KESKO

Kesko Corporation

Interim Report

January–September 2009

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

In January–September 2009, the Group's net sales from continuing operations were €6,294 million, which is 13.3% down on the corresponding period of the previous year (€7,258 million). In January–September 2009, the operating profit excluding non-recurring items was €87.4 million (€189.7 million). The profit before tax was €100.3 million (€280.9 million). The whole Group's profit for January–September was €53.9 million (€223.7 million). The whole Group's earnings per share were €0.55 (€2.28).

Key performance indicators

Continuing operations	**1–9/2009**	**1–9/2008**	**7–9/2009**	**7–9/2008**
Net sales, € million	6,294	7,258	2,133	2,435
Operating profit, € million	114	279	48	44
Operating profit excluding non-recurring items, € million	87	190	48	72
Profit before tax, € million	100	281	44	48
Earnings/share, €, diluted	0.55	1.86	0.24	0.17
Investments, € million	156.5	233.2	49.2	89.9

Whole Group				
Earnings/share, diluted, €	0.55	2.28	0.24	0.16
Earnings/share excl. non-recurring items, basic, €	0.35	1.29	0.23	0.48
Cash flow from operating activities, € million	266	116	119	27
Cash flow from investing activities, € million	-75	50	-46	-29
Return on equity, %	4.0	15.8	5.2	4.2
Return on capital employed, %	7.2	20.1	9.4	8.2

Whole Group	**30.9.2009**	**30.9.2008**
Equity ratio, %	52.3	50.2
Equity/share, €	19.60	20.29

JANUARY–SEPTEMBER 2009

CONTINUING OPERATIONS

Net sales and profit

The Group's net sales in January–September 2009 were €6,294 million, which is 13.3% down on the corresponding period of the previous year (€7,258 million). Net sales decreased by 8.6% in Finland and by 30.0% abroad. Exports and foreign operations accounted for 17.9% (22.1%) of the net sales. The deterioration of the general economic situation has especially impacted the sales performance of the Group's building and home improvement trade and the car and machinery trade. The growth rate of the grocery trade remained steady during the reporting period.

In January–September, the K-Group's (i.e. Kesko's and the chain stores') retail and B-to-B sales (incl. VAT) totalled €9,389 million, a decrease of 10.3% on the corresponding period of the previous year.

The Group's profit before tax for January–September was €100.3 million (€280.9 million). The operating profit was €114.3 million (€278.8 million). The operating profit excluding non-recurring items was €87.4 million (€189.7 million), representing 1.4% (2.6%) of the net sales. The non-recurring items include €28.8 million of gains on property transactions, and €1.9 million of property impairments. The non-recurring items of the comparative period totalled €89.1 million.

The smaller year-on-year operating profit excluding non-recurring items is due to a decrease in the demand in the building and home improvement trade, the car and machinery trade, and the home and speciality goods trade. Due to cost adjustments, the Group's fixed costs decreased by some €38 million compared with the previous year, regardless of store site openings.

The Group's earnings per share from continuing operations were €0.55 (€1.86). The Group's equity per share was €19.60 (€20.29).

Investments
In January–September, the Group's investments totalled €156.5 million (€233.2 million), which is 2.5% (3.2%) of the net sales. Investments in store sites were €131.2 million (€194.8 million) and other investments €25.3 million (€38.4 million). Investments in foreign operations represented 34.3% of total investments (25.0%).

Finance
In January–September, the cash flow from operating activities increased by €149 million to €265.8 million (€116.4 million). The increase was especially due to the reduction of inventories. The cash used in investing activities was €-75.5 million (€49.9 million). The cash flow from investing activities included €94.3 million (€277.8 million) of proceeds from the sale of fixed assets.

The Group's liquidity and solvency remained strong throughout the reporting period. At the end of the period, liquid assets totalled €536 million (€536 million). At the end of the reporting period, the interest-bearing liabilities were €484 million (€509 million) and the interest-bearing net debt was €-52 million (€-27 million). The equity ratio was 52.3% (50.2%) at the end of the period.

In January–September, the Group's net financial expenses were €14.2 million (net financial income €0.2 million). The expenses were increased by €14.1 million for hedging Baltic and Russian currency exposures due to an increased interest rate spread between the currencies. The interest income from liquid assets fell as the market interest rate level declined.

Taxes
In January–September, the Group's taxes were €40.6 million (€84.0 million). The effective tax rate was 40.5% (29.8%), affected by the loss-making performances of foreign companies. Income tax has been calculated on the profit for the reporting period as a proportion of the estimated tax for the whole period.

Personnel
In January–September, the average number of personnel in the Kesko Group was 19,544 (21,464) converted into full-time employees. In Finland, the average decrease was 501 people, while outside Finland it was 1,418.

At the end of September 2009, the total number of personnel was 22,086 (24,870), of whom 12,477 (13,253) worked in Finland and 9,609 (11,617) outside Finland. Compared with the end of September 2008, there was a decrease of 776 employees in Finland and 2,008 outside Finland.

Due to the decline in consumer demand, measures aimed at staff number and cost adjustments were continued in various business activities of the Group. During the reporting period, the Group's staff cost decreased by €35 million, or by some 8%, compared with the previous year, regardless of store site openings.

Seasonal nature of operations

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

Segment performance in January-September

Food trade

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

In the food trade, the net sales in January-September were €2,827 million (€2,725 million), up 3.7%. The retail sales of K-food stores in January-September totalled €3,649 million (incl. VAT), representing a growth of 5.7%. The K-food stores' grocery sales increased by 6.3%. During the first part of the year, especially the Pirkka products' sales performance was good. The growth rate of the total grocery trade market in Finland in January-September is estimated at some 5% up on the previous year. In January-September, prices increased at an average monthly rate of 5.1% compared with the previous year (Statistics Finland).

In January-September, the operating profit excluding non-recurring items of the food trade was €99.4 million (3.5% of the net sales), which is €8.5 million, or 0.2 percentage points, higher than in the previous year. The operating profit was €111.9 million (€158.1 million). The non-recurring gains on property sales were €13.3 million in January-September. The comparative year's operating profit was increased by €67.3 million of non-recurring gains on property sale and lease arrangements.

In January-September, investments in the food trade were €59.5 million (€107.9 million), of which investments in store sites were €49.9 million (€94.1 million).

Home and speciality goods trade

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

In the home and speciality goods trade, the net sales in January-September were €1,058 million (€1,115 million), down 5.2%. Owing to the deteriorated economic situation and a rise of the unemployment rate, consumer demand in the home and speciality goods trade declined especially for home electronics and interior decoration products.

The operating loss of the home and speciality goods trade excluding non-recurring items in January-September was €10.2 million (-1.0% of the net sales), a €13.7 million year-on-year increase due to the fall in sales. In January-September, the operating profit was €0.1 million (€53.0 million). Non-recurring gains on property sales and impairment charges were €10.3 million in January-September and €49.5 million in the comparative period.

Investments in the home and speciality goods trade in January-September were €22.8 million (€39.9 million).

Anttila's net sales in January-September were €334 million (€375 million), down 10.9%. Especially the sales of home electronics and interior decoration products decreased. The sales of the Anttila department stores were €194 million, down 7.5%. The sales of the Kodin Ykkönen department stores for home goods and interior decoration were €86 million, down 15.9%. NetAnttila's sales were €56 million, a decrease of 15.5% mainly due to the weakened economic conditions in Estonia and Latvia.

The net sales of K-citymarket's home and speciality goods trade in January-September were €397 million (€379 million), up 4.9%. The net sales performance was affected by the store site network expansion and intensified marketing actions.

Intersport Finland's net sales in January-September were €118 million (€118 million), matching the level of the previous year. Indoor's net sales in January-September were €117 million (€136 million), down 14.0%. The performance was partly attributable to the discontinuation of Indoor's business activities in Sweden during the first quarter of 2008, and the weakened economic conditions in Estonia and Latvia. Musta Pörssi Ltd's net sales in January-September were €72 million (€88 million), down 17.7%. Kenkäkesko Ltd's net sales in January-September were €20 million (€22 million), down 8.0%.

Building and home improvement trade

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

In the building and home improvement trade, the net sales in January-September were €1,787 million (€2,360 million), down 24.3%.

In January-September, the net sales in Finland were €818 million, a decrease of 22.6%. The building and home improvement trade contributed €585 million and the agricultural supplies trade €234 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were down 18.1%, especially due to a fall in the sales to professional customers. The net sales of the agricultural supplies trade decreased by 32.1%. The net sales from foreign operations in the building and home improvement trade were €969 million (€1,303 million), a decrease of 25.7%. In addition to a decline in demand, the sales performance of foreign operations was affected by the weakening of the Swedish krona, the Norwegian krone and the Russian ruble. The net sales from foreign operations dropped by 18.0% in terms of the local currencies. Foreign operations contributed 54.2% to the net sales of the building and home improvement trade.

In Sweden, the net sales of K-rauta AB decreased by 3.3% to €144 million in January-September. In terms of the local currency, K-rauta AB's net sales grew by 10.1%. In Norway, Byggmakker's net sales decreased by 22.9% to €357 million. In terms of the local currency, Byggmakker's net sales dropped by 14.7%. In Estonia, Rautakesko's net sales were down 22.0% to €50 million. In Latvia, Rautakesko's net sales decreased by 33.3% to €38 million. In Lithuania, Senukai's net sales fell by 41,2% to €203 million. In Russia, the net sales of the building and home improvement trade decreased by 14.7% to €127 million. In terms of the local currency, the net sales increased by 3.4%. The net sales of the Belarusian OMA were down by 23.0% to €40 million. In terms of the local currency, OMA's net sales decreased by 9.4%.

In January-September, the operating profit excluding non-recurring items of the building and home improvement trade was €14.0 million (0.8% of the net sales), which was €49.8 million, or 1.9 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by a substantial contraction in the Nordic and Baltic construction markets. The Russian construction market also weakened especially during the latter part of the reporting period. In Finland, the building and home improvement trade market declined in January-September by some 18%, in Sweden by some 5%, in Norway by some 12%, and in the Baltic countries by some 30-40% (Rautakesko's estimate). The staff cost was €32 million, or 22%, down on the comparative period. The operating profit of the building and home improvement trade was €18.0 million (€25.9 million) in January-September. The operating profit includes a €4.0 million non-recurring gain on a property sale. The comparative period's operating profit includes a non-recurring €47.0 million impairment charge on Byggmakker Norge's intangible assets, and €9.2 million of non-recurring gains on property sales.

In January-September, investments in the building and home improvement trade were €65.3 million (€77.8 million), of which 82.0% (74.2%) abroad.

The retail sales of the K-rauta and Rautia chains in January-September decreased by 7.1% to €892 million (incl. VAT) in Finland. The sales of Rautakesko B-to-B Service decreased by 33.6%. The retail sales of the K-maatalous chain were €352 million (incl. VAT), down 26.1%.

Car and machinery trade

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

In January-September, the net sales of the car and machinery trade were €743 million (€1,185 million), down 37.3%.

VV-Auto's net sales in January-September were €473 million (€723 million), a decrease of 34.6%. The net sales performance was affected by a decline in consumer demand in the car trade, coupled with the car tax change effective at the beginning of April, causing the car tax levied on cars after 1 April 2009 to be excluded from the net sales. Taking the impact of the tax change into account, the net sales fell by 28.0%. In January-September, the combined market share of passenger cars and vans imported by VV-Auto rose to 18.4% (16.9%).

Konekesko's net sales in January-September were €270 million (€463 million), down 41.6% on the previous year as a result of the weakened machinery market and the discontinuation of the Baltic grain and agricultural supplies trade. The net sales in Finland were €150 million, a decrease of 32.4%. The net sales from Konekesko's foreign operations were €121 million, down 50.0%.

In January–September, the operating result excluding non-recurring items of the car and machinery trade showed a loss of €2.4 million (-0.3% of the net sales). It was €49.9 million lower than in the corresponding period of the previous year (operating profit excluding non-recurring items €47.5 million). The profit performance was especially affected by the decline of Konekesko's profitability. As a result of the discontinuation of the Baltic grain and agricultural supplies trade, impairment charges and expense provisions in a total amount of €9 million were recognised for the first quarter.

Investments in the car and machinery trade were €8.5 million (€10.2 million) in January–September.

JULY–SEPTEMBER 2009

CONTINUING OPERATIONS

Net sales and profit

The Group's net sales in July–September 2009 were €2,133 million, which is 12.4% down on the corresponding period of the previous year (€2,435 million). Net sales decreased by 7.6% in Finland and by 28.3% abroad. Exports and foreign operations accounted for 18.8% (23.0%) of the net sales. The net sales of the food trade continued a steady growth. During the reporting period, the net sales of the home and speciality goods trade were somewhat lower than in the comparative period. Because of the weak market situation, the sales of both the building and home improvement trade and the car and machinery trade continued to fall markedly compared with the comparative year.

In July–September, the K-Group's (i.e. Kesko's and the chain stores') retail and B-to-B sales (incl. VAT) totalled €3,252 million, a decrease of 10.1% on the corresponding period of the previous year.

The Group's profit before tax for July–September was €43.8 million (€48.0 million). The operating profit was €48.3 million (€43.8 million). The operating profit excluding non-recurring items was €47.5 million (€72.0 million), representing 2.2% (3.0%) of the net sales. The non-recurring items included €0.8 million of gains on property sales. The non-recurring items of the comparative period include gains on property sales in the amount of €18.6 million, and a €47.0 million impairment charge on the Group goodwill and trademark of Byggmakker Norge, a Rautakesko subsidiary.

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

The Group's earnings per share from continuing operations were €0.24 (€0.17). The Group's equity per share was €19.60 (€20.29).

Investments

In July–September, the Group's investments totalled €49.2 million (€89.9 million), which is 2.3% (3.7%) of the net sales. Investments in store sites were €42.8 million (€75.4 million) and other investments €6.4 million (€14.5 million). Investments in foreign operations represented 35.4% of total investments (23.3%).

Finance

In July–September, the cash flow from operating activities was €119.4 million (€27.0 million) and the cash flow from investing activities was €-45.9 million (€-28.6 million). The cash flow from investing activities included €4.7 million (€60.4 million) of proceeds from the sale of fixed assets.

In July–September, the Group's net financial expenses were €4.7 million (net financial income €1.8 million). The costs were increased by €3.6 million for hedging especially Latvian and Russian currency exposures due to an increased interest rate spread between the currencies.

Taxes

In July–September, the Group's taxes were €18.3 million (€26.0 million). The effective tax rate was 41.8% (53.6%), affected by the loss-making performances of foreign companies.

Personnel
In July-September, the average number of personnel in the Kesko Group was 19,280 (21,472) converted into full-time employees. In Finland, the average decrease was 561 people, while outside Finland it was 1,631.

Segment performance in July-September

Food trade
In the food trade, the net sales in July-September were €966 million (€933 million), up 3.6%. The retail sales of K-food stores in July-September totalled €1,243 million (incl. VAT), representing a growth of 4.7%. Especially the K-citymarket chain and Pirkka products recorded good sales growth. The K-food stores' grocery sales increased by 5.5%. At the end of September, the total number of K-food stores was 1,026.

In July-September, the operating profit excluding non-recurring items of the food trade was €35.5 million (3.7% of the net sales), up €1.0 million year-on-year, and at proportionately the same level as in the previous year. The operating profit of the food trade was €35.8 million (€45.3 million). The operating profit of the comparative period was increased by €10.9 million of non-recurring gains on property sales.

In July-September, investments in the food trade were €19.3 million (€44.1 million), of which investments in store sites were €15.7 million (€38.1 million).

Kesko Food continued to develop the K-food store network. In August, a K-supermarket opened in Järvenpää. In addition, several renovations were implemented in K-supermarkets and K-markets.

In October, a K-citymarket opened in Kirkkonummi, an extended K-citymarket in Mikkeli, and K-supermarkets opened in Eurajoki and Porvoo. The most significant store sites being built are the K-citymarkets in Linnainmaa, Tampere, and in Koivukylä, Vantaa, as well as the new K-supermarkets in Kotka, in Koivuhaka, Vantaa, and in Kangasala. K-citymarket Keljo in Jyväskylä is undergoing a shopping centre extension.

Home and speciality goods trade
In the home and speciality goods trade, the net sales in July-September were €381 million (€396 million), down 4.0%.

The operating profit of the home and speciality goods trade excluding non-recurring items in July-September was €6.5 million (1.7% of the net sales). It matched the level of the previous year (€6.8 million and 1.7% of the net sales), owing to cost savings and gross margin improvement. The operating profit in July-September was €7.0 million (€9.2 million). Non-recurring gains on property sales and impairments were €0.5 million in July-September (€2.4 million).

Investments in the home and speciality goods trade in July-September were €5.9 million (€16.2 million).

Anttila's net sales in July-September were €117 million (€132 million), down 11.2%. The biggest decrease was registered in the sales of entertainment and fashion products. The sales of the Anttila department stores were €66 million, down 10.1%. The sales of the Kodin Ykkönen department stores for home goods and interior decoration were €31 million, down 11.4%. NetAnttila's sales were €20 million, a decrease of 14.6%. The decline was sharp in Estonia and Latvia. In April, a department store opened in Skanssi, Turku, and a new Kodin Ykkönen will open in Lielahti, Tampere, in October.

The net sales of K-citymarket's home and speciality goods trade in July-September were €140 million (€135 million), up 4.3%. The net sales performance was affected by store site network expansions and an increased number of customers. In April, a K-citymarket opened in Skanssi, Turku and in Ylöjärvi. In October, a K-citymarket opened in Kirkkonummi and an extended K-citymarket in Mikkeli. By the year end, K-citymarkets will open in Koivukylä, Vantaa, and in Linnainmaa, Tampere.

Intersport Finland's net sales in July-September were €45 million (€44 million), up 1.8%. Indoor's net sales in July-September were €44 million (€48 million), down 9.2%. Musta Pörssi Ltd's net sales in July-September were €27 million (€29 million), down 8.4%. Kenkäkesko Ltd's net sales in July-September were €9 million (€10 million), down 8.3%.

Building and home improvement trade
In the building and home improvement trade, the net sales in July-September were €614 million (€795 million), down 22.7%.

In July–September, the net sales in Finland were €265 million, a decrease of 21.1%. The building and home improvement trade contributed €199 million and the agricultural supplies trade €65 million to the net sales in Finland. The net sales of the building and home improvement trade in Finland were down 11.2% and the net sales of the agricultural supplies trade by 41.4%.

The net sales from foreign operations in the building and home improvement trade were €350 million (€459 million), a decrease of 23.9%. In addition to a decline in demand, the sales performance of foreign operations was affected by the weakening of the Swedish krona, the Norwegian krone and the Russian ruble. The net sales from foreign operations dropped by 17.1% in terms of the local currencies. Foreign operations contributed 56.9% to the net sales of the building and home improvement trade.

In Sweden, the net sales of K-rauta AB increased by 7.7% to €55 million in July–September. In terms of the local currency, K-rauta AB's net sales grew by 19.1%. In Norway, Byggmakker's net sales decreased by 16.6% to €129 million. In terms of the local currency, Byggmakker's net sales dropped by 9.5%. In Estonia, Rautakesko's net sales were down 20.0% to €19 million. In Latvia, Rautakesko's net sales decreased by 28.2% to €14 million. In Lithuania, Senukai's net sales fell by 45,2% to €69 million. In Russia, the net sales of the building and home improvement trade decreased by 22.1% to €46 million. In terms of the local currency, the net sales decreased by 4.5%. The net sales of the Belarusian OMA were down by 31.9% to €15 million. In terms of the local currency, OMA's net sales decreased by 14.8%.

In July–September, the operating profit excluding non-recurring items of the building and home improvement trade was €8.4 million (1.4% of the net sales), which was €17.1 million, or 1.8 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by a substantial contraction of the construction markets. The operating profit of the building and home improvement trade was €8.5 million (operating loss €16.1 million) in July–September. The adjustments of costs and inventories had a significantly positive impact on the profitability and cash flow of the building and home improvement trade. The comparative period's operating profit includes a €47.0 million impairment charge on Byggmakker Norge's intangible assets, and a €5.4 million non-recurring gain on a property sale.

In July–September, investments in the building and home improvement trade were €19.0 million (€25.7 million), of which 91.4% (80.9%) abroad.

The retail sales of the K-rauta and Rautia chains in July–September decreased by 2.2% to €354 million (incl. VAT) in Finland. The sales of Rautakesko B-to-B Service were down 30.1%. The retail sales of the K-maatalous chain were €108 million (incl. VAT), down 33.2%.

Car and machinery trade
In July–September, the net sales of the car and machinery trade were €213 million (€357 million), down 40.2%.

VV-Auto's net sales in July–September were €128 million (€217 million), a decrease of 41.1%. The net sales performance was affected by a decline in consumer demand in the car trade, coupled with the car tax change effective at the beginning of April, causing the car tax levied on cars after 1 April 2009 to be excluded from the net sales figures. The comparable net sales, including the tax change impact, fell by 29.5% in July–September. The combined market share of passenger cars and vans imported by VV-Auto grew to 18.7% (17.9%) in July–September.

Konekesko's net sales in July–September were €86 million (€140 million), down 38.9% on the corresponding period of the previous year. The net sales decrease is due to the weakened machinery market and the discontinuation of the Baltic grain and agricultural supplies trade. The net sales in Finland were €45 million, a decrease of 23.2%. The net sales from Konekesko's foreign operations were €41 million, down 50.1%.

In July–September, the operating profit excluding non-recurring items of the car and machinery trade was €1.7 million (0.8% of the net sales), which was €8.7 million, or 2.1 percentage points, lower than in the corresponding period of the previous year. The profit performance was affected by the substantial sales decrease in the car and machinery trade. In addition, Konekesko's profitability was negatively impacted by the weakened gross margin level of the Baltic agricultural trade.

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

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

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

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

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

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

Shares, securities market and Board authorisations

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

The price of a Kesko A share quoted on NASDAQ OMX Helsinki (the Helsinki stock exchange) was €22.00 at the end of 2008, and €22.80 at the end of the reporting period in September, representing an increase of 3.6%. The price of a B share was €17.80 at the end of 2008, and €22.90 at the end of the reporting period, representing an increase of 28.7%. During the reporting period, the highest A share quotation was €24.90 and the lowest was €18.73. For B shares, they were €23.28 and €14.99 respectively. During January–September, the Helsinki stock exchange All Share index (OMX Helsinki) rose by 17.9%, the weighted OMX Helsinki CAP index by 30.7%, while the Consumer Staples Index was up 35.5% during the same period.

At the end of the reporting period, the market capitalisation of A shares was €724 million, while that of B shares was €1,522 million. Their combined market capitalisation was €2,246 million, an increase of €371 million compared with the end of 2008. During the first part of 2009, 820,331 A shares were traded on the Helsinki stock exchange at a total value of €17.9 million, while 65.4 million B shares were traded at a total value of €1,207 million.

The 2003F stock options of the year 2003 option scheme were available for trading and a total of some 108,000 options were traded at a total value of €712,000 during the reporting period.

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

At the end of the reporting period, the number of shareholders was 39,571. In 2008 it increased by 9,155 shareholders and has increased further by 1,491 shareholders in 2009. At the end of September 2009, foreign ownership of all shares was 19%, and foreign ownership of B shares was 28%.

Flagging notifications

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

Main events during the reporting period

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

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

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

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

Risk management

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

The main risks for Kesko's business activities are related to the general economic development in Kesko's operating area and its impact on the Kesko Group's sales and profit performance. Country-specific risks are emphasized especially in the Baltic countries due to consumers' weakened purchasing power, increased unemployment rates and devaluation risks. Also, the unemployment trends in the Nordic countries and Russia, and consequently the consumer demand for especially building materials, cars and machinery continue to involve risks.

The increased possibility of financial difficulties for customers, principals and suppliers also increases the risk of credit losses and risks relating to the availability of merchandise. The prevailing market situation emphasizes cost adaptation, efficient management of inventories, accounts receivable and investment assets, as well as risk management responses to the prevention of malpractice.

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

Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (10/2009-9/2010) in comparison with the 12 months preceding the reporting period (10/2008-9/2009).

The development of the Group's business activities is affected by the economic outlook in its different market areas and especially by the growth rate of private consumption. The economic outlook for the near future remains gloomy and substantial uncertainties are associated with the developments in the real economy. In Finland, the unemployment rate is expected to rise further, which is why private consumer demand is not expected to recover during the next twelve months.

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

Uncertainty about the economic outlook continues to make any statement about the Group's future outlook more difficult. The Kesko Group's net sales from continuing operations in the next twelve months are expected to match the level of the prior twelve months. Due to the cost adjustments made and the discontinuation of the loss-making Baltic grain and agricultural supplies trade, the Kesko Group's operating profit excluding non-recurring items is not expected to deteriorate further. The Group's liquidity and solvency are expected to remain good.

Helsinki, 21 October 2009
Kesko Corporation
Board of Directors

The figures of this interim financial report are unaudited.

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

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

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Kesko Corporation's financial statements will be released on 5 February 2010. In addition, the Kesko Group's sales figures will be published each month. News releases and other company information are available on Kesko's website at www.kesko.fi.

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

ATTACHMENTS:

Accounting policies

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

IFRS 8 Operating segments

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

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

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

IAS 1 Presentation of financial statements

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

IFRIC 13 Customer Loyalty Programmes

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

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

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

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

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

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

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

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

Other changes

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

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

Consolidated income statement (€ million)

	1-9/2009	1-9/2008	Change,%	7-9/2009	7-9/2008	Change,%	1-12/2008
Net sales	6,294	7,258	-13.3	2,133	2,435	-12.4	9,591
Cost of sales	-5,466	-6,280	-13.0	-1,853	-2,112	-12.3	-8,293
Gross profit	828	978	-15.4	280	322	-13.1	1,299
Other operating income	478	577	-17.1	152	171	-11.3	730
Staff cost	-398	-433	-8.1	-126	-138	-8.7	-578
Depreciation and impairment charges	-88	-134	-34.3	-30	-76	-61.0	-178
Other operating expenses	-706	-709	-0.5	-228	-236	-3.4	-987
Operating profit	114	279	-59.0	48	44	10.3	286
Interest income	17	26	-36.7	4	9	-55.3	36
Interest expenses	-16	-23	-31.6	-5	-7	-29.5	-30
Exchange differences and other financial items	-15	-3	(..)	-4	0	(..)	-4
Income from associates	0	2	-89.9	0	2	-95.1	2
Profit before tax	100	281	-64.3	44	48	-8.7	289
Income tax	-41	-84	-51.7	-18	-26	-29.6	-89
Profit for the period from continuing operations	60	197	-69.7	25	22	16.0	199
Profit for the period from discontinued operations	-	41	(..)	-	0	(..)	42
Net profit for the period	60	238	-74.9	25	22	18.4	241
Attributable to							
Owners of the parent	54	224	-75.9	23	16	45.3	220
Non-controlling interests	6	14	-59.1	2	5	-59.8	21
Earnings per share (€) for profit attributable to equity holders of the parent							
Continuing operations							
Basic	0.55	1.87	-70.6	0.24	0.17	41.1	1.82
Diluted	0.55	1.86	-70.5	0.24	0.17	41.4	1.81
Whole Group							
Basic	0.55	2.29	-76.0	0.24	0.16	45.0	2.25
Diluted	0.55	2.28	-75.9	0.24	0.16	45.3	2.24

Consolidated statement of comprehensive income (€ million)

	1-9/2009	1-9/2008	Change,%	7-9/2009	7-9/2008	Change,%	1-12/2008
Net profit for the period	60	238	-74.9	25	22	18.4	241
Other comprehensive income							
Exchange differences on translating foreign operations	-3	0	(..)	1	1	-31.3	-6
Cash flow hedge revaluation	-10	3	(..)	-3	-9	62.2	-13
Revaluation of available-for-sale financial assets	0	1	(..)	1	1	-21.3	2
Tax relating to other comprehensive income	3	-1	(..)	1	2	-66.4	3
Total other comprehensive income for the period, net of tax	-10	2	(..)	-1	-5	-56.9	-14
Total comprehensive income for the period	49	240	(..)	24	17	-38.4	226
Attributable to							
Owners of the parent	48	225	-78.8	22	10	(..)	205
Non-controlling interests	2	15	(..)	2	7	(..)	21

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.9.2009	30.9.2008	Change,%	31.12.2008
ASSETS				
Non-current assets				
Intangible assets	181	170	6.6	170
Tangible assets	1,208	1,174	2.9	1,210
Interests in associates and other financial assets	37	34	7.9	34
Loans and receivables	61	60	0.1	76
Pension assets	311	290	7.2	300
Total	1,797	1,729	4.0	1,789
Current assets				
Inventories	705	922	-23.6	871
Trade receivables	633	743	-14.9	633
Other receivables	144	145	-1.1	152
Financial assets at fair value through profit or loss	92	130	-28.8	94
Available-for-sale financial assets	365	353	3.4	291
Cash and cash equivalents	79	54	47.0	58
Total	2,017	2,347	-14.1	2,100
Non-current assets held for sale	1	1	0.0	3
Total assets	3,815	4,077	-6.4	3,892
EQUITY AND LIABILITIES				
Equity	1,925	1,984	-3.0	1,966
Non-controlling interests	62	54	14.8	61
Total equity	1,987	2,038	-2.5	2,026
Non-current liabilities				
Pension obligations	2	4	-47.2	2
Interest-bearing liabilities	262	213	23.3	197
Non-interest-bearing liabilities	9	4	(..)	12
Deferred tax	129	137	-6.3	132
Provisions	18	20	-9.2	20
Total	420	378	11.1	363
Current liabilities				
Interest-bearing liabilities	222	296	-25.1	294
Trade payables	791	932	-15.1	756
Other non-interest-bearing liabilities	375	421	-11.0	430
Provisions	20	11	79.8	24
Total	1,408	1,661	-15.2	1,503
Total equity and liabilities	3,815	4,077	-6.4	3,892

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Issue of share capital	Share premium	Other reserves	Currency translation differences	Revaluation surplus	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2008	**196**	**0**	**190**	**247**	**-3**	**10**	**1,270**	**55**	**1,964**
Shares subscribed for with options	0	0	0						0
Option cost							4		4
Subsidiary sales				-4			4		0
Dividends							-156	-16	-172
Other changes							2		2
Total comprehensive income for the period				0	-3	2	225	15	240
Balance at 30.9.2008	**196**	**0**	**190**	**243**	**-6**	**12**	**1,349**	**54**	**2,038**
Balance at 1.1.2009	**196**	**0**	**191**	**243**	**-15**	**2**	**1,350**	**61**	**2,026**
Shares subscribed for with options	1	0	2						3
Option cost							6		6
Dividends							-98		-98
Other changes							1		1
Total comprehensive income for the period					14	-8	41	2	49
Balance at 30.9.2009	**196**	**0**	**193**	**243**	**-1**	**-6**	**1,300**	**62**	**1,987**

Consolidated cash flow statement (€ million), condensed

	1–9/2009	1–9/2008	Change,%	7–9/2009	7–9/2008	Change,%	1–12/2008
Cash flow from operating activities							
Profit before tax	100	323	-68.9	44	48	-7.8	331
Planned depreciation	86	88	-2.1	30	29	2.7	118
Financial income and expenses	14	0	(..)	5	-2	(..)	-1
Other adjustments	-24	-161	-85.3	5	11	-57.6	-130
Working capital							
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-4	-103	-96.2	63	57	11.0	-10
Inventories increase (-)/ decrease (+)	167	-39	(..)	37	-28	(..)	2
Current non-interest-bearing liabilities, increase (+)/ decrease (-)	-27	77	(..)	-51	-62	-17.7	-78
Financial items and tax	-47	-68	-31.7	-12	-26	-51.8	-100
Net cash from operating activities	266	116	(..)	119	27	(..)	131
Cash flow from investing activities							
Investments	-172	-223	-23.0	-52	-88	-41.0	-320
Sales of fixed assets	94	278	-66.1	5	60	-92.2	281
Increase of long-term receivables	0	-5	(..)	0	-1	(..)	-7
Decrease of long-term receivables	2	0	(..)	1	0	(..)	0
Net cash used in investing activities	-75	50	(..)	-46	-29	60.4	-46
Cash flow from financing activities							
Increase (+)/ decrease (-) in interest-bearing liabilities	-6	-26	-75.8	-44	-2	(..)	-53
Increase (-)/decrease (+) in short-term interest-bearing receivables	-1	214	(..)	0	3	(..)	216
Dividends paid	-98	-172	-42.9	0	-16	(..)	-172
Equity increase	3	0	(..)	0	0	(..)	0
Short-term money market investments	-19	-54	-64.1	-78	57	(..)	-17
Other items	7	1	(..)	0	2	(..)	11
Net cash used in financing activities	-115	-37	(..)	-123	43	(..)	-14
Change in cash and cash equivalents	75	129	-41.9	-49	41	(..)	71
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	319	245	30.1	440	335	31.6	245
Exchange difference and revaluation	-3	0	(..)	0	1	(..)	1
Cash and cash equivalents relating to available-for-sale assets	0	-2	(..)	0	0	(..)	-2
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Sep.	391	377	3.8	391	377	3.8	319

(..) Change over 100%

Group financial indicators

	1-9/2009	1-9/2008	Change, pp
Return on capital employed, %	7.2	20.1	-12.9
Return on capital employed, %, rolling 12 months	5.7	18.0	-12.3
Return on capital employed excl. non-recurring items, %	5.5	12.0	-6.6
Return on capital employed excl. non-recurring items, %, rolling 12 months	5.3	12.3	-6.9
Return on equity, %	4.0	15.8	-11.9
Return on equity, %, rolling 12 months	3.1	14.4	-11.3
Return on equity excl. non-recurring items, %	2.6	9.4	-6.7
Return on equity excl. non-recurring items, %, rolling 12 months	3.1	9.7	-6.6
Equity ratio, %	52.3	50.2	2.1
Gearing, %	-2.6	-1.3	-1.3
			Change, %
Investments, € million*	156.5	233.2	-32.9
Investments, % of net sales*	2.5	3.2	-22.6
Earnings per share, basic, €*	0.55	1.87	-70.6
Earnings per share, diluted, €*	0.55	1.86	-70.5
Earnings per share, basic, €**	0.55	2.29	-76.0
Earnings per share, diluted, €**	0.55	2.28	-75.9
Earnings per share excl. non-recurring items, basic, €**	0.35	1.29	-73.2
Cash flow from operating activities, € million**	266	116	(..)
Cash flow from investing activities, € million**	-75	50	(..)
Equity per share, €	19.60	20.29	-3.4
Personnel, average*	19,544	21,464	-8.9

** Continuing operations ** Whole Group*

Group financial indicators by quarter	1–3/2008	4–6/2008	7–9/2008	10–12/2008	1–3/2009	4–6/2009	7–9/2009
Net sales, € million	2,277	2,547	2,435	2,333	2,018	2,143	2,133
Change in net sales, %	6.8	6.1	3.0	-2.4	-11.4	-15.9	-12.4
Operating profit, € million	150.1	84.8	43.8	6.9	23.2	42.7	48.3
Operating margin, %	6.6	3.3	1.8	0.3	1.1	2.0	2.3
Operating profit excl. non-recurring items, € million	36.6	81.1	72.0	27.3	3.4	36.4	47.5
Operating margin excl. non-recurring items, %	1.6	3.2	3.0	1.2	0.2	1.7	2.2
Financial income/expenses, € million	-1.4	-0.2	1.8	0.8	-5.1	-4.4	-4.7
Profit before tax, € million	148.6	84.3	48.0	7.7	18.2	38.2	43.8
Profit before tax, %	6.5	3.3	2.0	0.3	0.9	1.8	2.1
Return on capital employed, %	30.1	22.2	8.2	1.4	4.2	8.0	9.4
Return on capital employed excl. non-recurring items, %	7.3	15.6	13.6	4.9	0.6	6.8	9.2
Return on equity, %	25.1	19.1	4.2	0.6	2.4	4.6	5.2
Return on equity excl. non-recurring items, %	5.6	12.3	10.4	4.3	-0.6	3.7	5.0
Equity ratio, %	46.3	49.0	50.2	52.4	49.8	51.0	52.3
Investments, € million*	60.3	83.0	89.9	105.2	51.5	55.8	49.2
Earnings per share, diluted, €*	1.11	0.58	0.17	-0.05	0.12	0.19	0.24
Equity per share, €	19.13	20.17	20.29	20.09	19.16	19.36	19.60

** Continuing operations*

Segment information

Net sales by segment, continuing operations (€ million)	1-9/2009	1-9/2008	Change,%	7-9/2009	7-9/2008	Change,%
Food trade, Finland	2,822	2,717	3.9	965	931	3.7
Food trade, other countries*	5	9	-38.4	2	2	-35.1
Food trade total	2,827	2,725	3.7	966	933	3.6
- of which intersegment trade	118	132	-10.4	39	43	-8.0
Home and speciality goods trade, Finland	1,037	1,080	-4.0	373	385	-3.0
Home and speciality goods trade, other countries*	21	36	-40.5	7	11	-38.4
Home and speciality goods trade total	1,058	1,115	-5.2	381	396	-4.0
- of which intersegment trade	16	16	4.9	6	6	-0.8
Building and home improvement trade, Finland	818	1,057	-22.6	265	335	-21.1
Building and home improvement trade, other countries*	969	1,303	-25.7	350	459	-23.9
Building and home improvement trade total	1,787	2,360	-24.3	614	795	-22.7
- of which intersegment trade	1	2	-26.3	0	1	-55.3
Car and machinery trade, Finland	614	927	-33.8	170	270	-36.9
Car and machinery trade, other countries*	129	257	-50.0	43	86	-50.5
Car and machinery trade total	743	1,185	-37.3	213	357	-40.2
- of which intersegment trade	0	1	-63.4	0	0	-91.5
Common operations and eliminations	-121	-127	-4.9	-41	-46	-11.1
Finland total	5,170	5,653	-8.6	1,732	1,875	-7.6
Other countries total*	1,124	1,605	-30.0	401	560	-28.3
Group total	6,294	7,258	-13.3	2,133	2,435	-12.4

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

Operating profit by segment, continuing operations (€ million)	1–9/2009	1–9/2008	Change	7–9/2009	7–9/2008	Change
Food trade	111.9	158.1	-46.2	35.8	45.3	-9.5
Home and speciality goods trade	0.1	53.0	-52.9	7.0	9.2	-2.2
Building and home improvement trade	18.0	25.9	-7.8	8.5	-16.1	24.6
Car and machinery trade	-2.4	47.5	-49.9	1.7	10.4	-8.7
Common operations and eliminations	-13.3	-5.7	-7.7	-4.5	-4.9	0.4
Total	114.3	278.8	-164.5	48.3	43.8	4.5

Segments' operating profits excl. non-recurring items, continuing operations (€ million)	1–9/2009	1–9/2008	Change	7–9/2009	7–9/2008	Change
Food trade	99.4	90.9	8.5	35.5	34.4	1.0
Home and speciality goods trade	-10.2	3.5	-13.7	6.5	6.8	-0.3
Building and home improvement trade	14.0	63.8	-49.8	8.4	25.5	-17.1
Car and machinery trade	-2.4	47.5	-49.9	1.7	10.4	-8.7
Common operations and eliminations	-13.4	-16.0	2.6	-4.5	-5.1	0.6
Total	87.4	189.7	-102.4	47.5	72.0	-24.4

Segments' operating margins excl. non-recurring items, continuing operations	1–9/2009 % of net sales	1–9/2008 % of net sales	Changepp	7–9/2009 % of net sales	7–9/2008 % of net sales	Change pp
Food trade	3.5	3.3	0.2	3.7	3.7	0.0
Home and speciality goods trade	-1.0	0.3	-1.3	1.7	1.7	0.0
Building and home improvement trade	0.8	2.7	-1.9	1.4	3.2	-1.8
Car and machinery trade	-0.3	4.0	-4.3	0.8	2.9	-2.1
Total	1.4	2.6	-1.2	2.2	3.0	-0.7

Capital employed by segment, cumulative average (€ million)	1–9/2009	1–9/2008	Change	7–9/2009	7–9/2008	Change
Food trade	633	628	5	624	639	-15
Home and speciality goods trade	516	498	18	504	502	2
Building and home improvement trade	650	629	21	631	629	2
Car and machinery trade	250	273	-23	216	270	-54
Common operations and eliminations	81	102	-21	87	84	2
Group total	2,129	2,129	0	2,062	2,125	-63

Return on capital employed by segment excl. non-recurring items, %	1–9/2009	1–9/2008	Change pp	7–9/2009	7–9/2008	Change pp	Rolling 12 mo 9/2009
Food trade	20.9	19.3	1.6	22.7	21.5	1.2	20.5
Home and speciality goods trade	-2.6	0.9	-3.6	5.2	5.4	-0.2	3.4
Building and home improvement trade	2.9	13.5	-10.7	5.3	16.2	-10.9	1.0
Car and machinery trade	-1.3	23.3	-24.5	3.1	15.4	-12.3	-7.4
Group total	5.5	12.0	-6.6	9.2	13.6	-4.3	5.3

Investments by segment, continuing operations (€ million)	1–9/2009	1–9/2008	Change	7–9/2009	7–9/2008	Change
Food trade	59.5	107.9	-48.4	19.3	44.1	-24.8
Home and speciality goods trade	22.8	39.9	-17.0	5.9	16.2	-10.4
Building and home improvement trade	65.3	77.8	-12.5	19.0	25.7	-6.7
Car and machinery trade	8.5	10.2	-1.6	5.0	3.6	1.3
Group total	156.5	233.2	-76.7	49.2	89.9	-40.7

Segment information by quarter

Net sales by segment, continuing operations (€ million)	1–3/2008	4–6/2008	7–9/2008	10–12/2008	1–3/2009	4–6/2009	7–9/2009
Food trade	853	939	933	982	888	974	**966**
Home and speciality goods trade	364	355	396	490	346	331	**381**
Building and home improvement trade	695	870	795	617	529	643	**614**
Car and machinery trade	402	426	357	295	296	233	**213**
Common operations and eliminations	-37	-44	-46	-51	-41	-39	**-41**
Group total	2,277	2,547	2,435	2,333	2,018	2,143	**2,133**

Segments' operating profits, continuing operations (€ million)	1–3/2008	4–6/2008	7–9/2008	10–12/2008	1–3/2009	4–6/2009	7–9/2009
Food trade	81.3	31.5	45.3	27.4	42.3	33.8	**35.8**
Home and speciality goods trade	40.1	3.7	9.2	10.6	-3.3	-3.6	**7.0**
Building and home improvement trade	7.3	34.6	-16.1	-6.5	-5.2	14.8	**8.5**
Car and machinery trade	15.8	21.3	10.4	-17.0	-6.0	1.9	**1.7**
Common operations and eliminations	5.6	-6.3	-4.9	-7.6	-4.6	-4.3	**-4.5**
Group total	150.1	84.8	43.8	6.9	23.2	42.7	**48.3**

Segments' operating profits excl. non-recurring items, continuing operations (€ million)	1–3/2008	4–6/2008	7–9/2008	10–12/2008	1–3/2009	4–6/2009	7–9/2009
Food trade	25.0	31.5	34.4	31.6	33.8	30.1	**35.5**
Home and speciality goods trade	-6.8	3.5	6.8	27.7	-10.7	-6.0	**6.5**
Building and home improvement trade	7.3	31.0	25.5	-7.5	-9.1	14.8	**8.4**
Car and machinery trade	15.8	21.3	10.4	-17.1	-6.0	1.9	**1.7**
Common operations and eliminations	-4.8	-6.2	-5.1	-7.5	-4.6	-4.4	**-4.5**
Group total	36.6	81.1	72.0	27.3	3.4	36.4	**47.5**

Personnel average and at 30.9.

Personnel, average by segment, continuing operations	1-9/2009	1-9/2008	Change
Food trade	3,110	3,511	-401
Home and speciality goods trade	5,698	5,809	-111
Building and home improvement trade	8,997	10,434	-1,437
Car and machinery trade	1,328	1,471	-143
Common operations	411	239	172
Group total	19,544	21,464	-1,920

Personnel at 30.9.* by segment,continuing operations	2009	2008	Change
Food trade	3,336	3,961	-625
Home and speciality goods trade	7,544	7,633	-89
Building and home improvement trade	9,525	11,533	-2,008
Car and machinery trade	1,255	1,502	-247
Common operations	426	241	185
Group total	22,086	24,870	-2,784

** total number incl. part-time employees*

Group contingent liabilities (€ million)

	30.9.2009	30.9.2008	Change, %
For own commitments	246	223	10.0
For shareholders	0	0	-0.9
For others	9	11	-16.8
Lease liabilities	23	22	6.5

Contingent liabilities arising from derivative financial instruments

Values of underlying instruments at 30.9.	30.9.2009	30.9.2008	Fair value 30.9.2009
Interest rate derivatives			
Forward and future contracts	23	–	0.05
Interest rate swap contracts	204	205	1.57
Currency derivatives			
Forward and future contracts	409	342	-10.03
Option contracts	-	3	-
Currency swap contracts	100	100	-18.47
Commodity derivatives			
Electricity derivatives	38	59	-12.14
Grain derivatives	0	1	-0.04

Calculation of financial indicators

Return on capital employed, % =

$$\frac{\text{Operating profit}}{\text{(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for the reporting period}} \times 100$$

Return on capital employed, %, rolling 12 months =

$$\frac{\text{Operating profit for the prior 12 months}}{\text{(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for 12 months}} \times 100$$

Return on capital employed, excluding non-recurring items, % =

$$\frac{\text{Operating profit excl. non-recurring items}}{\text{(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for the reporting period}} \times 100$$

Return on capital employed, excluding non-recurring items, %, rolling 12 months =

$$\frac{\text{Operating profit excl. non-recurring items for the prior 12 months}}{\text{(Non-current assets + Inventories + Receivables + Other current assets − Non-interest-bearing liabilities) on average for 12 months}} \times 100$$

Return on equity, % =

$$\frac{\text{Profit/loss before tax – income tax}}{\text{Shareholders' equity}} \times 100$$

Return on equity, %, rolling 12 months =

$$\frac{\text{Profit/loss for the prior 12 months before tax – income tax for the prior 12 months}}{\text{Shareholders' equity}} \times 100$$

Return on equity excluding non-recurring items, % =

$$\frac{\text{Profit/loss adjusted for non-recurring items before tax – income tax adjusted for the tax effect of non-recurring items}}{\text{Shareholders' equity}} \times 100$$

Return on equity excluding non-recurring items, %, rolling 12 months =

$$\frac{\text{Profit/loss for the prior 12 months adjusted for non-recurring items before tax – income tax for the prior 12 months adjusted for the tax effect of non-recurring items}}{\text{Shareholders' equity}} \times 100$$

Equity ratio, % =

$$\frac{\text{Shareholders' equity}}{\text{Statement of financial position total – advances received}} \times 100$$

Earnings/share, diluted =

$$\frac{\text{Profit – non-controlling interests}}{\text{Average number of shares adjusted for the dilutive effect of options}}$$

Earnings/share, basic =

$$\frac{\text{Profit – non-controlling interests}}{\text{Average number of shares}}$$

Earnings/share excl. non-recurring items, basic =

$$\frac{\text{Profit adjusted for non-recurring items − non-controlling interests}}{\text{Average number of shares}}$$

Equity/share =

$$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Basic number of shares at reporting date}}$$

Gearing, % =

$$\frac{\text{Interest-bearing net liabilities}}{\text{Shareholders' equity}} \times 100$$

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

	1.1.–30.9.2009		1.7.–30.9.2009	
K-Group retail and B-to-B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group food trade				
K-food stores, Finland	3,649	5.7	1,243	4.7
Kespro	612	-1.8	214	-2.5
Food trade total	**4,260**	**4.5**	**1,457**	**3.6**
K-Group home and speciality goods trade				
Home and speciality goods stores, Finland	1,383	-4.1	486	-3.0
Home and speciality goods stores, Baltic countries	19	-45.8	6	-44.1
Home and speciality goods trade total	**1,402**	**-5.1**	**492**	**-3.9**
K-Group building and home improvement trade				
K-rauta and Rautia	892	-7.1	354	-2.2
Rautakesko B-to-B Service	147	-33.6	52	-30.1
K-maatalous	352	-26.1	108	-33.2
Finland total	**1,390**	**-16.1**	**515**	**-14.1**
Building and home improvement stores, other Nordic countries	881	-17.6	333	-12.4
Building and home improvement stores, Baltic countries	348	-37.0	122	-39.3
Building and home improvement stores, other countries	198	-17.0	71	-25.0
Building and home improvement trade total	**2,817**	**-19.9**	**1,041**	**-18.4**
K-Group car and machinery trade				
VV-Autotalot	291	-23.8	85	-30.0
VV-Auto, import	300	-41.8	75	-48.3
Konekesko, Finland	187	-35.9	54	-25.4
Finland total	**777**	**-34.6**	**215**	**-36.8**
Konekesko, Baltic countries	132	-37.7	47	-42.9
Car and machinery trade total	**910**	**-35.0**	**261**	**-38.0**
Finland total	**7,811**	**-6.6**	**2,673**	**-6.1**
Other countries total	**1,578**	**-25.1**	**579**	**-24.7**
Retail and B-to-B sales total	**9,389**	**-10.3**	**3,252**	**-10.1**