011	Change,%
Own commitments	180	198	-9.1
For shareholders	0	0	(..)
For others	8	7	2.1
Lease liabilities for machinery and equipment	27	23	14.1
Lease liabilities for real estate	2,239	2,278	-1.7

Own commitments do not include lease liabilities

LIABILITIES ARISING FROM DERIVATIVE INSTRUMENTS	30.6.2012	30.6.2011	Fair value 30.6.2012
Values of underlying instruments at 30 June			
Interest rate derivatives			
Interest rate swaps	205	205	3.31
Currency derivatives			
Forward and future contracts	355	216	2.12
Option agreements	13	0	0.04
Currency swaps	100	100	-5.10
Commodity derivatives			
Electricity derivatives	35	48	4.68

CALCULATION OF PERFORMANCE INDICATORS

Return on capital employed*, %	=	$\frac{\text{Operating profit}}{(\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities}) \text{ on average for the reporting period}}$	x 100
Return on capital employed, %, moving 12 months	=	$\frac{\text{Operating profit for prior 12 months}}{(\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities}) \text{ on average for 12 months}}$	x 100
Return on capital employed excl. non-recurring items*, %	=	$\frac{\text{Operating profit excl. non-recurring items}}{(\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities}) \text{ on average for the reporting period}}$	x 100
Return on capital employed, excl. non-recurring items, %, moving 12 mo	=	$\frac{\text{Operating profit excl. non-recurring items for prior 12 months}}{(\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities}) \text{ on average for 12 months}}$	x 100
Return on equity*, %	=	$\frac{(\text{Profit/loss before tax} - \text{income tax})}{\text{Shareholders' equity}}$	x 100
Return on equity, %, moving 12 months	=	$\frac{(\text{Profit/loss for prior 12 months before tax} - \text{income tax for prior 12 months})}{\text{Shareholders' equity}}$	x 100
Return on equity excl. non-recurring items*, %	=	$\frac{(\text{Profit/loss adjusted for non-recurring items before tax} - \text{income tax adjusted for the tax effect of non-recurring items})}{\text{Shareholders' equity}}$	x 100
Return on equity excl. non-recurring items, %, moving 12 months	=	$\frac{(\text{Profit/loss for prior 12 months adjusted for non-recurring items before tax} - \text{income tax for prior 12 months adjusted for the tax effect of non-recurring items})}{\text{Shareholders' equity}}$	x 100
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{(\text{Balance sheet total} - \text{prepayments received})}$	x 100
Earnings/share, diluted	=	$\frac{(\text{Profit/loss} - \text{non-controlling interests})}{\text{Average number of shares adjusted for the dilutive effect of options}}$	
Earnings/share, basic	=	$\frac{(\text{Profit/loss} - \text{non-controlling interests})}{\text{Average number of shares}}$	
Earnings/share excl. non-recurring items, basic	=	$\frac{(\text{Profit/loss adjusted for non-recurring items} - \text{non-controlling interests})}{\text{Average number of shares}}$	
Equity/share	=	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Basic number of shares at the end of the reporting period}}$	
Gearing, %	=	$\frac{\text{Interest-bearing net liabilities}}{\text{Shareholders' equity}}$	x 100
Interest-bearing net debt	=	Interest-bearing liabilities – money market investments – cash and cash equivalents	

* Indicators for return on capital have been annualised.

K-GROUP'S RETAIL AND B2B SALES, VAT 0% (PRELIMINARY DATA):

K-Group's retail and B2B sales	1.1.-30.6.2012		1.4.-30.6.2012	
	€ million	Change, %	€ million	Change, %
K-Group's food trade				
K-food stores, Finland	2,317	4.6	1,200	2.8
Kespro	376	6.3	197	2.7
Food trade total	2,693	4.8	1,397	2.8
K-Group's home and speciality goods trade				
Home and speciality goods stores, Finland	780	3.0	379	1.5
Home and speciality goods stores, Baltic countries	22	(..)	10	(..)
Home and speciality goods trade total	802	4.9	389	3.1
K-Group's building and home improvement trade				
K-rauta and Rautia	511	3.2	324	1.1
Rautakesko B2B Service	105	2.1	57	-7.0
K-maatalous	221	10.5	132	9.5
Finland total	837	4.9	513	2.1
Building and home improvement stores, other Nordic countries	574	8.2	331	4.1
Building and home improvement stores, Baltic countries	169	7.2	98	2.8
Building and home improvement stores, other countries	166	8.9	98	7.3
Building and home improvement trade total	1,746	6.6	1,039	3.3
K-Group's car and machinery trade				
VV-Autotalot	225	7.5	87	-22.1
VV-Auto, import	240	-3.6	81	-33.8
Konekesko, Finland	119	-3.1	70	-6.0
Finland total	584	0.5	238	-22.9
Konekesko, Baltic countries	58	7.7	41	0.4
Car and machinery trade total	642	1.1	279	-20.1
Finland total	4,893	4.0	2,527	-0.6
Other countries total	990	9.7	577	5.2
Retail and B2B sales total	5,883	4.9	3,104	0.4

(..) Change over 100%