Kesko's interim report for the period 1 Jan. to 30 Jun. 2013

Financial performance in brief:
*The Group's net sales for January-June decreased by 4.2%.
*The retail and B2B sales (VAT 0%) of the K-Group (i.e. Kesko and chain stores) for January-June decreased by 4.6%.
*The operating profit excluding non-recurring items was €88.4 million (€81.7 million).
*The Kesko Group's net sales and operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months.

Key performance indicators

	1-6/2013	**1-6/2012**	**4-6/2013**	**4-6/2012**
Net sales, € million	4,580	4,778	2,420	2,460
Operating profit excl. non-recurring items, € million	88.4	81.7	69.8	59.4
Operating profit, € million	96.3	82.8	77.0	57.7
Profit before tax, € million	93.0	82.3	77.2	57.3
Capital expenditure, € million	89.5	171.9	48.1	67.8
Earnings per share, diluted, €	0.62	0.53	0.50	0.37
Earnings per share excl. non-recurring items, basic, €	0.56	0.52	0.45	0.38

	30.6.2013	**30.6.2012**
Equity ratio, %	50.5	51.2
Equity per share, €	21.79	21.72

FINANCIAL PERFORMANCE

Net sales and profit for January-June 2013

The Group's net sales in January-June 2013 were €4,580 million, which is 4.2% down on the corresponding period of the previous year (€4,778 million). Net sales performance was affected by weaker consumer demand especially in the building and home improvement trade and department store trade in Finland. In Finland, net sales decreased by 3.6% and in the other countries by 6.6%. Net sales performance in the other countries was materially impacted by the sales decline in the building and home improvement trade in Norway resulting from the retailer changes that took place in the Byggmakker chain in the previous year. International operations accounted for 17.1% (17.6%) of net sales. Net sales grew in the food trade and declined in the other divisions.

1-6/2013	**Net sales, € million**	**Change, %**	**Operating profit excl. non-recurring items, € million**	**Change, € million**
Food trade	2,144	+2.0	99.0	25.7
Home and speciality goods trade	667	-7.6	-27.8	-14.2
Building and home improvement trade	1,302	-7.7	2.9	-3.3
Car and machinery	551	-12.2	20.8	-5.0

trade				
Common operations and eliminations	-83	+0.6	-6.4	3.5
Total	**4,580**	**-4.2**	**88.4**	**6.7**

The operating profit excluding non-recurring items for January-June was €88.4 million (€81.7 million). The enhancement measures of the profitability programme had a significant positive impact on the Group's profit performance. Operating expenses decreased by €40 million compared to the previous year.

Operating profit was €96.3 million (€82.8 million). The operating profit includes €7.9 million (€1.1 million) of non-recurring items. The non-recurring items include gains on the disposals of properties in the amount of €9.0 million. The Group's profit before tax for January-June was €93.0 million (€82.3 million).

The Group's earnings per share were €0.62 (€0.53). The Group's equity per share was €21.79 (€21.72).

In January-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €5,615 million, down 4.6% compared to the previous year. The K-Plussa customer loyalty programme gained 33,787 new households in January-June. At the end of June, there was 2,229,370 K-Plussa households and 3.8 million K-Plussa cardholders.

Net sales and profit for April-June 2013

The Group's net sales in April-June 2013 were €2,420 million, which is 1.6% down on the corresponding period of the previous year (€2,460 million). Net sales decline was mainly attributable to the fall in the department store trade in Finland and in the sales of the building and home improvement trade in Norway. In Finland, net sales decreased by 1.2% and in the other countries by 3.3%. International operations accounted for 19.3% (19.6%) of net sales.

4-6/2013	**Net sales, € million**	**Change, %**	**Operating profit excl. non-recurring items, € million**	**Change, € million**
Food trade	1,099	+0.7	50.8	12.1
Home and speciality goods trade	322	-8.7	-10.0	-9.3
Building and home improvement trade	740	-5.4	19.5	4.2
Car and machinery trade	301	+9.8	13.0	2.7
Common operations and eliminations	-41	+1.7	-3.4	0.6
Total	**2,420**	**-1.6**	**69.8**	**10.3**

The operating profit excluding non-recurring items for April-June was €69.8 million (€59.4 million). It represented 2.9% (2.4%) of net sales. Profitability was improved through major cost adjustments in all divisions.

Operating profit was €77.0 million (€57.7 million). The operating profit includes €7.3 million (€-1.7 million) of non-recurring items. The non-recurring items include gains on the disposals of properties in the amount of €8.4 million. The Group’s profit before tax for April-June was €77.2 million (€57.3 million).

The Group's earnings per share were €0.50 (€0.37).

In April-June, the K-Group’s (i.e. Kesko’s and the chain stores’) retail and B2B sales (VAT 0%) were €3,042 million, down 2.0% compared to the previous year.

Finance

In January-June, the cash flow from operating activities was €185.7 million (€55.9 million). The cash flow from investing activities was €-80.0 million (€-171.2 million) including a €14.0 million (€21.1 million) amount of proceeds from the sales of fixed assets.

The Group's liquidity remained at an excellent level in January-June. At the end of the period, liquid assets totalled €474 million (€253 million). Interest-bearing liabilities were €587 million (€563 million) and interest-bearing net debt €113 million (€310 million) at the end of June. Equity ratio was 50.5% (51.2%) at the end of the period.

In January-June, the Group's net finance costs were €2.9 million (€0.4 million). Interest expense was increased by the €250 million bond taken out in September 2012.

In April-June, the cash flow from operating activities stood at an excellent €244.3 million (€61.4 million). The cash flow from investing activities was €-38.1 million (€-79.3 million) including an €11.5 million (€1.5 million) amount of proceeds from the sales of fixed assets.

In April-June, the Group's net finance income was €0.4 million (net finance costs €0.3 million. It includes a €4.0 million amount of interest in cooperative capital from Suomen Luotto-osuuskunta.

Taxes

The Group's taxes for January-June were €28.3 million (€25.2 million). The effective tax rate was 30.5% (30.7%), affected by loss-making foreign operations.

The Group's taxes for April-June were €23.6 million (€17.9 million). The effective tax rate was 30.5% (31.3%).

Capital expenditure

In January-June, the Group's capital expenditure totalled €89.5 million (€171.9 million), or 2.0% (3.6%) of net sales. Capital expenditure in store sites was €66.8 million (€147.1 million), in IT €12.1 million (€13.4 million) and other capital expenditure was €10.6 million (€11.4 million). Capital expenditure in foreign operations represented 42.2% (13.8%) of total capital expenditure.

In April-June, the Group's capital expenditure totalled €48.1 million (€67.8 million), or 2.0% (2.8%) of net sales. Capital expenditure in store sites was €35.1 million (€56.8 million), in IT €6.5 million (€6.0 million) and other capital expenditure was €6.5 million (€5.0 million). Capital expenditure in foreign operations represented 47.0% (22.2%) of total capital expenditure.

Kesko's strategic focus areas and profitability programme
The key focus areas in Kesko's business operations are to strengthen sales growth and the return on capital in all divisions, to exploit business opportunities in e-commerce and in Russia, and to maintain good solvency and dividend payment capacity.

As a result of a weakened general economic situation, tightened competition and an increase in the level of costs, Kesko is implementing the profitability programme announced previously, which aims to ensure price competitiveness and to improve profitability. The profitability programme includes significant measures aimed to increase sales, to enhance purchasing operations and to adjust costs, working capital and capital expenditure.

The Group level cost saving target is a total of around €100 million. Cost savings are implemented in all divisions and in all operating countries. Most of the cost savings are expected to be achieved in 2013. Kesko's operating expenses for the first half of 2013 were €885 million, down €40 million (-4.3%) on the previous year regardless of store site network expansion and cost inflation.

The measures for staff cost enhancement were implemented as announced previously. In addition to terminations, the reductions included reduced working hours and retirement arrangements. Other significant savings are implemented by adjusting especially marketing and store site expenses and by centralising ICT purchases. In addition, special enhancement measures are targeted at operations with low profitability.

In the next few years, capital expenditure will be aligned with funds generated from operations to some €200-300 million per year.

Personnel
In January-June, the average number of employees in the Kesko Group was 19,373 (19,574) converted into full-time employees. In Finland, the average decrease was 331 people, while outside Finland, there was an increase of 130 people.

At the end of June 2013, the number of employees was 24,026 (24,462), of whom 13,252 (13,762) worked in Finland and 10,774 (10,700) outside Finland. Compared to the end of June 2012, there was a decrease of 510 people in Finland and an increase of 74 people outside Finland.

In January-June, the Group's staff cost was €310 million, unchanged compared to the previous year. In April-June, the staff cost decreased by 0.7% compared to the previous year and was €157 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.

Food trade

	1-6/2013	**1-6/2012**	**4-6/2013**	**4-6/2012**
Net sales, € million	2,144	2,101	1,099	1,091
Operating profit excl. non-	99.0	73.3	50.8	38.6

recurring items, € million				
Operating margin excl. non-recurring items, %	4.6	3.5	4.6	3.5
Capital expenditure, € million	43.9	95.9	27.4	35.7

Net sales, € million	**1-6/2013**	**Change, %**	**4-6/2013**	**Change, %**
Sales to K-food stores	1,640	+0.9	837	-1.0
Kespro	392	+3.2	204	+2.5
K-ruoka, Russia	22	-	14	-
Others	89	-7.7	44	-6.9
Total	**2,144**	**+2.0**	**1,099**	**+0.7**

January-June 2013
In the food trade, the net sales for January-June were €2,144 million (€2,101 million), up 2.0%. During the same period, the grocery sales of K-food stores increased by 0.2% (VAT 0%). In the grocery market, retail prices are estimated to have changed by some +5% compared to the previous year (VAT 0%, Kesko's own estimate based on the Consumer Price Index of Statistics Finland), and the total market (VAT 0%) is estimated to have grown by some 3% in January-June compared to the previous year (Kesko's own estimate).

In January-June, the operating profit excluding non-recurring items of the food trade was €99.0 million (€73.3 million), or €25.7 million up on the previous year. Profitability was improved by significant savings achieved from enhanced operations and by the adjustment of capital expenditure. Operating profit was €103.3 million (€76.0 million). Non-recurring income included €4.3 million (€2.7 million) of gains on the disposals of properties.

The capital expenditure of the food trade in January-June was €43.9 million (€95.9 million), of which €38.9 million (€88.1 million) in stores sites.

April-June 2013
In the food trade, the net sales for April-June were €1,099 million (€1,091 million), up 0.7%.

The operating profit excluding non-recurring items of the food trade in April-June was €50.8 million (€38.6 million), or €12.1 million up on the previous year. Operating profit was €55.1 million (€38.6 million). Non-recurring income included €4.3 million (€0.0 million) of gains on the disposals of properties.

The capital expenditure of the food trade in April-June was €27.4 million (€35.7 million).

In April-June 2013, one new K-citymarket was opened in Kokkola and a K-ruoka store in St. Petersburg. Renovations were carried out in a total of four stores.

The most significant store sites being built are a K-citymarket in the Puuvilla shopping centre in Pori and a K-supermarket in Tapiola, Espoo, in Pohjois-Haaga, Helsinki, in Jyväskylä, Säkylä and Ikaalinen. The objective in Russia is to open, in addition to the existing two stores, two new food stores during the latter part of 2013.

Numbers of stores at 30 June	**2013**	**2012**
K-citymarket	80	77

K-supermarket	215	211
K-market (incl. service station stores)	445	454
K-ruoka, Russia	2	-
Others	178	200

Home and speciality goods trade

	1-6/2013	1-6/2012	4-6/2013	4-6/2012
Net sales, € million	667	721	322	352
Operating profit excl. non-recurring items, € million	-27.8	-13.6	-10.0	-0.7
Operating margin excl. non-recurring items, %	-4.2	-1.9	-3.1	-0.2
Capital expenditure, € million	13.8	29.3	5.8	10.8

Net sales, € million	**1-6/2013**	**Change, %**	**4-6/2013**	**Change, %**
K-citymarket home and speciality goods	285	-4.1	145	-3.5
Anttila	171	-17.0	82	-16.5
Intersport, Finland	87	+8.3	36	+1.1
Intersport, Russia	10	-27.3	4	-32.7
Indoor	88	-0.8	44	-1.4
Musta Pörssi	17	-39.2	7	-53.2
Kenkäkesko	11	-3.9	4	-2.6
Total	**667**	**-7.6**	**322**	**-8.7**

<u>January-June 2013</u>
In the home and speciality goods trade, the net sales for January-June were €667 million (€721 million), down 7.6%. Consumer demand in the home and speciality goods trade has weakened and the change in customer behaviour has strengthened during the first months of the year. Sales declined especially in the department store trade. Net sales performance was also impacted by the change in Musta Pörssi's business model and the adjustment of the Intersport store site network in Russia. The sales and profitability of Intersport and Budget Sport, as well as Asko and Sotka stood at a good level.

The operating profit excluding non-recurring items of the home and speciality goods trade for January-June was €-27.8 million (€-13.6 million), down €14.2 million compared to the previous year. Profitability was negatively impacted by the weak profit performances of Anttila and Intersport Russia. During the reporting period, significant cost savings were implemented. Operating profit was €-23.3 million (€-13.6 million).

The capital expenditure of the home and speciality goods trade was €13.8 million (€29.3 million) in January-June.

<u>April-June 2013</u>
In the home and speciality goods trade, the net sales for April-June were €322 million (€352 million), down 8.7%. Net sales decline was driven by the decrease in the sales of the department store trade in particular and the significant adjustment of the store site network of Musta Pörssi and the Intersport store site network in Russia.

The operating profit excluding non-recurring items of the home and speciality goods trade for April-June was €-10.0 million (€-0.7 million), down €9.3 million compared to the previous year. Operating profit was €-5.6 million (€-0.7 million).

The capital expenditure of the home and speciality goods trade was €5.8 million (€10.8 million).

In April-June, eight Must Pörssi stores were closed. In addition, 11 Musta Pörssi retailers continued as Musta Pörssi partners from the beginning of June. Intersport Russia completed the store network adjustment in May, as it closed the Ekaterinburg store. In May, the extended Anttila department store was opened in Citycenter, Helsinki and a new Kodin1 department store in Raisio, and the Kodin1 department store in Länsikeskus, Turku was closed.

Numbers of stores at 30 June	**2013**	**2012**
K-citymarket, home and speciality goods*	81	77
Anttila department stores*	31	31
Kodin1 department stores for home goods and interior decoration*	13	11
Intersport	62	58
Budget Sport*	11	8
Asko and Sotka	84	82
Musta Pörssi*	6	34
Kookenkä*	48	47
Anttila, Baltics (NetAnttila)*	3	3
Intersport, Russia	20	35
Asko and Sotka, Baltics*	10	10

* incl. online stores

Building and home improvement trade

	1-6/2013	**1-6/2012**	**4-6/2013**	**4-6/2012**
Net sales, € million	1,302	1,411	740	782
Operating profit excl. non-recurring items, € million	2.9	6.2	19.5	15.2
Operating margin excl. non-recurring items, %	0.2	0.4	2.6	1.9
Capital expenditure, € million	21.6	25.8	9.1	14.1

Net sales, € million	**1-6/2013**	**Change, %**	**4-6/2013**	**Change, %**
Rautakesko, Finland	615	-5.0	334	-3.8
K-rauta, Sweden	103	-4.0	65	+2.9
Byggmakker, Norway	238	-25.9	137	-22.4
Rautakesko, Estonia	31	+6.9	19	+9.0

Rautakesko, Latvia	23	+2.8	14	+3.1
Senukai, Lithuania	114	-2.6	66	-1.0
Stroymaster, Russia	128	-0.3	77	+2.1
OMA, Belarus	50	+30.1	29	+26.8
Total	**1,302**	**-7.7**	**740**	**-5.4**

January-June 2013

In the building and home improvement trade, the net sales for January-June were €1,302 million (€1,411 million), down 7.7%. Excluding the impact of retailer changes in Norway, the decrease in net sales was 2.0%. The trend in construction activity remained weak in Rautakesko's operating area. Sales decrease was most significant in basic building materials.

In Finland, the net sales for January-June were €615 million (€648 million), a decrease of 5.0%. The building and home improvement products contributed €417 million to the net sales in Finland, a decrease of 9.3%. The agricultural supplies trade contributed €198 million to net sales, up 5.7%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 5.8% to €481 million (VAT 0%). The sales of Rautakesko B2B Service were down 15.9%. The retail sales of the K-maatalous chain were €236 million (VAT 0%), up 6.9%.

In January-June, the net sales from the foreign operations of the building and home improvement trade were €686 million (€763 million), a decrease of 10.1%. Excluding the impact of retailer changes in Norway, net sales increased by 0.7%. In Sweden, net sales were down 7.8% in terms of kronas. In Norway, net sales decreased by 26.4% in terms of krones, which was attributable to the changes that took place in the Byggmakker chain last year. A decision has been made to introduce new chain agreements in Norway starting from 1 January 2014 and to simplify the existing company structure. In Russia, net sales increased by 2.3% in terms of roubles. Foreign operations contributed 52.7% (54.1%) 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 for January-June was €2.9million (€6.2 million), down €3.3 million compared to the previous year. The fall is due to weak sales performance. Due to enhancement measures, operating expenses were lower than in the previous year regardless of store site network expansion. Operating profit was €2.0 million (€4.5million).

In January-June, the capital expenditure of the building and home improvement trade totalled €21.6 million (€25.8 million), of which 47.3% (54.6%) abroad. Capital expenditure in store sites represented 96.6% of total capital expenditure.

April-June 2013

In the building and home improvement trade, the net sales for April-June were €740 million (€782 million), down 5.4%. Excluding the impact of retailer changes in Norway, net sales increased by 0.1%.

In Finland, the net sales were €334 million (€348 million), a decrease of 3.8%. The building and home improvement products contributed €227 million to the net sales in Finland, a decrease of 8.5%. The agricultural supplies trade contributed €108 million to net sales, up 7.9%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 4.0% to €311 million (VAT 0%) in April-June. The sales of Rautakesko B2B Service were down 11.7%. The retail sales of the K-maatalous chain were €143 million (VAT 0%), up 8.6%.

The net sales from the foreign operations of the building and home improvement trade were €406 million (€434 million), a decrease of 6.6%. Excluding the impact of retailer changes in Norway, net sales increased by 3.6%. In terms of local currencies, the net sales from foreign operations decreased by 5.5%. In Sweden, net sales were down 1.2% in terms of kronas. In Norway, net sales decreased by 22.1% in terms of krones, which was attributable to the changes that took place in the Byggmakker chain last year. In Russia, net sales increased by 5.5% and in Belarus by 44.2% in terms of roubles. Foreign operations contributed 54.8% (55.6%) 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 for April-June was €19.5 million (€15.2 million), up €4.2 million compared to the previous year. Due to enhancement measures, operating expenses were lower than in the previous year regardless of store site network expansion. In the previous year, profit was negatively impacted by obsolete inventories and trade receivables written off. Operating profit was €18.0 million (€13.5 million).

The capital expenditure of the building and home improvement trade totalled €9.1 million (€14.1 million), of which 44.7% (45.1%) abroad.

In April, Moscow’s third K-rauta store was opened in Mytishi, Russia.

Numbers of stores at 30 June	**2013**	**2012**
K-rauta*	42	42
Rautia*	99	103
K-maatalous*	83	86
K-rauta, Sweden	21	22
Byggmakker, Norway	90	106
K-rauta, Estonia	8	9
K-rauta, Latvia	8	8
Senukai, Lithuania	17	17
K-rauta, Russia	15	14
OMA, Belarus	9	6

*In 2013, 1 K-rauta store and 47 Rautia stores also operated as K-maatalous stores, in 2012, 1 K-rauta store and 50 Rautia stores also operated as K-maatalous stores.

Car and machinery trade

	1-6/2013	**1-6/2012**	**4-6/2013**	**4-6/2012**
Net sales, € million	551	627	301	274
Operating profit excl. non-recurring items, € million	20.8	25.8	13.0	10.3
Operating margin excl. non-recurring items, %	3.8	4.1	4.3	3.7
Capital expenditure,	8.7	18.7	4.8	5.9

€ million

Net sales, € million	1-6/2013	Change, %	4-6/2013	Change, %
VV-Auto	397	-12.7	204	+23.3
Konekesko	154	-11.2	97	-10.8
Total	**551**	**-12.2**	**301**	**+9.8**

January-June 2013

In January-June, the net sales of the car and machinery trade were €551 million (€627 million), down 12.2%.

VV-Auto’s net sales for January-June were €397 million (€454 million), a decrease of 12.7%. In January-June, the combined market performance of first time registered passenger cars and vans was -15.9%.

In January-June, the combined market share of passenger cars and vans imported by VV-Auto was 21.1% (20.4%). Volkswagen was the market leader in passenger cars and vans.

Konekesko's net sales for January-June were €154 million (€174 million), down 11.2% compared to the previous year. Net sales in Finland were €96 million, down 19.8%. The fall is attributable to the weak market performance of machinery trade in Finland. The net sales from Konekesko’s foreign operations were €59 million, up 6.8%.

In January-June, the operating profit excluding non-recurring items of the car and machinery trade was €20.8 million (€25.8 million), down €5.0 million compared to the previous year. Regardless of the weakened market situation, the profitability of the car trade remained at a good level.

The operating profit for January-June was €20.8 million (€25.8 million).

The capital expenditure of the car and machinery trade for January-June was €8.7 million (€18.7 million).

April-June 2013

The net sales of the car and machinery trade for April-June were €301 million (€274 million), up 9.8%.

VV-Auto’s net sales for April-June were €204 million (€165 million), an increase of 23.3%. In the previous year, sales were decreased by the car tax change effective 1 April 2012. In April-June, the combined market share of passenger cars and vans imported by VV-Auto was 22.1% (21.8%).

Konekesko's net sales for April-June were €97 million (€109 million), down 10.8% compared to the previous year.

In April-June, the operating profit excluding non-recurring items of the car and machinery trade was €13.0 million (€10.3 million), up €2.7 million compared to the previous year. Profitability improved as a result of sales growth and cost savings implemented. The operating profit for April-June was €13.0 million (€10.3 million).

The capital expenditure of the car and machinery trade for April-June was €4.8 million (€5.9 million).

Numbers of stores at 30 June	2013	2012
VV-Auto, retail trade	10	10
Konekesko	1	1

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 2013, the total number of Kesko Corporation shares was 99,515,420, of which 31,737,007, or 31.9%, were A shares and 67,778,413, or 68.1%, were B shares. At 30 June 2013, Kesko Corporation held 544,854 own B shares as treasury shares. These treasury shares accounted for 0.80% of the number of B shares and 0.55% of the total number of shares, and 0.14% of votes carried by all shares of the company. The total number of votes carried by all shares was 385,148,483. Each A share entitles to ten (10) votes and each B share to one (1) vote. The company cannot vote with treasury shares and no dividend is paid on them. At the end of June 2013, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares was increased three times to account for the shares subscribed for with the options based on the 2007 option scheme. The increases were made on 11 February 2013 (74,600 B shares), 2 May 2013 (135,861 B shares) and 5 June (592,619 B shares) and announced in stock exchange notifications on the same days. The shares subscribed for were listed for public trading on NASDAQ OMX Helsinki (Helsinki Stock Exchange) with the old B shares on 12 February 2013, 3 May 2013 and 6 June 2013. The subscription price of €15,671,241.60 received by the company was recorded in the reserve of invested non-restricted equity.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €24.39 at the end of 2012, and €22.89 at the end of June 2013, representing a decrease of 6.2%. Correspondingly, the price of a B share was €24.77 at the end of 2012, and €21.36 at the end of June 2013, representing a decrease of 13.8%. In January-June, the highest A share price was €26.85 and the lowest was €22.48. For B share, they were €25.87 and €20.96 respectively. In January-June, the Helsinki stock exchange (OMX Helsinki) All-Share index was up 1.6% and the weighted OMX Helsinki CAP index 1.4%. Correspondingly, the Retail Index was down 13.6%.

At the end of June 2013, the market capitalisation of A shares was €726 million, while that of B shares was €1,436 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,163 million, a decrease of €255 million from the end of 2012. In January-June 2013, a total of 0.5 (1.0) million A shares were traded on the Helsinki stock exchange, down 47%. The exchange value of A shares was €13 million. The total number of B shares traded was 22.2 million, down 48%. The exchange value of B shares was €525 million.

The company operates the 2007 option scheme for management and other key personnel, under which the share subscription period of 2007B share options ran from 1 April 2011 to 30 April 2013 (subscription period has expired), and that of 2007C share options runs from 1 April 2012 to 30 April 2014. The share options have been included on the official list of the Helsinki stock exchange since the beginning of the share subscription periods. During the reporting period, a total of 381,332 2007B share options were traded at a total value of €923,801, and a total of 187,336 2007C share options were traded at a total value of €2,096,239. The share subscription period of 2007A share options under the option scheme expired and their trading on the official list ended in 2012.

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.

In addition, the Board has the authority, granted by the Annual General Meeting of 8 April 2013 and valid until 30 September 2014 to decide on the acquisition of a maximum of 500,000 own B shares, and the authority, valid until 30 June 2017, to decide on the issuance of a maximum of 1,000,000 own B shares held as treasury shares by the company.

On 4 February 2013, based on the authority to issue own shares valid prior to the Annual General Meeting of 8 April 2013 and the fulfilment of the vesting criteria of the 2012 vesting period of Kesko’s three-year share-based compensation plan, the Board decided to grant own B shares held as treasury shares by the company to people included in the target group of the 2012 vesting period. The issuance of 66,331 own B shares, referred to above, was announced in a stock exchange release on 5 February 2013 and on 5 April 2013. The latter release also announced that 866 own B shares had been returned to the company without consideration. During the reporting period, a total of 2,594 shares granted based on the fulfilment of the vesting criteria of the 2011 and 2012 vesting periods were returned to the company in accordance with the terms and conditions of the share-based compensation plan. The shares returned during the reporting period were announced in the stock exchange release referred to above and in stock exchange notifications on 8 May 2013, 20 May 2013 and 18 June 2013. Further information on the Board’s authorisations is available at www.kesko.fi.

At the end of June 2013, the number of shareholders was 44,323, which was 231 less than at the end of 2012. At the end of June, foreign ownership of all shares was 20%. At the end of June, foreign ownership of B shares was 29%.

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

Key events during the reporting period
Changes, effective 5 February 2013, took place in Kesko’s Corporate Management Board. Arja Talma, M.Sc. (Econ.), eMBA, 50, was appointed Senior Vice President responsible for the Kesko Group's store sites and investments. Terho Kalliokoski, M.Sc. (Econ.), 51, was appointed Rautakesko Ltd's President. Jorma Rauhala, M.Sc. (Econ.), 47, was appointed Kesko Food Ltd's President. Starting from 5 February 2013, Kesko's Corporate Management Board is composed of Matti Halmesmäki, Chair; Jorma Rauhala, food trade; Minna Kurunsaari, home and speciality goods trade and Kesko's customer information and e-commerce projects; Terho Kalliokoski, building and home improvement trade; Pekka

Lahti, car and machinery trade; Arja Talma, store sites and investments; Jukka Erlund, CFO, accounting, finance and IT management; and Matti Mettälä, human resources and stakeholder relations. (Stock exchange release on 5 February 2013)

On 5 April 2013, Kesko transferred a total of 66,331 own B shares (KESBV) held by the company as treasury shares to the about 150 Kesko management employees and other named key persons included in the target group of the 2012 vesting period of Kesko's three-year share-based compensation plan. In the same context, 866 B shares, originally transferred to a person included in the target group of the 2011 vesting period of the share-based compensation plan, were returned to Kesko without consideration. After the transfer and return of shares, Kesko holds 543,126 own B shares as treasury shares. (Stock exchange release on 5 April 2013)

With effect from 1 January 2013, the Kesko Group adopted the revised IAS 19 Employee benefits standard. The amendment had an impact on the Kesko Group's pension costs and profit, as well as the pension assets and equity on the balance sheet. Resulting from the amendment, Kesko's consolidated income statement, consolidated statement of financial position and segment information for 2012 were updated in compliance with the requirements prescribed in the revised standard. (Stock exchange release on 11 April 2013)

Events after the reporting period

A total of 260 B shares (KESBV), initially transferred to a person included in the target group of the share-based compensation plan’s 2011 vesting period, have been returned to Kesko without consideration. After the return of the shares, Kesko holds 545,114 own B shares as treasury shares. (Stock exchange notification on 19 July 2013)

Resolutions of the 2013 Annual General Meeting and decisions of the Board’s organisational meeting

Kesko Corporation's Annual General Meeting, held on 8 April 2013, adopted the financial statements for 2012 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved, as proposed by the Board, to distribute €1.20 per share, or a total of €117,892,576.80 as dividends. The dividend pay date was 18 April 2013. The General Meeting resolved that the number of Board members is unchanged at seven, elected PricewaterhouseCoopers Oy as the company's auditor, with APA Johan Kronberg as the auditor with principal responsibility, and approved the Board's proposals for amending Article 9 of the Articles of Association concerning the delivery of the notice of a General Meeting, for authorising the Board to acquire a maximum of 500,000 own B shares and to issue a maximum of 1,000,000 own B shares held as treasury shares by the company. The General Meeting also approved the Board’s proposal that it be authorised to decide on the donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2014.

The organisational meeting of the company’s Board of Directors, held after the Annual General Meeting, kept the compositions of the Audit Committee and the Remuneration Committee unchanged.

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 8 April 2013.

Responsibility

Kesko's 13th Corporate Responsibility Report was published in May. The theme of report is “Let's do good. Together.” The 2012 report provides information on the objectives, actions and results of Kesko's responsibility programme and work.

A Kesko Fair Play scholarship was distributed to over 2,800 pupils for promoting school work. The scholarships were rewards to pupils who had promoted peace and tolerance at school, motivation in school work and a positive atmosphere in their schools with their exemplary behaviour. Schools themselves across Finland selected the scholarship recipients from among their grade nine pupils. The total scholarship amount was nearly €150,000.

Kodin1 opened the first passive retail store building in Finland and the Nordic countries in Raisio. The department store saves energy with, for example, lighting solutions, need-based air-conditioning, building automation and air-tight structures.

Kesko arranged a Mother's Day celebration at Kaivopuisto in Helsinki at which mothers and grandmothers were given 10,000 Pirkka Fairtrade roses. In addition, another 10,000 Pirkka Fairtrade roses were distributed to new mothers at hospital maternity wards in Hyvinkää, Turku, Tampere, Lahti, Seinäjoki, Jyväskylä, Kuopio, Oulu, Espoo and Helsinki.

Kesko's Board of Directors granted scholarships to talented young athletes and art students in a total amount of €40,000.

Risk management

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

The most significant near-future risks in Kesko’s business operations are related to the general economic development, the financial market situation in the euro zone and low consumer confidence and their impact on Kesko’s sales and profit performance. During the first months of the year, no material changes are estimated to have taken place in the risks described in the 2012 report by Kesko’s Board of Directors and the financial statements, or in the risks described on Kesko’s website.

The risks and uncertainties related to financial performance are described in the section future outlook 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 (7/2013-6/2014) in comparison with the 12 months preceding the reporting period (7/2012-6/2013).

Resulting from the problems of European national economies, the future prospects for the general economic situation and consumer demand continue to be characterised by significant uncertainty. In consequence of weakened employment and consumers’ purchasing power, the growth prospects for the trading sector remain weak.

In the Finnish grocery trade, the market is expected to remain stable. As a result of the weakened economic situation, the demand in the home and speciality goods trade, the building and home improvement trade and the car and machinery trade is expected to remain weak.

The Kesko Group's net sales and the operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months.

Helsinki, 23 July 2013
Kesko Corporation
Board of Directors

The information in the interim report release is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, Chief Financial Officer, telephone +358 105 322 113, and Eva Kaukinen, Vice President, Corporate Controller, telephone +358 105 322 338. 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 on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-September will be released on 24 October 2013. 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
Vice President, Corporate Communications

ATTACHMENTS: TABLES SECTION

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

TABLES SECTION:

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard. The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2012, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations:

The amendment to the IAS 19 Employee benefits standard changes the determination of the return on defined benefit pension plan assets. According to the revised standard, the rate used to discount the retirement benefit obligation is used as the return on assets in place of the expected long-term return on the assets used previously. Due to the amendment, the net return on defined benefit pension plans recognised in the consolidated income statement decreases. In addition, the amendment to the IAS 19 Employee benefits standard eliminates the possibility to apply the so-called "corridor approach" to the calculation of retirement benefits classified as defined benefit pension plans, which follows that the changes in the calculation assumptions used for measuring the pension obligation and the covering assets are recognised in pension assets and equity in the balance sheet. The impact of the amendment was announced in a separate stock exchange release on 11 April 2013.

In addition, the Group has adopted the following standards and amendments to standards issued for application:
-IAS 1 Presentation of financial statements (amendment)
-IFRS 13 Fair value measurement
-IFRS 7 Financial instruments: Disclosures (amendment)

Consolidated income statement (€ million), condensed

	1-6/ 2013	**1-6/ 2012**	**Change, %**	**4-6/ 2013**	**4-6/ 2012**	**Change, %**	**1-12/ 2012**
Net sales	4,580	4,778	-4.2	2,420	2,460	-1.6	9,686
Cost of goods sold	-3,965	-4,138	-4.2	-2,090	-2,131	-1.9	-8,367
Gross profit	**615**	**640**	**-3.9**	**331**	**329**	**0.5**	**1,319**
Other operating income	367	368	-0.3	194	197	-1.9	747
Staff cost	-310	-310	0.0	-157	-158	-0.7	-608
Depreciation and impairment charges	-76	-76	0.2	-40	-41	-2.4	-158
Other operating expenses	-499	-538	-7.3	-251	-270	-7.1	-1,088
Operating profit	**96**	**83**	**16.3**	**77**	**58**	**33.4**	**212**
Interest income and other finance income	10	10	2.2	7	5	42.3	21

Interest expense and other finance costs	-11	-8	29.1	-6	-5	21.3	-17
Exchange differences	-2	-2	9.8	-1	-1	57.0	-5
Income from associates	0	0	(..)	0	0	(..)	-1
Profit before tax	**93**	**82**	**13.0**	**77**	**57**	**34.7**	**210**
Income tax	-28	-25	12.3	-24	-18	31.4	-75
Net profit for the period	**65**	**57**	**13.3**	**54**	**39**	**36.3**	**136**
Attributable to							
Owners of the parent	61	52	17.8	50	36	38.6	124
Non-controlling interests	4	5	-32.1	4	3	11.1	11
Earnings per share (€) for profit attributable to equity holders of the parent							
Basic	0.62	0.53	17.4	0.50	0.37	38.0	1.27
Diluted	0.62	0.53	17.3	0.50	0.37	38.0	1.26

Consolidated statement of comprehensive income (€ million)

	1-6/ 2013	**1-6/ 2012**	**Change, %**	**4-6/ 2013**	**4-6/ 2012**	**Change, %**	**1-12/ 2012**
Net profit for the period	65	57	13.3	54	39	36.3	136
Items that will not be reclassified to profit or loss							
Actuarial gains and losses	-	9	-	-	0	-	1
Actuarial gains and losses, tax	-	-2	-	-	0	-	0
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	-7	3	(..)	-10	0	(..)	0
Adjustment for hyperinflation	2	1	(..)	0	0	(..)	4
Cash flow hedge revaluation	-3	-1	(..)	-3	1	(..)	-3
Revaluation of available-for-sale financial assets	-4	-1	(..)	-4	-1	(..)	9
Other items	0	0	(100)	0	0	(100)	0
Tax relating to components of other comprehensive income	1	0	(..)	1	0	(..)	1
Total other comprehensive income for the period, net of tax	-12	10	(..)	-16	0	(..)	10
Total comprehensive income for the period	**53**	**67**	**-21.3**	**37**	**39**	**-5.0**	**147**
Attributable to							
Owners of the parent	48	60	-19.8	34	34	1.4	133

Non-controlling interests	5	7	-34.3	3	6	-42.3	14

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.6.2013	30.6.2012	Change, %	31.12.2012
ASSETS				
Non-current assets				
Tangible assets	1,665	1,579	5.4	1,678
Intangible assets	189	190	-0.7	192
Investments in associates and other financial assets	105	72	46.8	105
Loans and receivables	87	82	6.5	91
Pension assets	155	163	-4.9	154
Total	2,202	2,086	5.5	2,220
Current assets				
Inventories	807	869	-7.1	814
Trade receivables	790	803	-1.7	703
Other receivables	183	321	-43.1	153
Financial assets at fair value through profit or loss	115	51	(..)	137
Available-for-sale financial assets	271	141	92.1	249
Cash and cash equivalents	88	61	42.6	103
Total	2,253	2,246	0.3	2,160
Non-current assets held for sale	1	1	-49.1	2
Total assets	**4,455**	**4,334**	**2.8**	**4,382**

	30.6.2013	30.6.2012	Change, %	31.12.2012
EQUITY AND LIABILITIES				
Equity	2,156	2,130	1.2	2,206
Non-controlling interests	67	65	2.3	67
Total equity	2,223	2,195	1.3	2,272
Non-current liabilities				
Interest-bearing liabilities	370	210	76.0	450
Non-interest-bearing liabilities	12	10	12.8	10
Deferred tax liabilities	81	92	-12.2	81
Pension obligations	2	2	-6.4	2
Provisions	20	11	86.2	21
Total	484	325	49.0	564
Current liabilities				
Interest-bearing liabilities	217	353	-38.6	174
Trade payables	1,015	988	2.7	804
Other non-interest-bearing liabilities	482	449	7.3	529
Provisions	35	24	45.8	40
Total	1,748	1,814	-3.6	1,546

Total equity and liabilities	**4,455**	**4,334**	**2.8**	**4,382**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2012	**197**	**441**	**-3**	**3**	**-22**	**1,567**	**58**	**2,241**
Shares subscribed with options			0					0
Share-based payments					2	0	0	2
Dividends						-118		-118
Other changes					0	2		2
Net profit for the period						52	5	57
Other comprehensive income								
Items not classified to profit or loss								
Actuarial gains/losses						9		9
Actuarial gains/losses, tax						-2		-2
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	2				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				0				0

other comprehen-sive income								
Total other comprehen-sive income		0	2	-1		7	2	10
Balance at 30.6.2012	**197**	**441**	**-1**	**1**	**-21**	**1,511**	**65**	**2,195**
Balance at 1.1.2013	**197**	**442**	**-2**	**10**	**-19**	**1,578**	**67**	**2,272**
Shares subsribed with options		16						16
Share-based payments					1		0	1
Dividends						-118	-5	-122
Other changes		0				3		3
Net profit for the period						61	4	65
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	-6				-1	-7
Adjustment for hyperinflation						0	2	2
Cash flow hedge revaluation				-3				-3
Revaluation of available-for-sale financial assets				-4				-4
Other items						0		0
Tax relating to other comprehen-sive income				1				1
Total other comprehen-sive income		0	-6	-6		0	1	-12
Balance at 30.6.2013	**197**	**457**	**-8**	**3**	**-18**	**1,525**	**67**	**2,223**

Consolidated statement of cash flows (€ million), condensed

	1-6/ 2013	1-6/ 2012	Change, %	4-6/ 2013	4-6/ 2012	Change, %	1-12/ 2012
Cash flows from operating activities							
Profit before tax	93	82	13.0	77	57	34.7	210
Planned depreciation	75	75	0.5	38	39	-1.9	155
Finance income and costs	3	0	(..)	0	0	(..)	1
Other adjustments	-5	9	(..)	-4	0	(..)	103
Change in working capital							
Current non-interest-bearing operating receivables, increase (-)/decrease (+)	-117	-124	-5.8	28	-4	(..)	5
Inventories, increase (-)/decrease (+)	0	0	(..)	43	37	15.3	57
Current non-interest-bearing liabilities, increase (+)/decrease (-)	170	55	(..)	83	-46	(..)	-70
Financial items and tax	-33	-41	-19.3	-20	-23	-12.7	-79
Net cash from operating activities	**186**	**56**	**(..)**	**244**	**61**	**(..)**	**382**
Cash flows from investing activities							
Investing activities	-94	-191	-50.8	-49	-80	-38.2	-411
Sales of fixed assets	14	21	-33.6	12	2	(..)	24
Increase in non-current receivables	0	-2	-91.3	0	-1	-70.2	-4
Net cash used in investing activities	**-80**	**-171**	**-53.3**	**-38**	**-79**	**-51.9**	**-391**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	-19	162	(..)	-41	113	(..)	230
Current interest-bearing receivables, increase (-)/decrease (+)	2	-35	(..)	1	-14	(..)	37
Dividends paid	-118	-118	0.2	-118	-118	0.2	-123
Equity increase	16	0	(..)	15	0	(..)	1
Short-term money market investments, increase (-)/ decrease (+)	0	85	-99.9	-21	53	(..)	-2
Other items	-1	-8	-90.8	1	-2	(..)	-14
Net cash used in financing activities	**-120**	**86**	**(..)**	**-163**	**32**	**(..)**	**130**
Change in cash and cash equivalents	**-14**	**-30**	**-51.0**	**43**	**14**	**(..)**	**121**

Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	352	231	52.5	294	187	57.0	231
Currency translation difference adjustment and revaluation	-1	0	(..)	-1	0	(..)	0
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Jun.	337	202	66.4	337	202	66.4	352

(..) Change over 100%

Group's performance indicators

	1-6/2013	1-6/2012	Change, pp	1-12/2012
Return on capital employed, %	7.7	6.6	1.1	8.3
Return on capital employed, %, moving 12 mo	8.8	10.3	-1.5	8.3
Return on capital employed excl. non-recurring items, %	7.1	6.5	0.6	9.0
Return on capital employed excl. non-recurring items, %, moving 12 mo	9.3	10.2	-1.0	9.0
Return on equity, %	5.7	5.1	0.6	6.0
Return on equity, %, moving 12 mo	6.5	7.9	-1.4	6.0
Return on equity excl. non-recurring items, %	5.2	5.1	0.2	6.9
Return on equity excl. non-recurring items, %, moving 12 mo	7.1	7.9	-0.7	6.9
Equity ratio, %	50.5	51.2	-0.7	52.5
Gearing, %	5.1	14.1	-9.0	6.0
			Change, %	
Capital expenditure, € million	89.5	171.9	-47.9	378.3
Capital expenditure, % of net sales	2.0	3.6	-44.7	3.9
Earnings per share, basic, €	0.62	0.53	17.4	1.27
Earnings per share, diluted, €	0.62	0.53	17.3	1.26
Earnings per share excl. non-recurring items, basic, €	0.56	0.52	8.0	1.47
Cash flow from operating activities, € million	186	56	(..)	382
Cash flow from investing activities, € million	-80	-171	-53.3	-391
Equity per share, €	21.79	21.72	0.3	22.48
Interest-bearing net debt	113	310	-63.4	135
Diluted number of shares, average for reporting period	98,880	98,440	0.4	98,472
Personnel, average	19,373	19,574	-1.0	19,741

(..) Change over 100%

Group's performance indicators by quarter	1-3/ 2012	4-6/ 2012	7-9/ 2012	10-12/ 2012	1-3/ 2013	4-6/ 2013
Net sales, € million	2,318	2,460	2,449	2,459	2,159	2,420
Change in net sales, %	10.2	-0.5	1.9	-0.9	-6.9	-1.6
Operating profit, € million	25.1	57.7	77.4	51.8	19.2	77.0
Operating margin, %	1.1	2.3	3.2	2.1	0.9	3.2
Operating profit excl. non-recurring items, € million	22.3	59.4	77.4	70.9	18.6	69.8
Operating margin excl. non-recurring items, %	1.0	2.4	3.2	2.9	0.9	2.9
Finance income/costs, € million	-0.1	-0.3	-1.3	1.1	-3.3	0.4
Profit before tax, € million	25.0	57.3	76.1	52.1	15.8	77.2
Profit before tax, %	1.1	2.3	3.1	2.1	0.7	3.2
Return on capital employed, %	4.1	8.9	11.9	8.0	3.1	12.3
Return on capital employed excl. non-recurring items, %	3.6	9.2	11.9	10.9	3.0	11.1
Return on equity, %	3.1	7.0	9.6	4.4	1.9	9.5
Return on equity excl. non-recurring items, %	2.8	7.3	9.6	8.0	1.8	8.6
Equity ratio, %	52.8	51.2	51.3	52.5	51.7	50.5
Capital expenditure, € million	104.1	67.8	102.6	103.8	41.5	48.1
Earnings per share, diluted, €	0.16	0.37	0.50	0.23	0.11	0.50
Equity per share, €	22.56	21.72	22.33	22.48	22.62	21.79

Segment information

Net sales by segment (€ million)	1-6/ 2013	1-6/ 2012	Change, %	4-6/ 2013	4-6/ 2012	Change, %	1-12/ 2012
Food trade, Finland	2,121	2,101	1.0	1,085	1,091	-0.6	4,308
Food trade, other countries*	22	-	-	14	-	-	3
Food trade total	**2,144**	**2,101**	**2.0**	**1,099**	**1,091**	**0.7**	**4,311**
- of which intersegment trade	83	86	-2.9	41	41	-0.6	172
Home and speciality goods trade, Finland	649	699	-7.1	314	343	-8.3	1,557
Home and speciality goods trade, other countries*	17	22	-21.9	7	10	-25.4	45
Home and speciality goods trade total	**667**	**721**	**-7.6**	**322**	**352**	**-8.7**	**1,603**
- of which intersegment trade	8	8	-6.8	4	5	-4.4	18
Building and home improvement trade, Finland	615	648	-5.0	334	348	-3.8	1,229
Building and home	686	763	-10.1	406	434	-6.6	1,598

improvement trade, other countries*							
Building and home improvement trade total	**1,302**	**1,411**	**-7.7**	**740**	**782**	**-5.4**	**2,827**
- of which intersegment trade	0	0	(..)	0	1	(..)	0
Car and machinery trade, Finland	492	572	-14.1	261	235	10.9	998
Car and machinery trade, other countries*	59	55	7.2	41	39	3.0	116
Car and machinery trade total	**551**	**627**	**-12.2**	**301**	**274**	**9.8**	**1,114**
- of which intersegment trade	1	1	-27.4	0	0	-25.8	1
Common operations and eliminations	-83	-83	0.6	-41	-41	1.7	-169
Finland total	**3,795**	**3,938**	**-3.6**	**1,953**	**1,977**	**-1.2**	**7,924**
Other countries total*	**785**	**840**	**-6.6**	**467**	**483**	**-3.3**	**1,762**
Group total	**4,580**	**4,778**	**-4.2**	**2,420**	**2,460**	**-1.6**	**9,686**

* net sales in countries other than Finland
(..) Change over 100%

Operating profit by segment (€ million)	**1-6/ 2013**	**1-6/ 2012**	**Change**	**4-6/ 2013**	**4-6/ 2012**	**Change**	**1-12/ 2012**
Food trade	103.3	76.0	27.3	55.1	38.6	16.5	170.2
Home and speciality goods trade	-23.3	-13.6	-9.7	-5.6	-0.7	-4.9	0.0
Building and home improvement trade	2.0	4.5	-2.5	18.0	13.5	4.5	11.6
Car and machinery trade	20.8	25.8	-5.0	13.0	10.3	2.7	41.9
Common operations and eliminations	-6.4	-9.9	3.5	-3.4	-4.0	0.6	-11.8
Group total	**96.3**	**82.8**	**13.5**	**77.0**	**57.7**	**19.3**	**212.0**

Operating profit excl. non-recurring items by segment (€ million)	**1-6/ 2013**	**1-6/ 2012**	**Change**	**4-6/ 2013**	**4-6/ 2012**	**Change**	**1-12/ 2012**
Food trade	99.0	73.3	25.7	50.8	38.6	12.1	167.5
Home and speciality goods trade	-27.8	-13.6	-14.2	-10.0	-0.7	-9.3	19.6
Building and home improvement trade	2.9	6.2	-3.3	19.5	15.2	4.2	13.3
Car and machinery trade	20.8	25.8	-5.0	13.0	10.3	2.7	41.9
Common operations and eliminations	-6.4	-9.9	3.5	-3.4	-4.0	0.6	-12.2
Group total	**88.4**	**81.7**	**6.7**	**69.8**	**59.4**	**10.3**	**230.0**

Operating margin excl. non-recurring items by segment, %	1-6/ 2013	1-6/ 2012	Change pp	4-6/ 2013	4-6/ 2012	Change pp	1-12/ 2012	Moving 12 mo 6/2013
Food trade	4.6	3.5	1.1	4.6	3.5	1.1	3.9	4.4
Home and speciality goods trade	-4.2	-1.9	-2.3	-3.1	-0.2	-2.9	1.2	0.3
Building and home improvement trade	0.2	0.4	-0.2	2.6	1.9	0.7	0.5	0.4
Car and machinery trade	3.8	4.1	-0.3	4.3	3.7	0.6	3.8	3.6
Group total	**1.9**	**1.7**	**0.2**	**2.9**	**2.4**	**0.5**	**2.4**	**2.5**

Capital employed by segment, cumulative average (€ million)	1-6/ 2013	1-6/ 2012	Change	4-6/ 2013	4-6/ 2012	Change	1-12/ 2012
Food trade	842	729	113	842	750	93	763
Home and speciality goods trade	478	504	-26	481	527	-46	514
Building and home improvement trade	763	769	-6	769	783	-14	760
Car and machinery trade	164	196	-33	160	193	-33	188
Common operations and eliminations	258	321	-63	259	329	-70	327
Group total	**2,504**	**2,518**	**-14**	**2,511**	**2,582**	**-71**	**2,552**

Return on capital employed excl. non-recurring items by segment, %	1-6/ 2013	1-6/ 2012	Change pp	4-6/ 2013	4-6/ 2012	Change pp	1-12/ 2012	Moving 12 mo 6/2013
Food trade	23.5	20.1	3.4	24.1	20.6	3.5	21.9	23.7
Home and speciality goods trade	-11.6	-5.4	-6.2	-8.3	-0.5	-7.8	3.8	1.1
Building and home improvement trade	0.8	1.6	-0.9	10.1	7.8	2.3	1.7	1.3
Car and machinery trade	25.4	26.3	-0.9	32.5	21.3	11.2	22.3	21.5
Group total	**7.1**	**6.5**	**0.6**	**11.1**	**9.2**	**1.9**	**9.0**	**9.3**

Capital expenditure by segment (€ million)	1-6/ 2013	1-6/ 2012	Change	4-6/ 2013	4-6/ 2012	Change	1-12/ 2012
Food trade	44	96	-52	27	36	-8	200
Home and speciality goods trade	14	29	-16	6	11	-5	61
Building and home improvement trade	22	26	-4	9	14	-5	63
Car and machinery trade	9	19	-10	5	6	-1	27
Common operations	2	2	-1	1	1	0	27

and eliminations							
Group total	**90**	**172**	**-82**	**48**	**68**	**-20**	**378**

Segment information by quarter

Net sales by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**
Food trade	1,010	1,091	1,078	1,132	1,045	1,099
Home and speciality goods trade	369	352	395	487	345	322
Building and home improvement trade	629	782	759	657	562	740
Car and machinery trade	353	274	259	227	249	301
Common operations and eliminations	-42	-41	-41	-45	-42	-41
Group total	**2,318**	**2,460**	**2,449**	**2,459**	**2,159**	**2,420**

Operating profit by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**
Food trade	37.4	38.6	49.4	44.8	48.2	55.1
Home and speciality goods trade	-12.9	-0.7	0.9	12.8	-17.7	-5.6
Building and home improvement trade	-9.0	13.5	17.9	-10.8	-16.1	18.0
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0
Common operations and eliminations	-5.9	-4.0	-2.2	0.3	-3.0	-3.4
Group total	**25.1**	**57.7**	**77.4**	**51.8**	**19.2**	**77.0**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**
Food trade	34.7	38.6	49.4	44.8	48.2	50.8
Home and speciality goods trade	-12.9	-0.7	0.9	32.3	-17.8	-10.0
Building and home improvement trade	-9.0	15.2	17.9	-10.8	-16.6	19.5
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0
Common operations and eliminations	-5.9	-4.0	-2.2	-0.1	-3.0	-3.4
Group total	**22.3**	**59.4**	**77.4**	**70.9**	**18.6**	**69.8**

Operating margin excl. non-recurring items by segment, %	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**
Food trade	3.4	3.5	4.6	4.0	4.6	4.6
Home and speciality goods trade	-3.5	-0.2	0.2	6.6	-5.2	-3.1
Building and home improvement trade	-1.4	1.9	2.4	-1.6	-3.0	2.6
Car and machinery trade	4.4	3.7	4.4	2.1	3.1	4.3
Group total	**1.0**	**2.4**	**3.2**	**2.9**	**0.9**	**2.9**

Change in tangible and intangible assets (€ million)

	30.6.2013	30.6.2012
Opening net carrying amount	**1,870**	**1,680**
Depreciation, amortisation and impairment	-76	-76
Investments in tangible and intangible assets	90	175
Disposals	-9	-14
Currency translation differences	-21	5
Closing net carrying amount	**1,854**	**1,770**

Related party transactions (€ million)

The Group's related parties include its key management (the Board of Directors, the President and CEO and the Corporate Management Board), subsidiaries, associates and the Kesko Pension Fund.

The following transactions were carried out with related parties:

	1-6/2013	1-6/2012
Sales of goods and services	42	38
Purchases of goods and services	11	6
Other operating income	0	0
Other operating expenses	13	12
Finance costs	0	0
	30.6.2013	**30.6.2012**
Receivables	8	6
Liabilities	20	39

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	30.6.2013
Financial assets at fair value through profit or loss	**10.0**	**105.3**		**115.4**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		**5.7**		**5.7**
Derivative financial liabilities		**15.9**		**15.9**
Available-for-sale financial assets	**21.8**	**249.0**	**6.8**	**277.6**

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	30.6.2012
Financial assets at fair value through profit or loss		**51.1**		**51.1**

Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		**9.3**		**9.3**
Derivative financial liabilities		**13.5**		**13.5**
Available-for-sale financial assets	**0.0**	**140.9**	**6.5**	**147.4**

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

Personnel, average and at 30 June

Personnel average by segment	**1-6/2013**	**1-6/2012**	**Change**
Food trade	3,030	2,773	258
Home and speciality goods trade	5,805	6,095	-290
Building and home improvement trade	8,852	9,018	-165
Car and machinery trade	1,245	1,245	0
Common operations	440	444	-3
Group total	**19,373**	**19,574**	**-201**

Personnel at 30 June* by segment	**2013**	**2012**	**Change**
Food trade	3,706	3,333	373
Home and speciality goods trade	8,462	8,894	-432
Building and home improvement trade	10,016	10,324	-308
Car and machinery trade	1,329	1,373	-44
Common operations	513	538	-25
Group total	**24,026**	**24,462**	**-436**

* total number incl. part-time employees

Group's commitments (€ million)

	30.6.2013	**30.6.2012**	**Change, %**
Own commitments	191	180	6.2
For associates	65	-	-
For others	10	8	25.4
Lease liabilities for machinery and equipment	25	27	-6.1
Lease liabilities for real estate	2,413	2,239	7.8

Liabilities arising from derivative instruments

Values of underlying instruments at 30 June	**30.6.2013**	**30.6.2012**	**Fair value 30.6.2013**
Interest rate derivatives			

Interest rate swaps	203	205	0.45
Currency derivatives			
Forward and future contracts	230	355	4.21
Option agreements	4	13	-0.01
Currency swaps	100	100	-8.68
Commodity derivatives			
Electricity derivatives	38	35	-6.20

Calculation of performance indicators

Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, moving 12 mo	Operating profit for prior 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for 12 months
Return on capital employed excl. non-recurring items*, %	Operating profit excl. non-recurring items x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed excl. non-recurring items, %, moving 12 months	Operating profit excl. non-recurring items for prior 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - income tax) x 100 / Shareholders' equity
Return on equity, %, moving 12 months	(Profit/loss for prior 12 months before tax - income tax for prior 12 months) x100 / Shareholders' equity
Return on equity excl. non-recurring items*, %	(Profit/loss adjusted for non-recurring items before tax - income tax adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Return on equity excl. non-recurring items, %, moving 12 months	(Profit/loss for prior 12 months adjusted for non-recurring items before tax - income tax for prior 12 months adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Equity ratio, %	Shareholders' equity x 100 / (Balance sheet total - prepayments received)
Earnings/share, diluted	(Profit/loss – non-controlling interests) / Average diluted number of shares

Earnings/share, basic	(Profit/loss - non-controlling interests) / Average number of shares
Earnings/share excl. non-recurring items, basic	(Profit/loss adjusted for non-recurring items – non-controlling interests) / Average number of shares
Equity/share	Equity attributable to equity holders of the parent / Basic number of shares at the balance sheet date
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
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):

	1.1.-30.6.2013		1.4.-30.6.2013	
K-Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group's food trade				
K-food stores, Finland	2,315	0.0	1,183	-1.3
Kespro	388	3.1	201	2.4
K-ruoka, Russia	22		14	
Food trade total	**2,725**	**1.3**	**1,399**	**0.2**
K-Group's home and speciality goods trade				
Home and speciality goods stores, Finland	718	-8.0	352	-7.3
Home and speciality goods stores, other countries	16	-27.8	6	-32.8
Home and speciality goods trade total	**734**	**-8.5**	**358**	**-8.0**
K-Group's building and home improvement trade				
K-rauta and Rautia	481	-5.8	311	-4.0
Rautakesko B2B Service	88	-15.9	51	-11.7
K-maatalous	236	6.9	143	8.6
Finland total	**806**	**-3.7**	**505**	**-1.6**
Building and home improvement stores, other Nordic countries	441	-23.3	267	-19.4
Building and home improvement stores, Baltic	169	-0.3	99	1.2

countries				
Building and home improvement stores, other countries	177	6.4	105	7.6
Building and home improvement trade total	**1,593**	**-8.8**	**976**	**-6.1**
K-Group's car and machinery trade				
VV-Autotalot	195	-13.0	106	22.2
VV-Auto, import	211	-12.0	104	28.1
Konekesko, Finland	96	-19.8	57	-18.4
Finland total	**502**	**-14.0**	**267**	**12.2**
Konekesko, other countries	61	4.3	42	0.7
Car and machinery trade total	**563**	**-12.4**	**308**	**10.5**
Finland total	**4,729**	**-3.3**	**2,509**	**-0.7**
Other countries total	**886**	**-10.6**	**533**	**-7.7**
Retail and B2B sales total	**5,615**	**-4.6**	**3,042**	**-2.0**