Interim report for 1 January - 31 March 2011

Financial performance in brief:
*The Group's net sales for January-March increased by 7.4%.
*The operating profit excluding non-recurring items for January-March was €34.9 million, up €14.0 million on the previous year (€20.9 million).
*The Kesko Group's net sales are expected to increase during the next twelve months. The operating profit excluding non-recurring items is expected to grow during the next twelve months, regardless of significant expansion costs of the store site network. The Group has amended its guidance on profitability performance. Previously, the operating profit excluding non-recurring items was expected to remain at the achieved level.

Key performance indicators

	1-3/2011	**1-3/2010**
Net sales, € million	2,103	1,958
Operating profit excl. non-recurring items, € million	34.9	20.9
Operating profit, € million	35.7	20.9
Profit before tax, € million	36.1	21.9
Capital expenditure, € million	64.1	42.0
Earnings/share, €, diluted	0.25	0.15
Earnings/share excl. non-recurring items, €, basic	0.24	0.15
	31.3.2011	**31.3.2010**
Equity ratio, %	54.4	51.3
Equity/share, €	22.04	19.69

FINANCIAL PERFORMANCE

Net sales and profit for January-March 2011

The Group’s net sales in January-March 2011 were €2,103 million, which is 7.4% up on the corresponding period of the previous year (€1,958 million). In Finland, net sales increased by 6.6% and in other countries by 12.7%. International operations accounted for 14.6% (13.9%) of the net sales. In the food trade, net sales grew by 3.9%, and K-food stores' grocery sales performance was up 4.9%. In the home and speciality goods trade, net sales decreased by 2.0% and in the building and home improvement trade, net sales increased by 15.1%. In the car and machinery trade, net sales grew by 18.1%, in comparable terms by 26.1%.

1-3/2011	**Net sales, M€**	**Change, %**	**Operating profit excl. non-recurring items, M€**	**Change, M€**
Food trade	948	+3.9	41.4	+9.7
Home and speciality goods trade	348	-2.0	-7.4	-7.5
Building and home improvement trade	570	+15.1	-9.1	+4.7

Car and machinery trade	279	+18.1	12.2	+5.9
Common operations and eliminations	-42	+2.9	-2.2	+1.3
Total	**2,103**	**+7.4**	**34.9**	**+14.0**

The operating profit excluding non-recurring items for January-March was €34.9 million (€20.9 million), representing 1.7% (1.1%) of the net sales. Profitability improved in the food trade, the building and home improvement trade and the car and machinery trade.

Operating profit was €35.7 million (€20.9 million). The operating profit includes a total of €0.8 million of non-recurring items. The Group's profit before tax for January-March was €36.1 million (€21.9 million).

The Group's earnings per share were €0.25 (€0.15). The Group's equity per share was €22.04 (€19.69).

In January-March, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €2,520 million, up 7.4% compared to the previous year. During the same period, K-food stores' grocery sales grew by 4.9% (VAT 0%). In January-March, the K-Group chains' sales entitling to K-Plussa points were €1,271 million excluding tax, up 3.5% compared to the previous year. In January-March, the K-Plussa customer loyalty programme gained 21,838 new households. At the end of March, there was 2,106,779 K-Plussa households.

Finance

In January-March, the cash flow from operating activities was €-25.3 million (€8.0 million). The cash flow from operating activities was negatively impacted by higher inventories and receivables. The cash flow from investing activities was €-67.7 million (€-41.5 million). It included €1.7 million (€1.1 million) of proceeds from the sales of fixed assets.

Throughout January-March, the Group's liquidity and solvency remained at an excellent level. At the end of the period, liquid assets totalled €724 million (€687 million). Interest-bearing liabilities were €444 million (€458 million) and interest-bearing net liabilities €-279 million (€-229 million) at the end of March. Equity ratio was 54.4% (51.3%) at the end of the period.

In January-March, the Group's net finance costs were €0.6 million (net finance income €0.8 million).

Taxes

The Group's taxes in January-March were €11.2 million (€6.9 million). The effective tax rate was 31.0% (31.4%), affected by loss-making foreign operations.

Capital expenditure

In January-March, the Group's capital expenditure totalled €64.1 million (€42.0 million), or 3.0% (2.1%) of the net sales. Capital expenditure in store sites was €54.6 million (€32.5 million) and other capital expenditure €9.5 million (€9.5 million). Capital expenditure in foreign operations represented 19.6% (39.5%) of total capital expenditure.

Personnel

In January-March, the average number of employees in the Kesko Group was 18,158 (17,557) converted into full-time employees. In Finland, the average increase was 69 people, while outside Finland, it was 531.

At the end of March 2011, the total number of employees was 21,670 (21,059), of whom 12,140 (12,110) worked in Finland and 9,530 (8,949) outside Finland. Compared to the end of March 2010, there was an increase of 30 people in Finland and 581 people outside Finland.

In January-March, the Group's staff cost increased by €9.7 million, or by 7.6%, compared to the previous year.

SEGMENTS

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

Food trade

	1-3/2011	**1-3/2010**
Net sales, € million	948	912
Operating profit excl. non-recurring items, € million	41.4	31.7
Operating profit as % of net sales excl. non-recurring items	4.4	3.5
Capital expenditure, € million	30.9	16.5

Net sales, € million	**1-3/2011**	**Change, %**
Sales to K-food stores	734	+4.2
Kespro	164	+4.8
Others	50	-2.5
Total	**948**	**+3.9**

<u>January-March 2011</u>
In Kesko's food trade, the net sales for January-March were €948 million (€912 million), up 3.9%. During the same period, the grocery sales of K-food stores increased by 4.9% (VAT 0%). Good sales performance was achieved especially by K-citymarkets and K-supermarkets. The sales performance of Pirkka products was excellent and sales growth stood at 28.3% (VAT 0%). In January-March, the growth rate of the total grocery trade market in Finland is estimated at some 3.5% (VAT 0%) compared to the previous year (Kesko's own estimate). The sales performance was adversely impacted by all of Easter sales falling in the second quarter of this year. The price change in the grocery market is estimated to have stood at some 4% compared to the previous year (VAT 0%, Kesko's own estimate).

In January-March, the operating profit excluding non-recurring items of the food trade was €41.4 million (€31.7 million), or €9.7 million up on the previous year. Sales growth is partly attributable to increased selections of Pirkka products and local foods in particular. Cost efficiency improved in logistics as well as purchasing and store site operations. Operating profit was €42.1 million (€31.7 million).

In January-March, capital expenditure in the food trade was €30.9 million (€16.5 million), of which capital expenditure in store sites was €29.0 million (€11.5 million).

In January-March, three new K-supermarkets and three K-markets were opened. In addition, renovations and extensions were made in 14 stores. In April, a K-citymarket was opened in Tammisto, Vantaa, another in Palokka, Jyväskylä and a K-supermarket was opened in Sysmä.

The most significant store sites being built are the new K-citymarkets in Hyvinkää, in Hämeensaari, Hämeenlinna, in Kouvola, in Karisto, Lahti, in Päivölä, Seinäjoki and in Äänekoski. K-supermarket Mäntsälä is being extended into a K-citymarket and K-citymarket Kolmisoppi in Kuopio is being extended. New K-supermarkets are being built in Kilo, Espoo, in Hattula, in Myllypuro, Helsinki, in Jalasjärvi, in Veikkola, Kirkkonummi, in Lappeenranta, Mäntyharju, Pietarsaari, Pori, Savonlinna and Vihti. K-market Mukkula in Lahti and K-market Pähkinä in Vantaa are being extended into K-supermarkets.

Home and speciality goods trade

	1-3/2011	**1-3/2010**
Net sales, € million	348	355
Operating profit excl. non-recurring items, € million	-7.4	0.1
Operating profit as % of net sales excl. non-recurring items	-2.1	0.0
Capital expenditure, € million	8.1	3.5

Net sales, € million	**1-3/2011**	**Change, %**
K-citymarket home and speciality goods	135	-1.4
Anttila	109	-3.8
Intersport	41	-2.9
Indoor	41	+14.3
Musta Pörssi	16	-23.0
Kenkäkesko	6	-7.2
Total	**348**	**-2.0**

<u>January-March 2011</u>

In the home and speciality goods trade, the net sales for January-March were €348 million (€355 million), down 2.0%. Asko and Sotka increased their sales. At the beginning of February, the Anttila department store in Tikkurila was closed because its lease term expired. The Anttila department store in Hämeenlinna is being converted into a K-citymarket, which will open in October 2011. As a result of network restructuring, there were 13 less Musta Pörssi stores at the end of March.

The operating profit excluding non-recurring items of the home and speciality goods trade for January-March was €-7.4 million (€0.1 million), showing a €7.5 million year-on-year decrease. In addition to sales decrease, the operating profit performance is partly attributable to the launch of Anttila's new logistics centre, as well as the development of

Anttila's and K-citymarket's home and speciality goods selection.

Capital expenditure in the home and speciality goods trade in January-March was €8.1 million (€3.5 million).

In late March, an Anttila Koti store was opened in Tiiriö, Hämeenlinna. It is a new type of store mainly selling home and interior decoration goods. Budget Sport opened a new store in Lahti at the end of March.

The gradual introduction of Anttila's new automated logistics centre has progressed according to plan. The logistics centre will make e-commerce and department store logistics significantly more efficient.

Building and home improvement trade

	1-3/2011	**1-3/2010**
Net sales, € million	570	495
Operating profit excl. non-recurring items, € million	-9.1	-13.8
Operating profit as % of net sales excl. non-recurring items	-1.6	-2.8
Capital expenditure, € million	18.7	18.0

Net sales, € million	**1-3/2011**	**Change, %**
Rautakesko Finland	280	+11.7
K-rauta Sweden	43	+20.4
Byggmakker Norway	123	+13.5
Rautakesko Estonia	10	+3.2
Rautakesko Latvia	8	+3.1
Senukai Lithuania	44	+18.8
Stroymaster Russia	43	+23.8
OMA Belarus	19	+77.8
Total	**570**	**+15.1**

January-March 2011

In the building and home improvement trade, the net sales for January-March were €570 million (€495 million), up 15.1%. Sales in the building and home improvement trade increased in all operating countries. The growth rate and structure vary between countries in terms of private customers and B2B customers. The steadiest growth was seen in the largest markets in the Nordic countries, whereas the Baltic countries still are an uncertain basis for growth.

In January-March, the net sales in Finland were €280 million, an increase of 11.7%. The building and home improvement product lines contributed €201 million to the net sales in Finland, an increase of 11.3%. The agricultural supplies trade contributed €79 million to the net sales, up 12.8%.

The net sales from foreign operations in the building and home improvement trade were €290 million (€244 million), an increase of 18.6%. The net sales from foreign operations increased by 14.8% in terms of local currencies. In Sweden, net sales increased by 7.3%

in terms of kronas. In Norway, net sales increased by 9.6% in terms of krones. In Russia, net sales increased by 20.0% in terms of rubles, and in Belarus, by 81.9% in terms of rubles. Foreign operations contributed 50.8% 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 was €-9.1 million (€-13.8 million), up €4.7 million. The profit performance was impacted by the fact that sales growth was derived from basic building materials with low margins and by the costs related to the international enterprise resource planning system. Operating profit was €-9.1 million (€-13.8 million).

Capital expenditure in the building and home improvement trade totalled €18.7 million (€18.0 million), of which 67.3% (92.1%) abroad and 85.7% in store sites.

The retail sales of the K-rauta and Rautia chains in Finland grew by 11.7% to €176 million (VAT 0%). The sales of Rautakesko B2B Service increased by 12.2%. As a whole, the growth rate of Rautakesko's building materials sales is estimated to have exceeded that of the market in Finland. The retail sales of the K-maatalous chain were €79 million (VAT 0%), up 17.3%.

In January-March, Rautakesko's chains did not open new stores. On 16 April 2011, a new K-rauta was opened in St. Petersburg, Russia. A store site for a new K-rauta was acquired in Turku, where also a new Rautia-K-maatalous store is being built. New K-rauta stores are being built in Kuopio and Kouvola. In Sweden, K-rauta stores are being built in Uppsala and Haparanda, and two more K-rauta stores in Moscow, Russia.

Car and machinery trade

	1-3/2011	**1-3/2010**
Net sales, € million	279	236
Operating profit excl. non-recurring items, € million	12.2	6.4
Operating profit as % of net sales excl. non-recurring items	4.4	2.7
Capital expenditure, € million	6.0	4.0

Net sales, € million	**1-3/2011**	**Change, %**
VV-Auto	218	+28.1
Konekesko	61	-7.3
Total	**279**	**+18.1**

January-March 2011

In January-March, the net sales of the car and machinery trade were €279 million (€236 million), up 18.1%. The comparable net sales of the car and machinery trade grew by 26.1%. The discontinued Baltic grain and agricultural inputs trade has been eliminated from the comparable net sales.

VV-Auto’s net sales for January-March were €218 million (€170 million), an increase of 28.1%. In Finland, new registrations of passenger cars increased by 22.6% and those of vans by 48.4% compared to the previous year. In January-March, the combined market share of passenger cars and vans imported by VV-Auto was 18.9% (19.1%). Order books continued at a record high level. Availability of vehicles coupled with dockworkers' stoppage affected delivery times.

Konekesko's net sales for January-March were €61 million (€66 million), down 7.3% compared to the previous year, as a result of the discontinuation of the Baltic grain and agricultural inputs trade. Konekesko's comparable net sales grew by 19.7%. The net sales in Finland were €49 million, up 14.5%. The net sales from Konekesko's foreign operations were €13 million, down 44.4%. In line with its strategy, Konekesko concentrates on the machinery trade also in the Baltic countries.

In January-March, the operating profit excluding non-recurring items of the car and machinery trade was €12.2 million (€6.4 million), which was €5.9 million higher than in the previous year. The strong profit is attributable to excellent sales performance and cost management. The operating profit for January-March was €12.2 million (€6.4 million).

Capital expenditure in the car and machinery trade was €6.0 million (€4.0 million) in January-March.

Changes in the Group composition

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

Shares, securities market and Board authorisations

At the end of March 2011, Kesko Corporation's share capital totalled €197,282,584. Of all shares 31,737,007, or 32.2%, were A shares and 66,904,285, or 67.8%, were B shares. The aggregate number of shares was 98,641,292. Each A share entitles to ten (10) votes and each B share to one (1) vote. During the reporting period, there were no changes in the company's share capital or the number of shares.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki (the Helsinki stock exchange) was €34.70 at the end of 2010, and €32.89 at the end of March 2011, representing a decrease of 5.2%. Correspondingly, the price of a B share was €34.93 at the end of 2010, and €33.00 at the end of March 2011, representing a decrease of 5.5%. In January-March, the highest A share price was €36.00 and the lowest was €30.26. For B share, they were €35.81 and €29.86 respectively. In January-March, the Helsinki stock exchange (OMX Helsinki) All-Share index fell by 1.9%, the weighted OMX Helsinki CAP index by 0.3%, while the Consumer Staples Index was down 3.9% during the same period.

At the end of March 2011, the market capitalisation of A shares was €1,044 million, while that of B shares was €2,208 million. Their combined market capitalisation was €3,252 million, a decrease of €187 million from the end of 2010. In January-March 2011, 504,558 A shares were traded on the Helsinki stock exchange at a total value of €17 million, while 17.8 million B shares were traded at a total value of €580 million.

The company operates the 2007 stock option scheme for management and other key personnel, under which the share subscription period of 2007A option rights began on 1 April 2010, that of 2007B option rights on 1 April 2011, and that of 2007C option rights will begin at the beginning of April 2012. The 2007A and 2007B option rights have also been included on the official list of the Helsinki stock exchange since the beginning of the share subscription periods. A total of 9,650 2007A option rights were traded during the reporting period at a total value of €14,103.

In addition to the authorisations by the Annual General Meeting of 4 April 2011 to acquire a total maximum of 1,000,000 own B shares and to issue a total maximum of 1,000,000 own B shares held by the company, the Board of Directors also has the authorisation by the Annual General Meeting of 30 March 2009 to issue a maximum of 20,000,000 new B shares against payment or other consideration. The authorisations have not been used. Further information on Board authorisations is available at www.kesko.fi.

At the end of March 2011, the number of shareholders was 40,873, which is 2,615 more than at the end of 2010. At the end of March 2011, foreign ownership of all shares was 23%, and foreign ownership of B shares was 34%.

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

Main events during the reporting period
Merja Haverinen, M.Soc.Sc., was appointed Kesko Corporation's Senior Vice President for Corporate Communications and Responsibility starting from 1 April 2011. Paavo Moilanen, Senior Vice President for Corporate Communications and Responsibility, retired on 1 April 2011, in accordance with his service contract. (Stock exchange release on 4 February 2011).

Events after the reporting period
Kesko's Annual General Meeting was held on 4 April 2011. President and CEO Matti Halmesmäki announced in his review that Kesko Food will open four large-scale grocery stores in Russia in 2012-2013. Kesko Food's objective is to achieve €500 million in net sales and a positive operating result in Russia by 2015. The capital expenditure is estimated at €300 million in 2011-2015. At the same time with new construction, Kesko Food will continue to explore business acquisition opportunities in both St. Petersburg and Moscow. (Stock exchange release on 4 April 2011).

On 4 April 2011, Kesko's Board of Directors decided to introduce a new share-based compensation plan for some 150 Kesko management personnel and other named key personnel, in which a maximum of 600,000 own B shares held by the company can be granted to people in the target group within a period of three years. The plan encourages its participants to commit to the Kesko Group and provides them with the opportunity to receive company shares, if the targets set in the share-based compensation plan are achieved. A commitment period of three calendar years is attached to the shares issued in compensation, during which shares must not be transferred. (Stock exchange release on 4 April 2011).

Resolutions of the 2011 Annual General Meeting and decisions of the Board's organisational meeting
Kesko Corporation's Annual General Meeting, held after the end of the reporting period on 4 April 2011, adopted the financial statements for 2010 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute €1.30 per share as dividends, or a total of €128,233,679.60, as proposed by the Board of Directors. The dividend pay date was 14 April 2011. The General Meeting also resolved to leave the number of Board members 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 to authorise the Board to acquire a total maximum of 1,000,000 own B shares, and to issue a total

maximum of 1,000,000 own B shares held by the company itself. The General Meeting also approved the Board's proposal to decide in 2011 on the donation of a total maximum of €300,000 for charitable or corresponding purposes.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting, decided to maintain the compositions of the Board's Audit Committee and Remuneration Committee unchanged.

More detailed information on the resolutions of the 2011 Annual General Meeting and on the decisions of the Board's organisational meeting was given in stock exchange releases on 4 April 2011.

Responsibility
The theme of Kesko's Day of Commerce seminar was "Finland's future lies in competent and industrious people". At the same time, the nearly 700 invited guests celebrated Kesko's 70th anniversary.

For the seventh time, Kesko ranked in the list of 'the Global 100 Most Sustainable Corporations'. Kesko's ranking is now 26th, compared with 33rd a year before.

SAM (Sustainable Asset Management) assessed Kesko's performance in responsibility work and placed it in Silver Class in the Food & Drug Retailers sector of the SAM Sustainability Yearbook 2011. The assessment of companies in this sector included aspects such as health and nutrition, environmental systems, eco-efficiency of operations and standards of suppliers.

World Finance Magazine recognised Kesko for the best corporate governance in Finland in terms of development and reporting.

Kesko participated in the WWF's worldwide Earth Hour 2011 event by switching off office and store lights for one hour on 26 March 2011.

Kesko Food is one of the founder members of Pro Luomu ry, a registered association for organic sector operators, founded on 22 March 2011. Kesko Food's selections include nearly 700 organic products. The Pirkka range offers some 50 organic products.

Risk management
The Kesko Group has an established and comprehensive risk management process. Risks and their management are regularly assessed within the Group and reported to the Group's management. Kesko's risk management and risks related to business operations are described in more detail in the corporate governance section of Kesko's website. During the first months of the year, no material changes have taken place in the risk components presented in Kesko's 2010 Annual report and financial statements.

The most significant risks for Kesko's operating activities in the near future are involved in the general economic development and consumer confidence in Kesko's operating area and their impacts on the Kesko Group's sales and profit performance.

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

Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (4/2011-3/2012) in comparison with the 12 months preceding the reporting period (4/2010-3/2011).

The outlook for trends in consumer demand has remained steady, as a result of high consumer confidence and continuously low interest rate levels. The trend in economic development involves significant uncertainties relating to the evolution of total production, tightening taxation and possible ramifications of disturbances in the financial market.

The steady development in the grocery trade is expected to continue. The home and speciality goods trade is expected to develop in line with the trend in private consumption. The building and home improvement market is expected to strengthen as a result of increasing housing construction. In the car and machinery trade, the sales of new cars are expected to grow, and the situation in the machinery market is expected to recover.

The Kesko Group's net sales are expected to grow during the next twelve months. During the next twelve months, the operating profit excluding non-recurring items is expected to increase regardless of significant expansion costs of the store site network.

Helsinki, 27 April 2011
Kesko Corporation
Board of Directors

The information in this interim report is unaudited.

Further information is available from Arja Talma, Senior Vice President, CFO, telephone +358 10 53 22113, and Eva Kaukinen, Vice President, Corporate Controller, telephone +358 10 53 22338. A Finnish-language webcast from the media and analyst briefing on the interim report can be accessed at www.kesko.fi at 11.00. An English-language web conference on the interim report will be held today at 14.30 (Finnish time). The web conference login is available at www.kesko.fi.

Kesko Corporation's interim report for the period January-June will be released on 26 July 2011. In addition, the Kesko Group's sales figures are published each month. News releases and other company information are available on Kesko’s website at: www.kesko.fi.

KESKO CORPORATION

Merja Haverinen
Senior Vice President, Corporate Communications and Responsibility

ATTACHMENTS
Accounting policies
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity

Consolidated cash flow statement
Group performance indicators
Net sales by segment
Operating profit by segment
Operating profits excl. non-recurring items by segment
Operating margins excl. non-recurring items by segment
Capital employed by segment
Return on capital employed excl. non-recurring items by segment
Capital expenditure by segment
Segment information by quarter
Personnel average and at 31 March
Group contingent liabilities
Calculation of performance indicators
K-Group's retail and B2B sales

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

ATTACHMENTS:

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard. The interim report has been prepared in accordance with the same principles as the annual financial statements for 2010, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations.

-IAS 24 (revised), Related Party Disclosures
-IAS 32 (amendment), Financial Instruments: Presentation - Classification of Rights Issues
-IFRIC 14 (amendment), Prepayments of a Minimum Funding Requirement
-IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- Annual amendments to the IFRSs (Annual Improvements)

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

The Group accounts for real estate company acquisitions as acquisitions of tangible assets. Previously, real estate company acquisitions were accounted for as business combinations in accordance with IFRS 3. Adjustments relating to the cost of acquisitions have been made retrospectively.

Consolidated income statement (€ million), condensed

	1-3/ 2011	**1-3/ 2010**	**Change, %**	**1-12/ 2010**
Net sales	2,103	1,958	7.4	8,777
Cost of goods sold	-1,814	-1,694	7.1	-7,547

Gross profit	**289**	**263**	**9.7**	**1,230**
Other operating income	160	147	9.3	699
Staff cost	-138	-128	7.6	-521
Depreciation and impairment charges	-29	-27	5.5	-121
Other operating expenses	-247	-234	5.7	-981
Operating profit	**36**	**21**	**70.3**	**307**
Interest income and other finance income	5	6	-13.1	23
Interest expense and other finance costs	-4	-4	3.3	-15
Exchange differences	-1	-1	87.6	-1
Income from associates	1	0	(..)	0
Profit before tax	**36**	**22**	**65.1**	**312**
Income tax	-11	-7	63.1	-97
Profit for the period	**25**	**15**	**66.0**	**216**
Attributable to				
Owners of the parent	25	15	62.3	205
Non-controlling interests	0	0	(..)	11
Earnings per share (€) for profit attributable to equity holders of the parent				
Basic	0.25	0.15	61.4	2.08
Diluted	0.25	0.15	61.4	2.06

Consolidated statement of comprehensive income (€ million)

	1-3/ 2011	**1-3/ 2010**	**Change, %**	**1-12/ 2010**
Net profit for the period	25	15	66.0	216
Other comprehensive income				
Exchange differences on translating foreign operations	-1	3	(..)	5
Cash flow hedge revaluation	-5	-1	(..)	21
Revaluation of available-for-sale financial assets	-1	1	(..)	1
Other items	-	-	-	-1
Tax relating to other comprehensive income	1	0	(..)	-6
Total other comprehensive income for the period, net of tax	-5	3	(..)	20
Total comprehensive income for the period	**19**	**18**	**8.3**	**236**
Attributable to				
Owners of the parent	22	18	21.9	224
Non-controlling interests	-2	0	(..)	12

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	31.3.2011	**31.3.2010**	**Change, %**	**31.12.2010**
ASSETS				
Non-current assets				
Tangible assets	1,295	1,131	14.5	1,261
Intangible assets	178	178	0.0	180
Interests in associates and other financial assets	63	36	73.9	61
Loans and receivables	71	65	8.0	72
Pension assets	183	321	-43.1	186
Total	1,789	1,732	3.3	1,759
Current assets				
Inventories	796	684	16.3	757
Trade receivables	681	669	1.7	620
Other receivables	151	154	-2.0	183
Financial assets at fair value through profit or loss	164	324	-49.3	242
Available-for-sale financial assets	512	297	72.4	549
Cash and cash equivalents	47	66	-28.9	56
Total	2,351	2,194	7.1	2,406
Non-current assets held for sale	1	1	-0.8	1
Total assets	**4,141**	**3,927**	**5.4**	**4,167**

	31.3.2011	**31.3.2010**	**Change, %**	**31.12.2010**
EQUITY AND LIABILITIES				
Equity	2,174	1,938	12.2	2,152
Non-controlling interests	56	65	-12.9	59
Total equity	2,231	2,002	11.4	2,210
Non-current liabilities				
Interest-bearing liabilities	229	244	-6.3	235
Non-interest-bearing liabilities	6	6	-5.9	5
Deferred tax liabilities	84	119	-29.5	87
Pension obligations	2	2	-5.8	2
Provisions	12	14	-15.9	12
Total	332	385	-13.8	340
Current liabilities				
Interest-bearing liabilities	216	214	0.9	242
Trade payables	878	804	9.2	838
Other non-interest-bearing liabilities	459	496	-7.4	507
Provisions	26	27	-4.8	29
Total	1,579	1,540	2.5	1,616
Total equity and liabilities	**4,141**	**3,927**	**5.4**	**4,167**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Issue of share capital	Share premium	Other reserves	Currency translation differences	Revaluation surplus	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2010	**197**	**0**	**194**	**243**	**-7**	**-3**	**1,381**	**64**	**2,070**
Shares subscribed with options	0		1						1
Option cost							2	0	2
Dividends							-89		-89
Other changes							0	0	0
Net profit for the period							15	0	15
Other comprehensive income									
Exchange differences on translating foreign operations				0	3		0	0	3
Cash flow hedge revaluation						-1			-1
Revaluation of available-for-sale financial assets						1			1
Other components									
Tax relating to other comprehensive income						0			0
Total other comprehensive income				0	3	0	0	0	3
Balance at 31.3.2010	**197**	**0**	**195**	**243**	**-4**	**-3**	**1,310**	**65**	**2,002**
Balance at 1.1.2011	**197**	**0**	**198**	**243**	**-3**	**14**	**1,503**	**59**	**2,210**
Shares subscribed with options									
Option cost							1	0	1
Dividends									
Other changes							0	0	0

Net profit for the period							25	0	25
Other comprehensive income									
Exchange differences on translating foreign operations				0	1		0	-3	-1
Cash flow hedge revaluation						-5			-5
Revaluation of available-for-sale financial assets						-1			-1
Other components									
Tax relating to other comprehensive income						1			1
Total other comprehensive income				0	1	-4	0	-3	-5
Balance at 31.3.2011	**197**	**0**	**198**	**243**	**-1**	**9**	**1,529**	**56**	**2,231**

Consolidated cash flow statement (€ million), condensed

	1-3/ 2011	**1-3/ 2010**	**Change %**	**1-12/ 2010**
Cash flow from operating activities				
Profit before tax	36	22	65.1	312
Planned depreciation	29	27	5.8	116
Finance income and costs	1	-1	(..)	-6
Other adjustments	8	-7	(..)	97
Change in working capital				
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-61	-63	-1.9	-15
Inventories increase (-)/ decrease (+)	-40	-13	(..)	-82
Current non-interest-bearing liabilities, increase (+)/decrease (-)	-13	55	(..)	153
Financial items and tax	15	-13	(..)	-136
Net cash generated from operating activities	**-25**	**8**	**(..)**	**438**
Cash flow from investing activities				

Capital expenditure	-69	-44	57.8	-367
Sales of fixed assets	2	1	59.2	124
Increase of non-current receivables	0	-	(..)	-
Decrease of non-current receivables	-	1	(..)	4
Net cash used in investing activities	**-68**	**-41**	**63.2**	**-240**
Cash flow from financing activities				
Increase (+)/ decrease (-) in interest-bearing liabilities	-29	8	(..)	39
Increase (-)/decrease (+) in current interest-bearing receivables	0	-2	-83.6	11
Dividends paid	-	-	-	-106
Equity increase	-	1	(..)	4
Increase (-)/ decrease (+) in short-term money market investments	86	-180	(..)	-114
Other items	0	-3	-88.6	-15
Net cash used in financing activities	**57**	**-176**	**(..)**	**-181**
Change in cash and cash equivalents	**-36**	**-209**	**-82.7**	**18**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	509	491	3.7	491
Currency translation difference adjustment and revaluation	0	1	-91.9	0
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Mar.	473	283	67.3	509

(..) Change over 100%

Group's performance indicators

	1-3/2011	1-3/2010	Change, pp	1-12/2010
Return on capital employed, %	7.2	4.4	2.8	16.0
Return on capital employed, %, moving 12 mo	16.6	11.3	5.3	16.0
Return on capital employed excl. non-recurring items, %	7.0	4.4	2.7	14.0
Return on capital employed excl. non-recurring items, %, moving 12 mo	14.6	8.5	6.1	14.0
Return on equity, %	4.5	2.9	1.5	10.1
Return on equity, %, moving 12 mo	10.7	7.0	3.7	10.1

Return on equity excl. non-recurring items, %	4.4	2.9	1.4	8.7
Return on equity excl. non-recurring items, %, moving 12 mo	9.3	4.9	4.4	8.7
Equity ratio, %	54.4	51.3	3.2	53.5
Gearing, %	-12.5	-11.5	-1.1	-16.8
			Change,%	
Capital expenditure, € million	64.1	42.0	52.4	325.3
Capital expenditure, % of net sales	3.0	2.1	41.9	3.7
Earnings per share, basic, €	0.25	0.15	61.4	2.08
Earnings per share, diluted, €	0.25	0.15	61.4	2.06
Earnings per share excl. non-recurring items, basic, €	0.24	0.15	58.4	1.78
Cash flow from operating activities, € million	-25	8	(..)	438
Cash flow from investing activities, € million	-68	-41	63.2	-240
Equity/share, €	22.04	19.69	11.9	21.81
Personnel, average	18,158	17,557	3.4	18,215

(..) Change over 100%

Group's performance indicators by quarter	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**
Net sales, € million	1,958	2,279	2,231	2,310	2,103
Change in net sales, %	-3.0	6.4	4.6	7.3	7.4
Operating profit, € million	20.9	79.0	123.9	82.8	35.7
Operating margin, %	1.1	3.5	5.6	3.6	1.7
Operating profit excl. non-recurring items, € million	20.9	78.1	88.7	80.5	34.9
Operating margin excl. non-recurring items, %	1.1	3.4	4.0	3.5	1.7
Finance income/costs, € million	0.8	-0.2	0.8	4.6	-0.6
Profit before tax, € million	21.9	78.7	124.5	87.3	36.1
Profit before tax, %	1.1	3.5	5.6	3.8	1.7
Return on capital employed, %	4.4	16.1	26.4	17.5	7.2
Return on capital employed excl. non-recurring items, %	4.4	15.9	18.9	17.0	7.0
Return on equity, %	2.9	10.6	16.1	11.5	4.5
Return on equity excl. non-recurring items, %	2.9	10.5	11.1	11.2	4.4
Equity ratio, %	51.3	51.4	53.4	53.5	54.4
Capital expenditure, € million	42.0	45.7	35.9	201.6	64.1
Earnings per share, diluted, €	0.15	0.51	0.81	0.59	0.25
Equity per share, €	19.69	20.30	21.11	21.81	22.04

Segment information

Net sales by segment,	**1-3/**	**1-3/**	**Change,**	**1-12/**

(€ million)	2011	2010	%	2010
Food trade, Finland	948	912	3.9	3,896
Food trade, other countries*	-	-	-	-
Food trade total	**948**	**912**	**3.9**	**3,896**
- of which intersegment trade	43	42	3.0	162
Home and speciality goods trade, Finland	344	350	-1.8	1,553
Home and speciality goods trade, other countries*	4	4	-12.8	15
Home and speciality goods trade total	**348**	**355**	**-2.0**	**1,569**
- of which intersegment trade	3	5	-27.2	23
Building and home improvement trade, Finland	280	251	11.7	1,163
Building and home improvement trade, other countries*	290	244	18.6	1,357
Building and home improvement trade total	**570**	**495**	**15.1**	**2,519**
- of which intersegment trade	1	0	(..)	0
Car and machinery trade, Finland	266	213	25.0	859
Car and machinery trade, other countries*	13	23	-44.5	96
Car and machinery trade total	**279**	**236**	**18.1**	**955**
- of which intersegment trade	0	0	(..)	0
Common operations and eliminations	-42	-40	2.9	-162
Finland total	**1,797**	**1,686**	**6.6**	**7,309**
Other countries total*	**306**	**272**	**12.7**	**1,468**
Group total	**2,103**	**1,958**	**7.4**	**8,777**

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

Operating profit by segment (€ million)	1-3/ 2011	1-3/ 2010	Change	1-12/ 2010
Food trade	42.1	31.7	10.4	158.4
Home and speciality goods trade	-7.4	0.1	-7.5	103.4
Building and home improvement trade	-9.1	-13.8	4.7	23.9

Car and machinery trade	12.2	6.4	5.9	33.9
Common operations and eliminations	-2.2	-3.4	1.2	-12.8
Group total	**35.7**	**20.9**	**14.7**	**306.7**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2011**	**1-3/ 2010**	**Change**	**1-12/ 2010**
Food trade	41.4	31.7	9.7	160.1
Home and speciality goods trade	-7.4	0.1	-7.5	66.0
Building and home improvement trade	-9.1	-13.8	4.7	24.0
Car and machinery trade	12.2	6.4	5.9	33.1
Common operations and eliminations	-2.2	-3.4	1.3	-15.0
Group total	**34.9**	**20.9**	**14.0**	**268.1**

Operating margins excl. non-recurring items by segment	**1-3/ 2011**	**1-3/ 2010**	**Change, pp**	**1-12/ 2010**	**Moving 12 mo 3/2011**
Food trade	4.4	3.5	0.9	4.1	4.3
Home and speciality goods trade	-2.1	0.0	-2.2	4.2	3.7
Building and home improvement trade	-1.6	-2.8	1.2	1.0	1.1
Car and machinery trade	4.4	2.7	1.7	3.5	3.9
Group total	**1.7**	**1.1**	**0.6**	**3.1**	**3.2**

Capital employed by segment, cumulative average (€ million)	**1-3/ 2011**	**1-3/ 2010**	**Change**	**1-12/ 2010**
Food trade	556	608	-53	590
Home and speciality goods trade	409	433	-24	431
Building and home improvement trade	658	631	27	627
Car and machinery trade	149	201	-52	168
Common operations and eliminations	218	43	175	101
Group total	**1,990**	**1,916**	**74**	**1,918**

Return on capital employed excl. non-recurring items by segment, %	**1-3/ 2011**	**1-3/ 2010**	**Change, pp**	**1-12/ 2010**	**Moving 12 mo 3/2011**
Food trade	29.8	20.8	8.9	27.1	29.3
Home and speciality	-7.3	0.1	-7.3	15.3	

goods trade					13.7
Building and home improvement trade	-5.5	-8.7	3.2	3.8	4.5
Car and machinery trade	32.8	12.7	20.1	19.6	25.0
Group total	**7.0**	**4.4**	**2.7**	**14.0**	**14.6**

Capital expenditure by segment (€ million)	**1-3/ 2011**	**1-3/ 2010**	**Change**	**1-12/ 2010**
Food trade	31	16	14	117
Home and speciality goods trade	8	3	5	45
Building and home improvement trade	19	18	1	78
Car and machinery trade	6	4	2	18
Common operations and eliminations	0	0	0	67
Group total	**64**	**42**	**22**	**325**

Segment information by quarter

Net sales by segment (€ million)	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**
Food trade	912	976	986	1 022	948
Home and speciality goods trade	355	334	378	501	348
Building and home improvement trade	495	712	687	625	570
Car and machinery trade	236	298	218	203	279
Common operations and eliminations	-40	-41	-39	-42	-42
Group total	**1,958**	**2,279**	**2,231**	**2,310**	**2,103**

Operating profit by segment (€ million)	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**
Food trade	31.7	42.2	47.3	37.2	42.1
Home and speciality goods trade	0.1	7.0	50.6	45.6	-7.4
Building and home improvement trade	-13.8	17.9	19.9	-0.2	-9.1
Car and machinery trade	6.4	15.0	8.6	3.9	12.2
Common operations and eliminations	-3.4	-3.2	-2.5	-3.7	-2.2
Group total	**20.9**	**79.0**	**123.9**	**82.8**	**35.7**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**
Food trade	31.7	42.1	49.5	36.8	41.4
Home and speciality goods trade	0.1	7.0	13.2	45.7	-7.4
Building and home	-13.8	17.9	20.0	-0.2	-9.1

improvement trade					
Car and machinery trade	6.4	14.1	8.7	3.9	12.2
Common operations and eliminations	-3.4	-3.1	-2.8	-5.7	-2.2
Group total	**20.9**	**78.1**	**88.7**	**80.5**	**34.9**

Operating margins excl. non-recurring items by segment (€ million)	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**
Food trade	3.5	4.3	5.0	3.6	4.4
Home and speciality goods trade	0.0	2.1	3.5	9.1	-2.1
Building and home improvement trade	-2.8	2.5	2.9	0.0	-1.6
Car and machinery trade	2.7	4.7	4.0	1.9	4.4
Group total	**1.1**	**3.4**	**4.0**	**3.5**	**1.7**

Personnel average and at 31 March

Personnel average by segment	**1-3/2011**	**1-3/2010**	**Change**
Food trade	2,646	2,822	-176
Home and speciality goods trade	5,363	5,264	99
Building and home improvement trade	8,587	7,985	602
Car and machinery trade	1,162	1,109	53
Common operations	401	378	23
Group total	**18,158**	**17,557**	**601**

Personnel at 31 March* by segment	**2011**	**2010**	**Change**
Food trade	2,912	3,201	-289
Home and speciality goods trade	7,468	7,284	184
Building and home improvement trade	9,622	8,994	628
Car and machinery trade	1,230	1,158	72
Common operations	438	422	16
Group total	**21,670**	**21,059**	**611**

* total number incl. part-time employees

Group's contingent liabilities (€ million)

	31.3.2011	**31.3.2010**	**Change, %**
For own commitments	211	224	-6.1
For shareholders	0	0	0.0
For others	7	5	27.7
Lease liabilities for machinery and fixtures	23	22	6.4

Lease liabilities for real estate	2,306	2,291	0.6

Contingent liabilities arising from derivative financial instruments

Values of underlying instruments at 31 Mar.	**31.3.2011**	**31.3.2010**	**Fair value 31.3.2011**
Interest rate derivative contracts			
Forward and future contracts	-	0	-
Interest rate swap contracts	201	206	4.42
Currency derivative contracts			
Forward and future contracts	210	519	-3.83
Currency swap contracts	100	100	-15.95
Option contracts	-	2	-
Commodity derivative contracts			
Electricity derivative contracts	52	45	7.62

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 months	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 mo	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) x 100 /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) x100 / Shareholders' equity
Equity ratio, %	Shareholders' equity x 100 / (Balance sheet total - prepayments received)
Earnings/share, diluted	(Profit/loss - non-controlling interests) / Average number of shares adjusted for the dilutive effect of options
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 balance sheet date
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity

*Indicators for return on capital have been annualised.

K-Group's retail and B2B sales, VAT 0% (preliminary data):

	1.1.-31.3.2011	
K-Group retail and B2B sales	**€ million**	**Change, %**
K-Group food trade		
K-food stores, Finland	1,049	4.6
Kespro	162	4.4
Food trade total	**1,211**	**4.6**
K-Group home and speciality goods trade		
Home and speciality goods stores, Finland	384	-1.9
Home and speciality goods stores, Baltic countries	4	-11.6
Home and speciality goods trade total	**388**	**-2.0**
K-Group building and home improvement trade		
K-rauta and Rautia	176	11.7
Rautakesko B2B Service	41	12.2
K-maatalous	79	17.3
Finland total	**297**	**13.2**
Building and home improvement stores, other Nordic countries	213	12.7
Building and home improvement stores, Baltic countries	62	14.1
Building and home improvement stores, other countries	62	35.1
Building and home improvement trade total	**634**	**14.9**
K-Group car and machinery trade		

VV-Autotalot	100	30.9
VV-Auto, import	126	28.3
Konekesko, Finland	49	12.1
Finland total	**274**	**25.9**
Konekesko, Baltic countries	13	-43.8
Car and machinery trade total	**287**	**19.2**
Finland total	**2,166**	**6.7**
Other countries total	**354**	**11.7**
Retail and B2B sales total	**2,520**	**7.4**