Financial statements for the period 1 January-31 December 2007

The Group's net sales in October-December 2007 were €2,455 million, up 6.5% on the corresponding period of the previous year (€2,304 million). In October-December, the operating profit excluding non-recurring items was €74.5 million (€71.4 million). The pre-tax profit was €68.9 million (€31.3 million). The consolidated earnings per share were €0.41 (€0.21). The Group's net sales in 2007 were €9,534 million, up 9.0% on 2006 (€8,749 million). In 2007, the operating profit excluding non-recurring items was €325.1 million (€279.8 million). The pre-tax profit was €369.3 million (€357.8 million). The consolidated earnings per share were €2.90 (€3.76).

Net sales and profit, continuing operations

<u>Net sales and profit in October-December</u>
The Group’s net sales in October-December 2007 were €2,455 million, which is 6.5% up on the corresponding period of the previous year (€2,304 million). The Group's net sales increased by 4.6% in Finland and by 13.2% abroad. Excluding business acquisitions and disposals, the Group's net sales increase was 6.1%. Exports and foreign operations accounted for 23.3% (21.9%) of net sales.

In October-December, the K-Group’s (i.e. Kesko’s and the chain stores’) retail sales were €3,125.9 million, an increase of 8.8% on the corresponding period of the previous year.

The Group’s profit before taxes for October-December was €68.9 million (€31.3 million). The operating profit excluding non-recurring items was €74.5 million (€71.4 million), representing 3.0% of net sales (3.1%). Especially Rautakesko improved its profit excluding non-recurring items. The operating profit was €70.8 million (€37.6 million), decreased by a net total of €-3.7 million (€-33.8 million) in non-recurring gains and losses from disposal of fixed assets and businesses, and impairment charges. The non-recurring items include €4.3 million of costs relating to the discontinuation of Asko Möbler AB's operations.

The consolidated earnings per share from continuing operations were €0.41 (€0.21). Equity per share was €19.53 (€17.94).

<u>Net sales and profit in January-December 2007</u>
The Group’s net sales in January-December 2007 were €9,534 million, which is 9.0% up on the previous year (€8,749 million). The Group's net sales increased by 6.0% in Finland and by 20.4% abroad. Excluding business acquisitions and disposals, the Group's net sales increase was 8.9%. Exports and foreign operations accounted for 22.8% (20.7%) of net sales.

In the whole of 2007, the K-Group’s (i.e. Kesko’s and the chain stores’) retail sales were €11,575.6 million, an increase of 9.7% on the previous year.

The Group’s profit before taxes for January-December was €369.3 million (€357.8 million).

The Group’s profit before taxes included €37.1 million in non-recurring gains on the sale of SATO Corporation shares. The operating profit excluding non-recurring items was €325.1 million (€279.8 million), up €45.3 million on the previous year. Especially Kesko Food and Rautakesko improved their operating profits excluding non-recurring items. The operating profit excluding non-recurring items represented 3.4% (3.2%) of net sales.

The Group’s operating profit was €331.9 million (€362.6 million). The operating profit included a net total of €6.8 million (€82.8 million) in non-recurring gains and losses from disposal of fixed assets and businesses, and impairment charges. In 2006, the gains from disposal of fixed assets included €99.3 million received by Kesko from selling its retail store properties to Niam Retail Holding Finland AB.

The consolidated earnings per share from continuing operations were €2.61 (€2.45). Equity per share was €19.53 (€17.94).

Investments

The Group’s investments in October-December totalled €69.9 million (€88.0 million), which is 2.8% (3.8%) of net sales. Investments in retail store sites amounted to €62.1 million (€71.4 million). Investments in acquisitions were €0.9 million (€6.9 million) of total investments. The Group’s other investments were €6.8 million. Investments in foreign operations represented 24.3% of total investments.

The Group’s investments in January-December totalled €233.9 million (€250.5 million), which is 2.5% (2.9%) of net sales. Investments in retail store sites amounted to €189.0 million (€186.6 million). Investments in acquisitions were €6.0 million (€16.2 million) of total investments. The Group’s other investments were €38.9 million. Investments in foreign operations represented 24.1% of total investments.

Finance

In October-December, the cash flow from operating activities was €70.2 million (€118.5 million) and the cash flow from investing activities was €-71.0 million (€146.9 million). The latter included €5 million in proceeds received from the disposal of fixed assets.

In January-December, the cash flow from operating activities was €248.4 million (€327.9 million) and the total cash flow from investing activities was €-84.7 million (€202.7 million). The latter included €50 million received from the disposal of food store properties in the Baltic countries, and €46 million from selling SATO Corporation shares. The comparable cash flow from investing activities was increased by the over €200 million amount received in March 2006 from selling real estate, and the €190 million amount received in December 2006 from the sale of Rimi Baltic AB shares.

At the end of the period, liquid funds totalled €351 million (€398 million). The amount was affected by the disposal of food store properties in the Baltic countries and the disposal of SATO Corporation shares mentioned above. Interest-bearing net debt was €275 million (€212 million). At the end of the period, equity ratio was 48.5% (47.0%) and gearing 14.0% (11.9%).

In October-December, the Group’s net financial expenses were €1.9 million (€5.9 million). In January-December, the Group's net financial income was €37.0 million (€-5.5 million). They were increased by the €37.1 million non-recurring gain on the sale of SATO shares and interest income from liquid funds, and decreased by the costs of currency risk hedging.

Taxes
In October-December, the Group's taxes were €21.4 million (€8.4 million). The effective tax rate was 31.1% (26.8%). In January-December, the Group's income taxes were €90.2 million (€107.1 million), corresponding to an effective tax rate of 24.4% (29.9%).

The taxes for October-December include €5.8 million relating to Rautakesko Ltd's fiscal year 2001 in consequence of the Helsinki Administrative Court's decision. The taxes for January-December 2006 included taxes from prior periods to the amount of €24.5 million. Rautakesko Ltd and Kesko Corporation apply for leave to appeal against the Administrative Court's decisions from the Supreme Administrative Court.

Discontinued operations
The sale to Rimi Baltic AB of food store properties that had been leased to it was concluded in January. The gain on the disposal was €28.2 million.

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

Personnel
In October-December, the average number of personnel in the Kesko Group was 22,023 (23,534) converted into full-time employees. There was a decrease of 1,511 employees compared with the corresponding period of the previous year. In Finland, the average decrease was 68 employees, while outside Finland it was 1,443.

In January-December, the average number of personnel in the Kesko Group was 21,180 (23,767) converted into full-time employees. There was a decrease of 2,587 employees compared with the corresponding period of the previous year. In Finland, the average decrease was 244 employees, while outside Finland it was 2,343. The number of personnel mainly decreased as a result of the disposal of the joint venture Rimi Baltic AB in December 2006.

At the end of December 2007, the total number of personnel was 25,890 (23,755), of whom 14,192 (14,149) worked in Finland and 11,698 (9,606) in other countries. Compared with the end of December 2006, there was an increase of 43 employees in Finland and 2,092 in other countries.

Market review
In 2007, the Finnish economy continued its strong growth at a rate of about 4.0%. Towards the end of the year, however, the growth slowed down. In Finland, the strong growth of private consumption continued. It is forecast that the growth rate of the Finnish economy will decelerate in 2008 compared with 2007, mainly as a result of weakening export demand. The worsened outlook for the US economy will affect the growth of the whole euro zone economy. In Finland, private consumption is forecast to grow by some 3% and investments by about 3.6%. The increase in consumer prices is forecast to reach 2.7%. Housing production is expected to shrink during this year (Nordea).

According to the preliminary data of Statistics Finland, in January-November 2007, the volume of Finnish retail trade increased by 8.0% compared with the corresponding period of the previous year. The increase in the wholesale trade volume was 12% in the same period.

According to Statistics Finland's consumer survey of January 2008, consumers' confidence in the economy has been waning steadily since summer 2007, and Finland's economic growth is estimated to slow down further in the near future. Consumers also anticipate that inflation will clearly speed up over the next 12 months. Consumers' views concerning their saving possibilities continue to be bright, although in other respects their views concerning their own finances are more cautious than before. Buying durable goods was considered particularly cost-effective in January.

In 2008, the Estonian economy is forecast to grow by 4.0%, the Latvian economy by 5.6% and the Lithuanian economy by 7.4%. Private consumption is estimated to grow by about 6.0% in Estonia, by 7.0% in Latvia and by 14.0% in Lithuania. Consumer prices are forecast to rise by 7.9% in Estonia, by 12.0% in Latvia and by 7.0% in Lithuania (Nordea).

The Swedish economy is forecast to grow by 2.1% and private consumption by 2.7% in 2008. Consumer prices are expected to increase at a rate of 3.2% (Nordea). The increase in investments is forecast to slow down and that of housing construction to level off (Nordea).

The Norwegian economy is forecast to grow by 2.9% and private consumption by 3.0% in 2008. Consumer prices are expected to increase by about 3.3% (Nordea).

The Russian economy is forecast to grow by 7.0% in 2008. Private consumption is estimated to increase by 10% and investments by 21%. Consumer prices are expected to increase by 12% (Nordea).

The market and outlook for each of Kesko's business divisions are discussed in the division reviews of this financial statements release.

Divisions

<u>Kesko Food</u>
In October-December, Kesko Food's net sales totalled €1,046 million, up 7.7%. In January-December, the net sales were €3,871 million, an increase of 7.1%.

In October-December, Kesko Food's operating profit excluding non-recurring items was €39.8 million (3.8% of net sales), up by €2.8 million and relatively at the same level as in the previous year. Kesko Food's operating profit was €40.0 million (€36.9 million).

In January-December, Kesko Food's operating profit excluding non-recurring items was €151.4 million (3.9% of net sales), i.e. €22.8 million, or 0.4 percentage points, more than in the previous year. The operating profit increased as a result of good retail sales growth and improved cost efficiency. The operating profit was €151.3 million (€173.2 million). The comparable operating profit was increased by non-recurring gains on the disposal of real estate and businesses.

In October-December, Kesko Food's investments totalled €37.8 million (€36.4 million), of which investments in retail store sites were €36.7 million (€34.6 million). In January-December, investments totalled €117.6 million (€82.2 million), of which investments in retail store sites were €104.8 million (€74.2 million).

In October-December, the retail sales of the K-food stores increased by 10.8%, totalling €1,387 million (incl. VAT). In January-December, the retail sales increased by 7.4% to €5,046 million (incl. VAT). At the end of December, there were a total of 1,070 K-food stores.

Kesko Food continued the intensive development of the K-food store network. In October-December, a K-citymarket was opened in Kerava, K-supermarkets in downtown Lahti and Mikkeli, in Muhos and Kiiminki, and K-markets in Aurinkolahti, Helsinki, in downtown Kuopio, in Aittaranta, Joensuu, in the rural municipality of Jyväskylä, in Mouhijärvi and Ii. The K-citymarket in Rauma was reopened after extension. Other renovations and extensions were also implemented.

The most important store sites being built are K-citymarkets in Päiväranta, Kuopio, in Pori, Tornio, Jämsä, Klaukkala, Ylöjärvi, and in the Skanssi shopping centre in Turku, as well as the transformation of a K-supermarket into a K-citymarket in Rusko, Oulu, and K-supermarkets being built in Hämeenlinna and Hämeenkyrö, in the Anttila shopping centre in Joensuu, in Kuninkoja, Raisio, in Mustasaari, Alavus, Haukipudas, Viitasaari, Rauma and Konala, Helsinki.

The growth rate of the total grocery trade market in Finland for January-December is estimated at about 5% up on the previous year. Prices increased at an average monthly rate of about 2% compared with the previous year (Statistics Finland).

Kesko Food’s net sales are expected to grow in 2008. Owing to major investments in store sites and information systems, Kesko Food's operating profit excluding non-recurring items in 2008 is expected to match the level of 2007.

Rautakesko

In October-December, Rautakesko’s net sales amounted to €622.3 million, an increase of 15.1%. The contribution of acquisitions excluded, the net sales growth was 12.3%. Net sales in Finland were €195.4 million, an increase of 7.1%. The net sales of foreign subsidiaries were €426.1 million, up 19.1%. Foreign subsidiaries contributed 68.5% to Rautakesko’s net sales.

In Sweden, the net sales of K-rauta AB increased by 10.2% to €42.3 million in October-December. In Estonia, Rautakesko's net sales were up by 11.9% to €21.8 million. In Lithuania, the net sales of UAB Senuku Prekybos Centras (Senukai), in which Rautakesko has a majority interest, increased by 35.6% to €139.9 million, of which the contribution of the Belorussian OOO OMA, acquired by Senukai in July, was €15.4 million. In Latvia, Rautakesko's net sales increased by 13.3% to €21.4 million. In Russia, Stroymaster's net sales grew by 32.8% to €42.3 million. In Norway, Byggmakker's net sales grew by 8.2% and were €155.4 million.

In January-December, Rautakesko’s net sales amounted to €2,537.3 million, an increase of 19.2%. The contribution of acquisitions excluded, the net sales growth was 17.7%. Net sales in Finland were €909.3 million, an increase of 10.7%. The net sales of foreign subsidiaries were €1,625.0 million, up 24.4%. Foreign subsidiaries contributed 64.0% to Rautakesko's net sales.

In Sweden, in January-December, the net sales increased by 19.3% to €184.3 million. In Estonia, the net sales were up by 24.7% to €92.1 million. The net sales of Senukai, operating in Lithuania, increased by 34.9% to €485.8 million, of which the contribution of its Belorussian subsidiary, OOO OMA, was €32.3 million. In Latvia, the net sales increased by 40.0% to €84.8 million. In Russia, Stroymaster's net sales grew by 47.4% to €150.6 million. In Norway, the net sales grew by 12.9% and were €617.7 million.

In October-December, Rautakesko's operating profit excluding non-recurring items was €21.9 million (3.5% of net sales), i.e. €5.4 million, or 0.5 percentage points more than in the previous year. Rautakesko's operating profit for October-December was €22.1 million (€16.5 million). During the review period, one store was opened in St. Petersburg.

In January-December, Rautakesko's operating profit excluding non-recurring items was €115.9 million (4.6% of net sales), i.e. €24.8 million, or 0.3 percentage points, more than in the corresponding period of the previous year. The operating profit excluding non-recurring items increased due to good sales growth and regardless of the fact that a total of 16 new stores, of which 11 abroad, were opened in January-December. Rautakesko's operating profit for January-December was €117.8 million (€139.3 million). During the comparable period, the operating profit was increased by non-recurring gains on disposal of real estate.

In October-December, Rautakesko's investments totalled €21.2 million (€31.1 million), of which 75.5% (74.9%) was abroad. In January-December, the investments were €77.0 million (€75.8 million), of which 59.3% (65.4%) was abroad.

At the end of December, the K-rauta chain in Finland comprised 41 stores and the Rautia chain 104 stores. In October-December, the sales of the K-Group's building and home improvement stores in Finland increased by 5.2% to €277.6 million (incl. VAT). The sales of the Rautakesko B-to-B Service increased by 5.1%. In January-December, the sales of the K-Group's building and home improvement stores in Finland increased by 8.8% to €1,199.8 million (incl. VAT). The sales of the Rautakesko B-to-B Service increased by 15.9%.

Rautakesko operates 17 K-rauta stores in Sweden, one of which is owned by the retailer. The latest K-rauta was opened in Växjö in April. A new K-rauta was opened in Gävle in August 2007 to replace the outlet destroyed in a fire in August 2006. In Estonia, Rautakesko has five K-rauta stores, the latest of which opened in Tallinn in March. In Latvia, Rautakesko has seven stores of its own and two partner stores. A new K-rauta was opened in Tukums in June and another in Daugavpils in September.

In Lithuania, UAB Senuku Prekybos Centras (Senukai) operates 14 Senukai stores and 76 Partnershops. On 12 July 2007, Senukai signed an agreement to acquire an approximately 21% ownership interest in the Lithuanian UAB Romos Holdingas, the owner of 99.99% of the shares of the Belorussian DIY operator, OOO OMA. According to the vote transfer agreement included in the deal, Senukai has the majority of voting rights in

Romos Holdingas. The total price of the acquisition is €4 million, of which €2 million was paid for the ownership interest acquired in 2007. According to the terms and conditions of the deed, the buyer has the right to cancel the transaction if the terms and conditions are not fulfilled.

In Norway, Rautakesko owns Byggmakker Norge AS, a company managing the Byggmakker chain of building and home improvement stores. The chain comprises 120 stores, 22 of which are owned by Byggmakker. The other stores of the chain are owned by retailer-entrepreneurs who have signed a chain agreement with Byggmakker. Byggmakker Norge AS opened a new Byggmakker store in Oslo in March and another in Haugesund in September. There are eight K-rauta stores in St. Petersburg, Russia, three of which are new and operate in conformity with the K-rauta concept. The latest K-rauta in St. Petersburg opened in December.

The building and home improvement trade market is anticipated to grow in all countries in which Rautakesko operates. In 2008, a growth rate of about 3-5% is forecast for the Nordic countries and 5-7% for the Baltic countries. The growth forecast for the St. Petersburg area is about 10%. (Own estimate)

In 2008, Rautakesko will continue to invest in new store sites, employee competencies and a uniform information system. It is expected that Rautakesko's net sales will grow in 2008. Its operating profit excluding non-recurring items is expected to grow slightly in 2008.

VV-Auto

In October-December, VV-Auto's net sales totalled €143.7 million, down by 5.3%. The net sales trend was significantly affected by the change in the car tax, announced by the Finnish government on 2 November 2007. In January-December, VV-Auto's net sales totalled €804.8 million, up 2.0%. The new Volkswagen and Audi retail businesses acquired by VV-Auto at the beginning of March 2006 contributed 0.6 percentage points to the growth of VV-Auto's net sales in January-December.

In October-December, the operating profit excluding non-recurring items was €-0.5 million (-0.4% of net sales), down €2.1 million, or 1.4 percentage points, compared with the corresponding period of the previous year. The operating profit excluding non-recurring items was negatively affected by the amendment of the Car Tax Act, which postponed sales to 2008 and caused an impairment charge of €3.6 million to be recognised for the total of all vehicles. In January-December, the operating profit was €26.1 million (3.2% of net sales), down €3.4 million, or 0.5 percentage points, compared with the corresponding period of the previous year.

Investments totalled €1.3 million (€4.6 million) in October-December. In January-December, investments were €6.3 million (€34.2 million).

In January-December, first registrations of new passenger cars totalled 125,608 in Finland, down by 13.8% on the previous year. Compared with the previous year, first registrations of vans were up by 10.6% to 16,885. During the first months of the year, the sale of new cars was constrained by the car tax debate, the fall of used car prices and a rise in interest rates. The amendment of car tax legislation announced by the government nearly stopped passenger car sales in November-December and postponed a significant number of car deliveries to customers to 2008. In October-December, the first registrations of passenger cars dropped by 34.6% compared with the previous year.

In October-December, VV-Auto's retail sales volume decreased by 8.0% in consequence of the new Car Tax Act. In January-December, the retail sales grew by 7.6% compared with the corresponding period of the previous year. The growth is mainly attributable to the business acquisition completed in March 2006.

In January-December, the registrations of Volkswagen passenger cars totalled 12,772 and their market share was 10.2%, compared with 10.3% in the previous year. The number of Volkswagen vans registered was 3,042, while the market share was 18.0% (17.0%). In January-December, the first registrations of Audis were 4,161, and the market share was 3.3% (3.3%). The registrations of new Seat passenger cars totalled 1,497 in Finland, 697 in Estonia and 261 in Latvia. The market share in Finland was 1.2%, compared with 0.8% in the previous year.

It is estimated that Finland’s total market for passenger cars will grow compared with 2007. The total market for vans is expected to decrease slightly compared with the previous year (Road Transport Forecasting Group).

In 2008, VV-Auto’s net sales and the operating profit excluding non-recurring items are expected to markedly exceed the previous year’s level.

<u>Anttila</u>
In October-December, Anttila's net sales totalled €189.5 million, up 2.7% (€4.9 million). The net sales for the whole year were €563.7 million, an increase of 2.9%. Anttila's sales growth and result for 2007 were affected by the closing down of the City department store in Helsinki due to the expiry of the lease in January.

In October-December, Anttila’s operating profit excluding non-recurring items was €21.6 million (11.4% of net sales), showing an increase of €0.2 million, but a relative decrease of 0.2 percentage points, on the corresponding period of the previous year. Anttila’s operating profit was €21.6 million (€21.4 million).

In January-December, the operating profit excluding non-recurring items was €25.2 million (4.5% of net sales), showing a decrease of €1.2 million, or 0.4 percentage points, on the corresponding period of the previous year. Anttila’s operating profit was €27.2 million (€38.7 million). Non-recurring items included €1.9 million in gains on the disposal of real estate. In the corresponding period of the previous year, the gains on the disposal of real estate were €12.2 million.

In January-December, the retail sales of the Anttila department stores were €397.9 million, up 1.7%, which was affected by the closing down of the City department store in Helsinki in January and the opening of the department store in Mikkeli in October. The retail sales of the Kodin Ykkönen department stores for home goods and interior decoration were €183.7 million, up 6.7%. Distance retail sales in Finland were €88.9 million, up 5.5%. In line with strategy, the number of illustrated catalogues in distance sales was reduced while concentrating on the development of online sales. Online sales increased by 22.1%, with the biggest growth in home electronics and information technology.

Trends in the home and speciality goods sales vary by product line. The growth is forecast to average 3-5% in 2008 (own estimate).

In 2008, Anttila's net sales are expected to grow, and its operating profit excluding non-recurring items is expected to match the level of 2007.

Kesko Agro

In October-December, Kesko Agro's net sales were €212.9 million, an increase of 3.5%. The net sales from foreign operations were €82.9 million, accounting for 38.9% of net sales.

In October-December, Kesko Agro's net sales in Finland were €130.0 million, up 7.4%, which is attributable to the positive trend in the grain and tractor trade. In October-December, the net sales from foreign operations dropped by 2.0%, which is due to the discontinuation of the grain, animal feed and chemicals trade in Lithuania.

In January-December, Kesko Agro's net sales were €793.4 million, an increase of 5.1%. The net sales from foreign operations were €294.6 million, accounting for 37.1% of net sales.

In January-December, Kesko Agro's net sales in Finland were €498.7 million, up 3.5%, which is mostly attributable to the successful grain trade. The net sales from foreign operations increased by 7.9% in January-December, which is in line with the trend in the agricultural and earthwork machinery trade.

In October-December, Kesko Agro's operating profit excluding non-recurring items was €2.1 million (1.0% of net sales), i.e. €1.8 million, or 0.9 percentage points, bigger than in the corresponding period of the previous year.

In January-December, the operating profit excluding non-recurring items was €12.4 million (1.6% of net sales), which was €4.6 million, or 0.5 percentage points bigger than in the corresponding period of the previous year. The operating profit, non-recurring items excluded, was affected by sales growth, and cost savings in Finland. In January-December, Kesko Agro's operating profit was €12.9 million (€9.2 million), positively affected by the €0.5 million (€0.8 million) non-recurring gain on the disposal of business.

In October-December, investments totalled €0.9 million, 21.2% of which were in projects abroad. In January-December, investments totalled €7.6 million, 67.1% of which were in projects abroad.

At the end of the period under review, the K-maatalous chain comprised 95 agricultural stores in Finland. The sales of the K-maatalous chain increased by 19.7% in October-December to €192 million (incl. VAT). In January-December, the sales increased by 12.0% to €674 million. Kesko Agro has six stores in Estonia, four in Latvia and three in Lithuania.

It is estimated that in 2008, Finland's total agricultural trade market will increase slightly on the previous year. The total Baltic market is anticipated to grow by about 5-10% (own estimate).

In 2007, Kesko Agro discontinued its grain, animal feed and chemicals trade in Lithuania because of its poor profitability. With the company concentrating on the machinery trade in Lithuania, the profitability of the business is expected to improve.

Regardless of the structural changes taking place in the sector, it is expected that in 2008, Kesko Agro's net sales and operating profit excluding non-recurring items will match the level of 2007.

Other operating activities

Other operating activities comprise the reporting for Konekesko, Intersport Finland, Indoor, Musta Pörssi, Kenkäkesko, Tähti Optikko and Kauko-Telko.

In October-December, the aggregate net sales from other operating activities were €247.9 million, down 3.7%. Net sales from foreign operations were €48.3 million, contributing 19.5% to the net sales.

In January-December, the net sales were €997.3 million, up 5.4%. Net sales from foreign operations were €191.7 million, contributing 19.2% to the net sales.

In October-December, the aggregate operating profit from other operating activities, non-recurring items excluded, was €-1.9 million (-0.8% of net sales), which was down by €4.6 million, or 1.8 percentage points, on the corresponding period of the previous year. The decline in operating profit excluding non-recurring items is mainly attributable to the weakened profitability of the furniture trade. The operating profit from other operating activities was €-4.9 million (€-17.4 million) and includes €4.3 million in costs relating to the discontinuation of Asko Möbler AB. The operating profit of the comparable period was negatively affected by €30.3 million in impairment charges for intangible rights relating to Indoor Group Ltd.

In January-December, the operating profit excluding non-recurring items was €24.0 million (2.4% of net sales), which was €2.4 million, or 0.1 percentage points bigger than in the corresponding period of the previous year. The operating profit was €21.2 million (€4.9 million). The operating profit was improved by the €0.4 million non-recurring gain on the disposal of fixed assets. The operating profit for the comparable period included €3.7 million in non-recurring gains on the disposal of businesses and fixed assets.

In October-December, investments totalled €5.7 million. In January-December, investments were €14.6 million.

Konekesko's net sales in October-December were €42.8 million (€46.4 million), a decrease of 7.7% on the previous year. In Finland, sales were €36.1 million, down by 7.2% in October-December. Konekesko’s export sales totalled €6.7 million, a decrease of 10.0%. In January-December, the net sales were €229.3 million (€200.7 million), an increase of 14.3%. In Finland, sales were €193.5 million, up by 13.2% in January-December. Konekesko’s export sales totalled €35.8 million, an increase of 20.5%.

Intersport Finland's net sales in October-December were €41 million (€43 million), down 3.7%. The net sales in January-December were €147 million, (€142 million), an increase of 3.4%.

Indoor's net sales in October-December were €50.6 million (€50.8 million), down 0.5%. In

October-December, the aggregate net sales of the furniture trade in the Baltic countries and Sweden were €12.2 million, a decrease of 1.2%. In January-December, the net sales were €196.5 million (€182.2 million), up 7.9%. In January-December, the aggregate net sales of the furniture trade in the Baltic countries and Sweden were €51.2 million, an increase of 28.3%. In 2007, Indoor's profitability weakened significantly because of the unprofitability of the business in Sweden. A decision has been made to discontinue Indoor's operatings in Sweden during the spring of 2008.

Musta Pörssi Ltd's net sales in October-December were €41.8 million (€43.6 million), down 4.2%. In January-December, the net sales were €147.5 million (€132.0 million), up 11.8%.

Kenkäkesko Ltd's (former WellStep Ltd) net sales in October-December were €5 million (€5 million), an increase of 14.3%. In January-December, the net sales dropped by 3.4% to €23 million (€24 million).

Tähti Optikko's net sales in October-December were €4.8 million (€4.5 million), up 7.6%. In January-December, the net sales were €20.8 million (€19.4 million), an increase of 7.3%.

Kauko-Telko’s net sales in October-December were €62 million (€65 million), down 5%. In October-December, foreign operations contributed €30 million, or 46%, to the net sales. In January-December, the net sales were €234 million (€248 million), down by 5.8% from the previous year. In January-December, foreign operations contributed €113 million, or 48%, to the net sales. Kauko-Telko's profitability improved.

In May, Kesko announced that it would look into opportunities to sell Kauko-Telko (stock exchange release on 23 May 2007). Kauko-Telko will be classified as a discontinuing operation in compliance with the IFRS 5 when it meets the criteria of the standard.

It is expected that in 2008, the net sales of other operating activities will increase somewhat. The operating profit excluding non-recurring items is expected to grow mainly as a result of the discontinuation of Indoor's loss-making business in Sweden.

Changes in Group structure
No significant changes took place in the Group structure during the period under review.

Decisions of the Annual General Meeting
Kesko Corporation’s Annual General Meeting held on 26 March 2007 adopted the financial statements for 2006 and discharged the members of the Board of Directors and the Managing Director from liability. The Annual General Meeting also decided to distribute a dividend of €1.50 per share, as proposed by the Board of Directors, or total dividends of €146,314,669.50.

The Annual General Meeting decided to leave the number of Board members unchanged at seven. The members of the Board of Directors elected by the Annual General Meeting of 27 March 2006 are Pentti Kalliala, Ilpo Kokkila, Maarit Näkyvä, Seppo Paatelainen, Keijo Suila, Jukka Säilä and Heikki Takamäki. The Board Chairman is Heikki Takamäki and the Deputy Chairman is Keijo Suila. The term of office of each Board member, in accordance with the Articles of Association, is three years, with the term starting at the close of the General Meeting electing the member and expiring at the close of the third Annual General Meeting after the election (in 2009).

The Annual General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor. The auditor with principal authority has been Pekka Nikula, B.Sc. (Econ.), APA.

The decisions of the Annual General Meeting were published in more detail in a stock exchange release on the day of the meeting and in the 3-month interim financial report.

Corporate governance
Kesko Food Ltd and Rautakesko Ltd, major subsidiaries fully owned by Kesko Corporation, elected the members of their Boards of Directors at their Annual General Meetings held on 23 March 2007. The compositions of the Boards were announced in a stock exchange release on 23 March 2007.

The organising meeting of Kesko Corporation's Board of Directors held after the Annual General Meeting on 26 March 2007 decided to leave the compositions of its committees unchanged. The Board elected Maarit Näkyvä as the Chairman of its Audit Committee, and Seppo Paatelainen and Keijo Suila as its members. The Board elected Heikki Takamäki as the Chairman of its Compensation Committee, and Pentti Kalliala and Keijo Suila as its members. The committees' terms of office always expire at the Annual General Meeting. On the basis of the evaluation of independence carried out by the Board of Directors, all members of the Audit Committee are independent of the company and its significant shareholders. The decisions of the organising meeting of the Board of Directors were published in a stock exchange release on the day of the meeting.

Juhani Järvi resigned from the positions of Kesko's Corporate Executive Vice President and Deputy to the President and CEO as of 1 June 2007. He also gave up membership in the Corporate Management Board and in the Boards of Kesko Food Ltd and Rautakesko Ltd. Järvi's duties have been divided between the other Corporate Management Board members. His responsibility areas included corporate development, IT management, real estate services, and corporate responsibility and business development. A more detailed stock exchange release about the matter was published on 24 May 2007.

Shares, securities market and Board authorisations
At the end of the review period, Kesko Corporation's share capital totalled €195,535,530. Of all shares 31,737,007 or 32.5% are A shares and 66,030,758 or 67.5% B shares. The aggregate number of shares was 97,767,765. Each A share entitles to ten (10) votes and each B share to one (1) vote. During the review period, the share capital was increased six times by share subscriptions with the stock options of the year 2003 option scheme. The increases were made on 12 February 2007 (€46,376), 26 April 2007 (€86,800), 29 May 2007 (€298,572), 24 July 2007 (€9,000), 26 September 2007 (€39,032) and on 19 December 2007 (€15,900), and were announced in stock exchange notifications on the respective dates. The subscribed shares were included on the main list of the Helsinki Stock Exchange for public trading with the old B shares on 13 February 2007, 27 April 2007, 30 May 2007, 25 July 2007, 27 September 2007 and 20 December 2007.

The price of a Kesko A share was €38.43 at the end of 2006 and €37.85 at the end of 2007, representing a decrease of 1.5%. The price of a B share was €40.02 at the end of 2006 and €37.72 at the end of 2007, down 5.7%. During the period under review, the highest A share quotation was €53.44 and the lowest was €34.52. For B shares, they were €54.85 and €34.40 respectively. During 2007, the Helsinki Stock Exchange All Share index (OMX Helsinki) rose by 20.5%, the weighted OMX Helsinki CAP index by 3.8%, while the Consumer Staples Index dropped by 5.4% during the review period.

At the end of the review period, the market capitalisation of A shares was €1,201 million, while that of B shares was €2,491 million. Their combined market capitalisation was €3,692 million, a decrease of €159 million from the beginning of the year. In 2007, about 3.6 million A shares were traded on the Helsinki Stock Exchange at a total value of €161 million, while 122.4 million B shares were traded at a total value of €5,294 million.

The 2003D stock options of the year 2003 option scheme were included on the main list of the Helsinki Stock Exchange on 1 April 2005. The number of 2003D options traded during the review period was 87,888 at a total value of €3.4 million.

The 2003E stock options were included on the main list of the Helsinki Stock Exchange on 3 April 2006. The number of 2003E options traded during the review period was 169,108 at a total value of €5.7 million.

The 2003F stock options were included on the main list of the Helsinki Stock Exchange on 2 April 2007. The number of 2003F options traded during the review period was 243,637 at a total value of €7.8 million.

The Board of Directors was authorised by the Annual General Meeting of 26 March 2007 to issue a maximum of 20,000,000 new B shares against payment. The authorisation also includes a right to deviate, for a weighty financial reason, from the shareholders' pre-emptive right with a rights issue so that the issued shares can be used as consideration in possible company acquisitions, other arrangements concerning the company's operations, or to finance investments. The authorisation is valid for two years from the decision of the Annual General Meeting.

The Annual General Meeting of 26 March 2007 decided to grant new stock options for no consideration to the Kesko Group management, other key Kesko personnel, and to Sincera Oy, a subsidiary wholly owned by Kesko Corporation. The stock options are marked with the symbols 2007A, 2007B and 2007C, and their total number is 3,000,000 at the maximum. Each option entitles its holder to subscribe for one B share, so that a maximum of 3,000,000 new B shares can be subscribed for with the options in compliance with the terms and conditions of the stock option plan.

The Board's share issue authorisation and the year 2007 stock option scheme were disclosed in more detail in a stock exchange release on 26 March 2007. The Board's decision to grant the year 2007 stock options to persons in the Kesko Group management, other key personnel and Sincera Oy, a subsidiary wholly-owned by Kesko Corporation, was announced in a stock exchange release on 18 July 2007.

The Board has no other valid authorisation concerning an issue of shares, options or other special rights entitling to shares.

Flagging notifications

Under Chapter 2, Section 9 of the Finnish Securities Market Act, Kesko Corporation was notified by Barclays Plc, that the aggregate ownership interest of Barclays Plc's fund management companies in Kesko Corporation shares had exceeded 5% on 4 April 2007. The matter was disclosed without delay after receipt of the notification in a stock exchange notification on 4 October 2007.

Under Chapter 2, Section 9 of the Finnish Securities Market Act, Kesko Corporation was notified by Barclays Plc and Barclays Global Investor UK Limited on 13 December 2007 that the ownership interest of Barclays Plc in Kesko Corporation had fallen below 5% of the total number of shares on 11 December 2007, whilst Barclays Global Investor UK Limited holds over 5% of the total number of Kesko Corporation shares (stock exchange notification on 13 December 2007).

Main events

Fiesta Real Estate AS, an Estonian subsidiary of Kesko Corporation, sold the food trade properties leased by Rimi Baltic AB in Estonia to Rimi Baltic for €50 million. The €28.2 million gain on the disposal was recognised in discontinued operations for the first quarter of 2007 (stock exchange release on 4 January 2007).

On 16 February 2007, Kesko Corporation and Varma Mutual Pension Insurance Company completed a deal in which Kesko sold its SATO Corporation shares to Varma. Kesko's ownership interest in SATO was approximately 16.5%. The price of the shares was about €46 million and the gain on the disposal (€37.1 million) was recognised for the first quarter of 2007 (stock exchange releases on 7 and 16 February 2007).

In its meeting, Kesko Corporation’s Board of Directors specified the company strategy. Based on the expansion of the Group’s international operations and the current business outlook, the targets for return on capital were raised. The target value for return on equity was raised from 12% to 14% and that of invested capital from 12% to 16%. Large-scale store site investments in Finland and the other operating countries are expected to be made during the next few years. The Board also decided to look into possibilities to dispose of Kauko-Telko (stock exchange release on 23 May 2007).

During the summer, Kesko Food Ltd looked into opportunities to sell its HoReCa wholesaling subsidiary, Kespro Ltd, and its sourcing operations. The investigation of sales opportunities carried out during the summer showed that the selling price would be low in relation to the sales and profit expectations of Kespro. Therefore, it was decided that Kespro will continue to be developed as an independent subsidiary of Kesko Food (stock exchange release on 12 October 2007).

On 2 November 2007, VV-Auto announced that its net sales and profit for the last months of 2007 would remain below earlier expectations, as a significant number of passenger car deliveries would be postponed to 2008 in consequence of the change in the Finnish car taxation (stock exchange release on 2 November 2007).

The Administrative Court of Helsinki decided 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 impact of the Administrative Court's decision on the Kesko Group's result for the financial year 2007, consequences for default included, was approximately €-6.4 million (stock exchange release on 14 November 2007).

Indoor Group Ltd started an extensive development programme aimed to strengthen the company's market position in the home furniture and interior decoration trade in Finland and the Baltic countries. At the same time Indoor Group will dispose of its operations in Sweden. The disposal was treated as a non-recurring item, and it had no effect on the future outlook previously published by Kesko (stock exchange release on 13 December 2007).

Kesko Corporation and OKO Bank plc signed an agreement by which OKO Bank will acquire the share capital of K-Rahoitus Oy, a subsidiary wholly owned by Kesko. The purchase price was estimated at about 30 million euros. The final price will be established based on the amount of equity at the transaction closing date and a fixed amount of goodwill. The transaction will be concluded after clearance from the authorities during the first part of 2008 (stock exchange release on 21 December 2007).

Events after the end of the review period

The deal between Kesko Corporation and OKO Bank plc to sell K-Rahoitus Oy's share capital to OKO Bank was concluded on 31 January 2008. The preliminary price paid in connection with the conclusion of the deal was about 30 million euros. The final price will be established based on the amount of equity at the transaction closing date and a fixed amount of goodwill. The cash inflow from the transaction will be about €240 million, which is attributable to financial liabilities repayable to Kesko (stock exchange release on 31 January 2008).

Future outlook

In 2008, the Kesko Group divisions are expected to perform as described in the above division reviews.

The Group's operating activities are affected by the economic outlook in its different market areas and especially by the growth rate of private consumption and any changes therein. Markets in the Baltic countries and in Russia are expected to continue to grow more rapidly than markets in the Nordic countries, although there are clear signs of a slow-down in construction in Finland, the Baltic countries and the other Nordic countries. In Finland, consumer demand in other respects is expected to remain at a good level, which is attributable to the growth of consumers' real earnings.

Although the peak of the economic cycle has passed, the sales from the Group's continuing operations are expected to grow during the next six months, which is partly attributable to the significant increase in car sales forecast for the first part of 2008. Due to the more rapid market growth and the expansion of the retail store network, the Group's sales will grow more strongly in other countries than Finland.

It is estimated that the Kesko Group's profitability will remain good regardless of the fact that the result will be negatively affected by the intensive expansion and renovation of the retail store network carried out especially during the first months of the year. The operating profit for the next six months, non-recurring items excluded, is expected to remain at a level slightly lower than in the corresponding period of the previous year.

Proposal for profit distribution

Parent's distributable earnings are €931,252,452.88 of which net profit for the period is €194,273,776.22.

The Board of Directors proposes to the Annual General Meeting that the distributable earnings be used as follows:
To be paid to shareholders as dividends €1.60 per share, €156,428,592.00.

To be reserved for charitable donations at the discretion of the Board of Directors €300,000.00.

To be carried forward as retained earnings €774,523,860.88.

Annual General Meeting
The Board of Directors decided to convene the Annual General Meeting at the Helsinki Fair Centre on 31 March 2008 at 13.00 hrs to handle the matters that fall under its authority according to the Articles of Association.

In addition to the proposal for profit distribution, the Board of Directors proposes to the Annual General Meeting that Public Accountants PricewaterhouseCoopers Oy be elected as Kesko Corporation's auditor, and that the auditor's fee be paid as per invoice presented by them. PricewaterhouseCoopers Oy has announced Johan Kronberg, APA, to be the auditor with principal responsibility.

Helsinki, 4 February 2008
Kesko Corporation
Board of Directors

The figures of these financial statements 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 financial statements can be accessed at www.kesko.fi at 11.00. An English-language web conference on the financial statements will be held today at 14.30 (Finnish time). The web conference login is available at www.kesko.fi.

KESKO CORPORATION

Paavo Moilanen
Senior Vice President, Corporate Communications and Responsibility

ATTACHMENTS
Consolidated income statement
Consolidated balance sheet
Consolidated statement of changes in equity
Consolidated cash flow statement
Group indicators
Net sales by division
Operating profit by division, incl. non-recurring items

Operating profit by division, excl. non-recurring items
Divisions' operating profits as % of net sales, excl. non-recurring items
Investments by division
Group contingent liabilities
Group indicators by quarter
Calculation of indicators
Divisions' net sales by quarter
Divisions' operating profits by quarter, incl. non-recurring items
Divisions' operating profits by quarter, excl. non-recurring items
Personnel, average number, and number at 31 December
The K-Group retail sales

Kesko Corporation's interim financial report for January-March will be published on 22 April 2008. In addition, the Kesko Group sales figures will be published each month. News releases and other company information are available at www.kesko.fi.

DISTRIBUTION
Helsinki Stock Exchange
Main news media

****
ATTACHMENTS:

These annual financial statements have been prepared in accordance with the IAS 34 standard. The annual financial statements have been prepared in accordance with the same principles as the annual financial statements for 2006.

Consolidated income statement (€ million)

	2007	**2006**	**Change %**	**10-12 2007**	**10-12 2006**	**Change %**
Net sales	9,534	8,749	9.0	2,455	2,304	6.5
Cost of sales	-8,142	-7,474	8.9	-2,074	-1,954	6.2
Gross profit	**1,392**	**1,275**	**9.1**	**381**	**351**	**8.5**
Other operating income	578	661	-12.6	155	154	1.1
Staff cost	-576	-544	5.9	-163	-150	8.6
Depreciation and impairment charges	-119	-160	-25.4	-32	-70	-53.5
Operating expenses	-942	-869	8.4	-269	-247	9.1
Operating profit	**332**	**363**	**-8.5**	**71**	**38**	**88.3**
Financial income*	87	38	(..)	12	9	35.2
Financial expenses	-50	-44	14.8	-14	-15	-4.7
Income from associates	0	1	-35.6	0	0	-98.8
Profit before taxes	**369**	**358**	**3.2**	**69**	**31**	**(..)**
Income tax**	-90	-107	-15.8	-21	-8	(..)
Net profit from	279	251	11.3	47	23	(..)

continuing operations						
Net profit from discontinued operations	28	129	-78.1	-	132	(..)
Net profit	**307**	**379**	**-19.0**	**47**	**155**	**-69.4**
Attributable to:						
Equity holders of the parent company	285	369	-22.7	41	153	-73.4
Minority interest*	22	11	(..)	7	2	(..)
Earnings per share (€) for profit attributable to the equity holders of the parent company						
Continuing operations						
Basic	2,63	2,47	6,4	0,42	0,21	93,9
Diluted	2,61	2,45	6,6	0,41	0,21	94,2
Whole Group						
Basic	2,92	3,80	-23,1	0,42	1,57	-73,6
Diluted	2,90	3,76	-23,0	0,41	1,56	-73,5

* Change over 100%

** Income tax has been calculated on the profit for the review period as a proportion of the estimated tax for the whole financial year.

Consolidated balance sheet
(€ million)

	31.12.2007	**31.12.2006**	**Change, %**
ASSETS			
Non-current assets			
Intangible assets	252	248	1.7
Tangible assets	1,153	1,115	3.4
Non-current financial assets	31	38	-17.4
Loans and receivables	45	126	-64.6
Pension assets	262	220	19.2
Total	1,743	1,746	-0.2
Current assets			
Inventories	922	789	16.9
Trade and other receivables	840	852	-1.4
Current financial assets	261	341	-23.4
Cash and cash equivalents	90	57	58.7
Total	2,113	2,039	14.0
Non-current assets held for sale*	237	22	(..)
Total	4,093	3,807	7.5

* Change over 100%

Consolidated balance sheet
(€ million)

	31.12.2007	**31.12.2006**	**Change, %**

EQUITY AND LIABILITIES			
Equity	1,909	1,750	9.1
Minority interest *	55	27	(..)
Total equity	1,964	1,777	10.5
Non-current liabilities			
Pension obligations	4	4	16.5
Interest-bearing	314	317	-0.8
Non-interest-bearing	12	18	-37.0
Deferred tax liabilities	126	113	11.2
Provisions	15	18	-12.3
Total	471	469	0.4
Current			
Interest-bearing	311	293	6.2
Non-interest-bearing	1,320	1,254	5.3
Provisions	23	14	60.5
Total	1,654	1,561	6.2
Liabilities for available-for-sale assets	3	-	(..)
Total equity and liabilities	4,093	3,807	7.5

* Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Issue of share capital	Share premi-um	Other reserve s	Curren-cy trans-lation differ-ences	Revalu-ation surplus	Re-tained earning s	Minority interest	Total
Balance at 1.1.2006	193	1	189	246	-4	0	857	27	1,508
Shares subscribed for with options	2	-1	5						6
Option cost			2						2
Currency translation differences					-3		-1		-4
Minority interest acquisitions								-4	-4
Fair value changes						0			0

Other changes					1		1		2
Dividend							-106	-6	-112
Net profit for the period							369	10	379
Balance at 31.12.2006	195	0	196	246	-6	0	1,120	27	1,777
Balance at 1.1.2007	195	0	196	246	-6	-1	1,120	27	1,777
Shares subscribed for with options	1	0	2						3
Option cost			2						2
Currency translation differences					2		1		3
Minority interest acquisitions								15	15
Fair value changes						10			10
Other changes				1			1		2
Dividend							-146	-9	-156
Net profit for the period							285	22	307
Balance at 31.12.2007	195	0	200	247	-3	9	1,260	55	1,964

Consolidated cash flow statement (€ million)

	2007	**2006**	**Change %**	**10-12 2007**	**10-12 2006**	**Change %**
Cash flow from operating activities						
Profit before tax	398	487	-18.4	69	164	-57.9
Planned depreciation	119	142	-16.1	32	42	-23.2
Financial income and expenses*	-37	7	(..)	2	6	-69.1

Other adjustments	-75	-215	-65.1	-21	-94	-77.7
Working capital						
Current non-interest-bearing trade receivables, increase (-)/ decrease (+)	-37	-85	-56.0	65	18	(..)
Inventories increase (-)/ decrease (+)*	-123	-36	(..)	-39	-20	94.3
Current non-interest-bearing liabilities, increase (+)/decrease (-)	95	142	-32.8	-9	36	(..)
Financial items and taxes	-91	-114	-20.1	-29	-33	-14.7
Net cash from operating activities	**248**	**328**	**-24.3**	**70**	**119**	**-40.8**
Cash flow from investing activities						
Investments	-237	-237	0.0	-73	-71	2.5
Disposals of fixed assets	146	450	-67.5	5	193	-97.3
Increase of long-term receivables*	0	-10	(..)	0	25	(..)
Decrease of long-term receivables*	6	0	(..)	-3	0	(..)
Net cash used in investing activities*	**-85**	**203**	**(..)**	**-71**	**147**	**(..)**
Cash flow from financing activities						
Debt increase	16	18	-14.6	10	23	-57.4
Debt decrease	-20	-134	-85.4	-6	-13	-56.1
Increase (-)/decrease (+) in short-term interest-bearing receivables*	-52	-25	(..)	-3	11	(..)
Dividends paid	-156	-113	37.6	0	0	-38.1
Equity increase	3	6	-58.6	0	1	(..)
Short-term money market investments*	35	-140	(..)	4	-140	(..)
Other items*	1	-3	(..)	-1	-2	-74.2
Net cash used in financing activities	**-173**	**-390**	**-55.7**	**4**	**-121**	**(..)**
Change in cash and cash equivalents*	-9	141	(..)	4	145	-97.3
Cash and cash equivalents at 1 Jan. * (1. Oct)	257	115	(..)	244	112	(..)
Currency translation difference*	0	1	(..)	0	0	0.0

Cash and cash equivalents relating to available-for-sale assets *	2	0	(..)	2	0	(..)
Cash and cash equivalents at 31 Dec.	245	257	-4.5	245	257	-4,5

* Change over 100%

Group indicators

	12/2007	**12/2006**	**Change, pp**
Return on invested capital, %	17.4	22.6	-5.2
Return on equity, %	16.4	23.1	-6.7
Equity ratio, %	48.5	47.0	1.5
			Change, %
Investments, € million*	233.9	250.5	-6.6
Earnings per share, basic, €*	2.63	2.47	6.4
Earnings per share, diluted, €*	2.61	2.45	6.6
Earnings per share, basic, €**	2.92	3.80	-23.1
Earnings per share, diluted, €**	2.90	3.76	-23.0
Equity per share, €	19.53	17.94	8.8
Personnel, average	21,176	23,767	-10.9

* Continuing operations
** Whole Group

Divisions

Net sales by division, continuing operations	**2007 € million**	**2006 € million**	**Change, %**	**10-12/2007 € million**	**10-12/2006 € million**	**Change, %**
Kesko Food, Finland	3,854	3,597	7.1	1 041	967	7.6
Kesko Food, other countries*	17	17	-3.1	5	4	23.3
Kesko Food, total	**3,871**	**3,615**	**7.1**	**1 046**	**971**	**7.7**
Rautakesko, Finland	909	821	10.7	195	182	7.1
Rautakesko, other countries*	1,628	1,308	24.5	427	358	19.2
Rautakesko, total	**2,537**	**2,129**	**19.2**	**622**	**541**	**15.1**
VV-Auto, Finland	779	769	1.3	139	146	-4.4
VV-Auto, other countries*	26	20	27.1	5	6	-26.2
VV-Auto, total	**805**	**789**	**2.0**	**144**	**152**	**-5.3**
Anttila, Finland	544	527	3.1	185	180	2.8
Anttila, other countries*	20	20	-2.3	4	4	-3.1
Anttila, total	**564**	**548**	**2.9**	**189**	**185**	**2.7**
Kesko Agro, Finland	499	482	3.5	130	121	7.4
Kesko Agro, other countries*	295	273	7.9	83	85	-2.0
Kesko Agro, total	**793**	**755**	**5.1**	**213**	**206**	**3.5**

Other operating activities, Finland	806	776	3.8	200	210	-4.8
Other operating activities, foreign countries*	192	170	12.9	48	48	1.2
Other operating activities, total	**997**	**946**	**5.4**	**248**	**257**	**-3.7**
Common operations and eliminations	-34	-32	5.7	-8	-7	12.3
Finland, total	**7,357**	**6,941**	**6.0**	**1,883**	**1,799**	**4.6**
Other countries, total*	**2,177**	**1,808**	**20.4**	**572**	**505**	**13.2**
Group, total	**9,534**	**8,749**	**9.0**	**2,455**	**2,304**	**6.5**

* Exports and net sales in other countries than Finland

Operating profit by division incl. non-recurring items, continuing operations	**2007 € million**	**2006 € million**	**Change € million**	**10-12/ 2007 € million**	**10-12/ 2006 € million**	**Change € million**
Kesko Food	151.3	173.2	-21.9	40.0	36.9	3.1
Rautakesko	117.8	139.3	-21.5	22.1	16.5	5.6
VV-Auto	26.1	29.4	-3.4	-0.5	1.5	-2.1
Anttila	27.2	38.7	-11.5	21.6	21.4	0.2
Kesko Agro	12.9	9.2	3.7	2.1	0.3	1.8
Other operating activities	21.2	4.9	16.2	-4.9	-17.4	12.4
Common operations and eliminations	-24.5	-32.1	7.7	-9.5	-21.6	12.1
Group's operating profit	**331.9**	**362.6**	**-30.8**	**70.8**	**37.6**	**33.2**

Operating profit by division excl. non-recurring items, continuing operations	**2007 € million**	**2006 € million**	**Change € million**	**10-12/ 2007 € million**	**10-12/ 2006 € million**	**Change € million**
Kesko Food	151.4	128.6	22.8	39.8	37.0	2.8
Rautakesko	115.9	91.2	24.8	21.9	16.5	5.4
VV-Auto	26.1	29.5	-3.4	-0.5	1.5	-2.1
Anttila	25.2	26.5	-1.2	21.6	21.4	0.2
Kesko Agro	12.4	7.8	4.6	2.1	0.3	1.8
Other operating activities	24.0	21.6	2.4	-1.9	2.7	-4.6
Common operations and eliminations	-29.9	-25.3	-4.6	-8.5	-8.0	-0.5
Total	**325.1**	**279.8**	**45.3**	**74.5**	**71.4**	**3.1**

Operating profit as % of net sales excl. non-recurring items, continuing operations	**2007 % of net sales**	**2006 % of net sales**	**Change, pp**	**10-12/ 2007 % of net sales**	**10-12/ 2006 % of net sales**	**Change, pp**

Kesko Food	3.9	3.6	0.4	3.8	3.8	0.0
Rautakesko	4.6	4.3	0.3	3.5	3.1	0.5
VV-Auto	3.2	3.7	-0.5	-0.4	1.0	-1.4
Anttila	4.5	4.8	-0.4	11.4	11.6	-0.2
Kesko Agro	1.6	1.0	0.5	1.0	0.1	0.9
Other operating activities	2.4	2.3	0.1	-0.8	1.0	-1.8
Common operations and eliminations	89.2	79.8	9.4	112.6	118.6	-6.0
Total	**3.4**	**3.2**	**0.2**	**3.0**	**3.1**	**-0.1**

Investments by division, continuing operations	**2007 € million**	**2006 € million**	**Change, € million**	**10-12/ 2007 € million**	**10-12/ 2006 € million**	**Change, € million**
Kesko Food	118	82	35	38	36	1
Rautakesko	77	76	1	21	31	-10
VV-Auto	6	34	-28	1	5	-3
Anttila	6	5	1	1	1	1
Kesko Agro	8	12	-4	1	5	-4
Other operating activities	15	36	-21	6	5	0
Common operations and eliminations	5	6	-1	1	5	-3
Group, total	**234**	**250**	**-17**	**70**	**88**	**-18**

Group's contingent liabilities (€ million)	**2007**	**2006**	**Change, %**
For own commitments	216	263	-18.1
For associates	-	-	-
For shareholders	1	1	0.0
For others	9	13	-26.7
Lease liabilities	13	12	11.4

Liabilities arising from derivative financial instruments

Values of underlying instruments at 31 Dec.	**2007**	**2006**	Fair value at 31.12.2007
Interest rate derivatives			
Forward and future contracts	34	26	-0.1
Interest rate swap contracts	207	206	4.9
Currency derivatives			
Forward and future contracts	366	272	0.2
Currency swap contracts	100	100	-18.9
Commodity derivatives			
Electricity derivatives	37	38	7.9
Grain derivatives	5	1	-0.4

* Change over 100%

Figures by quarter

Group indicators by quarter	**1-3/ 2006**	**4-6/ 2006**	**7-9/ 2006**	**10-12/ 2006**	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Net sales, € million	1,971	2,277	2,196	2,304	2,193	2,464	2,421	2,455
Change in net sales, %	15.6	12.8	6.2	8.2	11.3	8.2	10.2	6.5
Operating profit, € million	150.8	91.6	82.6	37.6	62.4	103.2	95.4	70.8
Operating profit, %	7.7	4.0	3.8	1.6	2.8	4.2	3.9	2.9
Operating profit excl. non-recurring items, € million	36.6	89.4	82.4	71.4	59.8	96.8	94.0	74.5
Operating profit excl. non-recurring items, %	1.9	3.9	3.7	3.1	2.7	3.9	3.9	3.0
Financial income/expenses, € million	-1.5	0.4	1.5	-5.9	37.9	-1.7	2.8	-1.9
Profit before tax, € million	150	92	84	31	101	101	98	69
Profit before tax, %	7.6	4.0	3.8	1.4	4.6	4.1	4.1	2.8
Return on invested capital, %	27.8	17.7	16.5	30.4	23.5	18.6	17.4	12.4
Return on equity, %	29.4	11.3	17.4	36.4	24.4	17.3	16.2	9.8
Equity ratio, %	41.2	41.7	43.8	47.0	44.6	46.5	47.4	48.5
Investments, € million*	56.6	60.1	45.8	88.0	51.6	62.8	49.6	69.9
Earnings/share, €*	1.14	0.42	0.67	0.21	0.77	0.72	0.70	0.41
Equity/share, €	15.43	15.79	16.46	17.94	17.52	18.32	19.08	19.53

* Continuing operations

Calculation of indicators

Return on invested capital =	Profit before tax + interest and other financial expenses x 100/ Balance sheet total – non-interest-bearing debt (average)
Return on equity =	Profit before tax – income tax x 100/ Shareholders' equity + minority interest (average)
Equity ratio =	Equity + minority interest x 100/ Balance sheet total – advances received
Earnings/share, diluted =	Profit before taxes – income tax – minority interest/ Average number of shares adjusted for dilutive effect of options
Equity/share =	Equity/ Number of shares at end of period

Divisions' net sales by quarter, € million	**1-3/ 2006**	**4-6/ 2006**	**7-9/ 2006**	**10-12/ 2006**	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Kesko Food	814	931	899	971	883	983	959	1,046

Rautakesko	428	572	588	541	534	687	694	622
VV-Auto	230	221	186	152	248	218	195	144
Anttila	120	112	132	185	120	111	143	189
Kesko Agro	162	212	174	206	168	216	196	213
Other operating activities	225	238	225	257	248	259	243	248
Common operations and eliminations	-10	-9	-6	-7	-7	-9	-9	-8
Group's net sales	**1,971**	**2,277**	**2,196**	**2,304**	**2,193**	**2,464**	**2,421**	**2,455**

Divisions' operating profits by quarter incl. non-recurring items, € million	**1-3/ 2006**	**4-6/ 2006**	**7-9/ 2006**	**10-12/ 2006**	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Kesko Food	64.8	38.9	32.6	36.9	29.2	40.9	41.2	40.0
Rautakesko	56.5	32.1	34.3	16.5	18.6	37.6	39.5	22.1
VV-Auto	11.1	11.9	5.0	1.5	11.7	8.1	6.8	-0.5
Anttila	10.8	-0.7	7.1	21.4	-0.9	0.1	6.3	21.6
Kesko Agro	-0.1	8.1	1.0	0.3	-0.6	7.9	3.5	2.1
Other operating activities	8.4	7.7	6.2	-17.4	10.7	10.1	5.3	-4.9
Common operations	-0.6	-6.3	-3.6	-21.6	-6.1	-1.6	-7.3	-9.5
Group's operating profit	**150.8**	**91.6**	**82.6**	**37.6**	**62.4**	**103.2**	**95.4**	**70.8**

Divisions' operating profits excl. non-recurring items, by quarter, € million	**1-3/ 2006**	**4-6/ 2006**	**7-9/ 2006**	**10-12/ 2006**	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Kesko Food	20.5	38.7	32.5	37.0	29.0	41.4	41.1	39.8
Rautakesko	8.8	31.7	34.2	16.5	16.3	38.7	39.0	21.9
VV-Auto	11.1	11.9	5.0	1.5	11.7	8.1	6.8	-0.5
Anttila	-1.5	-0.6	7.1	21.4	-0.9	-1.8	6.3	21.6
Kesko Agro	-1.6	8.1	1.0	0.3	-0.6	7.9	3.0	2.1
Other operating activities	5.5	7.2	6.2	2.7	10.6	9.9	5.3	-1.9
Common operations	-6.2	-7.5	-3.6	-8.0	-6.3	-7.5	-7.6	-8.5
Group's operating profit	**36.6**	**89.4**	**82.4**	**71.4**	**59.8**	**96.8**	**94.0**	**74.5**

Personnel, average number	**10-12/2007**	**10-12/2006**	**Change**
Kesko Food	5,972	5,947	25
Rautakesko	9,959	8,322	1,637
VV-Auto	715	720	-5
Anttila	2,132	2,065	67
Kesko Agro	748	865	-117
Other operating activities and common operations	2,497	2,514	-17
Group companies, total	**22,023**	**20,433**	**1,590**

Kesko Food's joint ventures	0	3,101	-3,101
Kesko Group, total	**22,023**	**23,534**	**-1,511**

Personnel at 30 Sept.*	**2007**	**2006**	**Change**
Kesko Food	7,889	7,713	176
Rautakesko	10,963	8,867	2,096
VV-Auto	740	732	8
Anttila	2,885	2,868	17
Kesko Agro	771	882	-111
Other operating activities and common operations	2,642	2,693	-51
Group companies, total	**25,890**	**23,755**	**2,135**
Kesko Food's joint ventures	0	0	0
Kesko Group, total	**25,890**	**23,755**	**2,135**

* Total number including part-time employees

The K-Group's retail sales (incl. VAT) (preliminary data):

	1.1.-31.12.2007		**1.10.-31.12.2007**	
	€ million	**Change, %**	**€ million**	**Change, %**
K-Group food stores				
K-citymarket	1,808.3	6.4	517.9	6.3
K-supermarket	1,477.9	8.7	396.6	12.5
K-market and other K-food stores	1,759.5	7.3	472.7	14.6
Finland, total	**5,045.9**	**7.4**	**1,387.4**	**10.8**
Food stores, total	**5,045.9**	**7.4**	**1,387.4**	**10.8**
K-Group building and home improvement stores				
K-rauta	652.9	8.6	152.0	5.8
Rautia	546.9	9.1	125.6	4.5
Finland, total	**1,199.8**	**8.8**	**277.6**	**5.2**
K-rauta, Sweden	231.8	19.4	54.2	10.3
K-rauta, Estonia	108.7	25.6	25.7	11.7
K-rauta, Latvia	100.2	40.1	25.3	12.0
Senukai, Lithuania	537.6	25.7	147.9	19.7
OMA, Belarus	38.1		18.1	
Stroymaster, Russia	177.7	47.0	49.9	31.6
Byggmakker, Norway	1,194.3	10.6	336.3	10.2
Other countries, total	**2,388.4**	**20.6**	**657.5**	**17.1**
Building and home improvement stores, total	**3,588.2**	**16.4**	**935.1**	**13.3**

Kesko Group car stores				
Helsingin VV-Auto and Turun VV-Auto	425.6	7.6	87.1	-8.0
Finland, total	**425.6**	**7.6**	**87.1**	**-8.0**
Anttila				
Anttila department stores				
Kodin Ykkönen department stores for home goods and interior decoration	397.9	1.7	142.8	2.9
Distance sales (Mail Order and NetAnttila)	183.7	6.7	60.7	6.8
Finland, total	88.9	5.5	26.1	2.3
Anttila Mail Order, Estonia and Latvia	**670.5**	**3.5**	**229.6**	**3.8**
Other countries, total	18.8	-5.1	3.6	-7.8
Anttila, total	**18.8**	**-5.1**	**3.6**	**-7.8**
	689.3	**3.3**	**233.2**	**3.6**
K-Group agricultural stores				
K-maatalous				
Finland, total	674.1	12.0	191.7	19.7
Kesko Agro, Estonia	**674.1**	**12.0**	**191.7**	**19.7**
Kesko Agro, Latvia	81.1	9.6	24.4	37.5
Kesko Agro, Lithuania	127.4	10.9	29.9	-17.9
Other countries, total	84.2	-19.8	15.9	-60.3
Agricultural stores, total	**292.7**	**-0.4**	**70.2**	**-25.6**
	966.8	**8.0**	**261.9**	**2.9**
Other operating activities				
Kesko Group machinery stores				
Yahama Center	17.4	-8.3	1.8	-24.4
Finland, total	**17.4**	**-8.3**	**1.8**	**-24.4**
K-Group home and speciality goods stores				
Intersport	244.8	6.2	63.2	7.7
Kesport	29.3	11.3	7.4	20.9
Asko	94.9	2.2	23.9	-0.7
Sotka	116.6	2.4	29.8	-4.0
Musta Pörssi	202.5	10.1	56.1	-6.2
Andiamo and K-kenkä	45.9	-6.6	13.1	-6.5
Kenkäexpertti	12.9	-6.2	3.5	-3.7
Tähti Optikko chain	48.2	0.6	11.1	-4.4
Finland, total	**795.1**	**4.9**	**208.2**	**-0.4**
Furniture sales, Sweden, Estonia and Latvia	47.3	36.8	11.2	3.6

Other countries, total	**47.3**	**36.8**	**11.2**	**3.6**
Home and speciality goods stores, total	**842.4**	**6.3**	**219.4**	**-0.2**
Other operating activities, total	**859.8**	**5.9**	**221.2**	**-0.5**
Finland, total	**8,828.5**	**7.4**	**2,383.4**	**8.2**
Other countries, total	**2,747.1**	**18.0**	**742.5**	**10.7**
Retail sales, total	**11,575.6**	**9.7**	**3,125.9**	**8.8**