Kesko's 2011 financial statements release

Financial performance in brief:
*The Group's net sales for January-December increased by 7.8%.
*The operating profit excluding non-recurring items for January-December was €278.9 million, up €10.8 million on the previous year (€268.1 million).
*The Board proposes a dividend of €1.20 per share.
*The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the uncertainty about economic development and consumer demand, and the costs involved in the expansion of the store site network as well as expansion of business operations in Russia, we are prepared for the 2012 operating profit excluding non-recurring items to be lower than the 2011 operating profit excluding non-recurring items. The Group has amended its future outlook with regard to profitability performance. Previously, the operating profit excluding non-recurring items was expected to remain at the achieved good level during the next twelve months.

Key performance indicators

	1-12/2011	**1-12/2010**	**10-12/2011**	**10-12/2010**
Net sales, € million	9,460	8,777	2,481	2,310
Operating profit excl. non-recurring items, € million	278.9	268.1	71.5	80.5
Operating profit, € million	280.6	306.7	72.8	82.8
Profit before tax, € million	282.1	312.4	74.0	87.3
Capital expenditure, € million	425.4	325.3	104.5	201.6
Earnings/share, €, diluted	1.84	2.06	0.51	0.59
Earnings/share excl. non-recurring items, €, basic	1.84	1.78	0.50	0.58

	31.12.2011	**31.12.2010**
Equity ratio, %	53.9	53.5
Equity/share, €	22.20	21.81

FINANCIAL PERFORMANCE

Net sales and profit for January-December 2011

The Group’s net sales in January-December 2011 were €9,460 million, which is 7.8% up on the corresponding period of the previous year (€8,777 million). In Finland, net sales increased by 7.3% and in other countries by 10.1%. International operations accounted for 17.1% (16.7%) of the net sales. Net sales continued to grow steadily in the food trade, the building and home improvement trade and the car and machinery trade.

1-12/2011	**Net sales, M€**	**Change, %**	**Operating profit excl. non-recurring items, M€**	**Change, M€**
Food trade	4,182	+7.3	172.2	+12.1
Home and speciality goods trade	1,564	-0.3	36.6	-29.4
Building and home	2,716	+7.8	26.6	+2.6

improvement trade				
Car and machinery trade	1,174	+23.0	51.8	+18.7
Common operations and eliminations	-176	+8.2	-8.3	+6.7
Total	**9,460**	**+7.8**	**278.9**	**+10.8**

The operating profit excluding non-recurring items for January-December was €278.9 million (€268.1 million), representing 2.9% (3.1%) of the net sales. Profitability improved in the car and machinery trade, the food trade and the building and home improvement trade. The operating profit excluding non-recurring items for January-December 2010 was improved by an €8 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. At the beginning of the year, the principle for allocating surplus amounts related to the additional defined benefit obligation of the Kesko Pension Fund to divisions was changed to correspond to the breakdown of pension liabilities. For January-December 2011, the change contributed €-1.7 million to the operating profit excluding non-recurring items in the food trade, and €-4.0 million in the home and speciality goods trade.

Operating profit was €280.6 million (€306.7 million). The operating profit includes a €1.7 million amount of non-recurring items. The comparative period included a net total of €38.6 million of non-recurring gains on real estate disposals, and provisions related to the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary. The Group’s profit before tax for January-December was €282.1 million (€312.4 million).

The Group's earnings per share were €1.84 (€2.06). The Group's equity per share was €22.20 (€21.81).

In January-December, the K-Group’s (i.e. Kesko’s and the chain stores’) retail and B2B sales (VAT 0%) were €11,767 million, up 7.2% compared to the previous year. In January-December, K-food stores' grocery sales grew by 5.9% (VAT 0%). In January-December, the K-Group chains' sales entitling to K-Plussa points were €5,699 million excluding tax, up 4.5% compared to the previous year. The K-Plussa customer loyalty programme gained 88,736 new households in January-December. At the end of December, there was 2,154,717 K-Plussa households and 3.7 million K-Plussa cardholders.

Net sales and profit for October-December 2011

The Group’s net sales in October-December 2011 were €2,481 million, which is 7.4% up on the corresponding period of the previous year (€2,310 million). Net sales increased by 7.4% in Finland and by 7.5% in other countries. International operations accounted for 15.6% (15.6%) of the net sales. In the food trade, the increase in net sales is attributable to the good grocery sales performance of the K-food stores. Growth in the car and machinery trade was boosted by the growth of the market and the market share.

10-12/2011	**Net sales, M€**	**Change, %**	**Operating profit excl. non-recurring items, M€**	**Change, M€**
Food trade	1,108	+8.4	38.6	+1.8
Home and	501	0.0	32.9	-12.7

speciality goods trade				
Building and home improvement trade	657	+5.1	-4.4	-4.2
Car and machinery trade	263	+29.7	7.0	+3.1
Common operations and eliminations	-48	+14.9	-2.6	+3.1
Total	**2,481**	**+7.4**	**71.5**	**-9.0**

In October-December, the operating profit excluding non-recurring items was €71.5 million (€80.5 million), representing 2.9% (3.5%) of the net sales. Profitability improved in the car and machinery trade and in the food trade. The operating profit excluding non-recurring items of the home and speciality goods trade and the building and home improvement trade weakened from the comparative period.

Operating profit was €72.8 million (€82.8 million), including a €1.3 million amount of non-recurring items. The Group's profit before tax for October-December was €74.0 million (€87.3 million).

The Group's earnings per share were €0.51 (€0.59).

In October-December, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €3,092 million, up 6.0% compared to the previous year. In October-December, K-food stores' grocery sales grew by 5.0% (VAT 0%). In October-December, the K-Group chains' sales entitling to K-Plussa points were €1,541 million excluding tax, up 3.0% compared to the previous year.

Finance

In January-December, the cash flow from operating activities was €215.7 million (€438.2 million). The cash flow of the comparative period included a €151.6 million amount of returned pension assets. The cash flow from investing activities was €-441.1 million (€-239.6 million). It included a €8.2 million (€123.6 million) amount of proceeds from the sale of fixed assets.

Throughout January-December, the Group's liquidity and solvency remained at an excellent level despite a heavy capital expenditure programme. At the end of the period, liquid assets totalled €367 million (€847 million). Interest-bearing liabilities were €400 million (€477 million) and interest-bearing net debt €33 million (€-370 million) at the end of December. Equity ratio was 53.9% (53.5%) at the end of the period. Kesko Corporation increased the Group's financial resources by signing two €50 million five-year loan facilities.

In January-December, the Group's net finance income was €0.8 million (€6.0 million).

In October-December, the cash flow from operating activities was €46.6 million (€169.4 million). The cash flow from operating activities in the comparative period included a €125.1 million amount of returned pension assets. The cash flow from investing activities was €-110.1 million (€-192.8 million). It included a €2.0 million (€8.1 million) amount of proceeds from the sale of fixed assets.

In October-December, the Group's net finance income was €0.8 million (€4.6 million).

Taxes
The Group's taxes in January-December were €85.2 million (€96.7 million). The effective tax rate was 30.2% (31.0%), affected by loss-making foreign operations.

The Group's taxes in October-December were €18.7 million (€24.7 million). The effective tax rate was 25.3% (28.3%).

Capital expenditure
In January-December, the Group's capital expenditure totalled €425.4 million (€325.3 million), or 4.5% (3.7%) of the net sales. Capital expenditure in store sites was €361.8 million (€209.2 million), in acquisitions €21.8 million and other capital expenditure was €41.8 million (€116.0 million). Capital expenditure in foreign operations represented 31.7% (13.1%) of total capital expenditure.

In October-December, the Group's capital expenditure totalled €104.5 million (€201.6 million), or 4.2% (8.7%) of the net sales. Capital expenditure in store sites was €89.1 million (€117.0 million), in acquisitions €0.7 million and other capital expenditure was €14.8 million (€84.6 million). Capital expenditure in foreign operations represented 18.5% (6.5%) of total capital expenditure.

Personnel
In January-December, the average number of employees in the Kesko Group was 18,960 (18,215) converted into full-time employees. In Finland, the average increase was 141 people, while outside Finland, it was 604.

At the end of December 2011, the total number of employees was 23,375 (22,124), of whom 13,124 (12,720) worked in Finland and 10,251 (9,404) outside Finland. Compared to the end of December 2010, there was an increase of 404 people in Finland and 847 people outside Finland.

In January-December, the Group's staff cost was €570.5 million, an increase of 9.6% compared to the previous year. The staff cost for the comparative period was decreased by the €8.0 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. In October-December, the staff cost increased by 7.8% compared to the previous year and was €156.3 million.

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

	1-12/2011	**1-12/2010**	**10-12/2011**	**10-12/2010**
Net sales, € million	4,182	3,896	1,108	1,022
Operating profit excl. non-recurring items, € million	172.2	160.1	38.6	36.8
Operating profit as % of net sales excl. non-	4.1	4.1	3.5	3.6

recurring items				
Capital expenditure, € million	221.5	117.2	62.3	57.4

Net sales, € million	**1-12/2011**	**Change, %**	**10-12/2011**	**Change, %**
Sales to K-food stores	3,251	+8.4	871	+9.1
Kespro	740	+7.5	188	+9.4
Others	191	-8.6	49	-5.9
Total	**4,182**	**+7.3**	**1,108**	**+8.4**

January-December 2011
In the food trade, the net sales for January-December were €4,182 million (€3,896 million), up 7.3%. The sales of Pirkka products to K-food stores were excellent, with sales growth standing at 32.3% (VAT 0%). During the same period, the grocery sales of K-food stores increased by 5.9% (VAT 0%). Good sales performance was achieved especially by the K-citymarket and K-supermarket chains. In January-December, the growth rate of the total grocery trade market in Finland is estimated at some 5.5% (VAT 0%) compared to the previous year (Kesko's own estimate). 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-December, the operating profit excluding non-recurring items of the food trade was €172.2 million (€160.1 million), or €12.1 million up on the previous year. The profitability improvement is attributable to K-food stores' and Kespro's good sales performance and cost management. Operating profit was €173.7 million (€158.4 million). The non-recurring items of the comparative period totalled €-1.7 million including gains on real estate disposals and provisions for the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary, as the most significant items.

Capital expenditure in the food trade was €221.5 million (€117.2 million), of which capital expenditure in store sites was €211.3 million (€102.4 million).

October-December 2011
In the food trade, the net sales for October-December were €1,108 million (€1,022 million), up 8.4%. During the same period, the grocery sales of K-food stores increased by 5.0% (VAT 0%).

In October-December, the operating profit excluding non-recurring items of the food trade was €38.6 million (€36.8 million), or €1.8 million up on the previous year. Operating profit was €40.0 million (€37.2 million).

In October-December, capital expenditure in the food trade was €62.3 million (€57.4 million), of which capital expenditure in store sites was €57.5 million (€53.8 million).

In October-December 2011, two new K-citymarkets and six new K-supermarkets were opened. Renovations and extensions were made in a total of 15 stores.

The most significant store sites being built are K-citymarkets in Hyvinkää, Kauhajoki, Kokkola, Kouvola and Valkeakoski. K-supermarkets in Lieksa, Loimaa and Mäntsälä are being extended into K-citymarkets and K-citymarket Imatra is being extended. New K-supermarkets are being built in Kaisaniemi, Helsinki, in Lahti, Kiiminki, Nurmijärvi, Pihtipudas, Pori, Sotkamo and in Hämeenkylä, Louhela and Nikinmäki, Vantaa. K-market in Pälkäne is being extended into a K-supermarket.

Home and speciality goods trade

	1-12/2011	**1-12/2010**	**10-12/2011**	**10-12/2010**
Net sales, € million	1,564	1,569	501	501
Operating profit excl. non-recurring items, € million	36.6	66.0	32.9	45.7
Operating profit as % of net sales excl. non-recurring items	2.3	4.2	6.6	9.1
Capital expenditure, € million	61.8	45.3	11.3	28.4

Net sales, € million	**1-12/2011**	**Change, %**	**10-12/2011**	**Change, %**
K-citymarket home and speciality goods	642	+3.5	207	+4.3
Anttila	474	-6.0	163	-6.3
Intersport, Finland	170	-2.0	53	-3.9
Intersport, Russia	7	-	6	-
Indoor	178	+15.3	46	+15.0
Musta Pörssi	74	-23.2	22	-21.6
Kenkäkesko	23	-0.1	4	-18.5
Total	**1,564**	**-0.3**	**501**	**0.0**

<u>January-December 2011</u>

In the home and speciality goods trade, the net sales for January-December were €1,564 million (€1,569 million), down 0.3%. K-citymarket home and speciality goods, as well as Asko and Sotka increased their sales. The sales of Anttila decreased. At the beginning of February, the Anttila department store in Tikkurila was closed because its lease term expired. The Anttila department store in Hämeenlinna was converted into a K-citymarket, which was opened in September 2011. In April, a K-citymarket was opened in Tammisto, Vantaa and in Palokka, Jyväskylä. In May, a K-citymarket was opened in Päivölä, Seinäjoki. In November, a K-citymarket was opened in Karisma, Lahti and in Äänekoski. In October, a Kodin Ykkönen was opened in Kuopio. Asko and Sotka opened new stores in Porvoo in November. As a result of network restructuring, there were 14 less Musta Pörssi stores at the end of the year compared to the previous year.

The operating profit excluding non-recurring items of the home and speciality goods trade in January-December was €36.6 million (€66.0 million), showing a €29.4 million year-on-year decrease. In addition to a decrease in Anttila's sales, profitability was weakened by the launch of Anttila's new logistics centre, the reform of K-citymarket's and Anttila's purchasing operations and the expansion of store network. The operating loss from Russian Intersport operations for August-December was €6 million, partly attributable to launching costs. Operating profit was €37.0 million (€103.4 million). The operating profit for the comparative period included €37.4 million of gains on the disposal of real estate.

Capital expenditure in the home and speciality goods trade in January-December was €61.8 million (€45.3 million).

<u>October-December 2011</u>

In the home and speciality goods trade, the net sales for October-December were €501 million (€501 million), representing the level of the comparative year. K-citymarket home and speciality goods, as well as Asko and Sotka increased their sales. Anttila's sales decreased from the comparative period.

The operating profit excluding non-recurring items of the home and speciality goods trade for October-December was €32.9 million (€45.7 million), showing a €12.7 million year-on-year decrease. Profitability performance was impacted by the reform of K-citymarket's and Anttila's purchasing operations and the expansion of store network, decreased clothes and sports goods sales due to the mild early winter months, and the costs arising from the launch of Intersport operations in Russia. Operating profit was €32.9 million (€45.6 million).

Capital expenditure in the home and speciality goods trade was €11.3 million (€28.4 million).

The acquisition of Intersport operations in Russia progressed according to plan. By 31 December 2011, 36 stores had transferred to the Kesko subsidiary. In the future, the objective is to double the Intersport store site network in Russia by the end of 2015.

Building and home improvement trade

	1-12/2011	**1-12/2010**	**10-12/2011**	**10-12/2010**
Net sales, € million	2,716	2,519	657	625
Operating profit excl. non-recurring items, € million	26.6	24.0	-4.4	-0.2
Operating profit as % of net sales excl. non-recurring items	1.0	1.0	-0.7	0.0
Capital expenditure, € million	109.8	78.2	20.6	44.9

Net sales, € million	**1-12/2011**	**Change, %**	**10-12/2011**	**Change, %**
Rautakesko Finland	1,233	+6.0	297	+5.4
K-rauta Sweden	215	+3.3	49	-0.2
Byggmakker Norway	592	+8.2	143	+7.0
Rautakesko Estonia	59	+13.6	15	+14.6
Rautakesko Latvia	53	+11.1	13	+16.5
Senukai Lithuania	249	+9.8	68	+8.8
Stroymaster Russia	237	+16.4	61	+15.2
OMA Belarus	80	+9.2	12	-46.9
Total	**2,716**	**+7.8**	**657**	**+5.1**

<u>January-December 2011</u>
In the building and home improvement trade, the net sales for January-December were €2,716 million (€2,519 million), up 7.8%. Sales performance and structure vary between countries and customer groups. There is also material variation between the sales performances of product lines, with strongest growth in building materials.

In January-December, net sales in Finland were €1,233 million (€1,163 million), an increase of 6.0%. The building and home improvement product lines contributed €892 million to the net sales in Finland, an increase of 5.9%. The agricultural supplies trade contributed €341 million to the net sales, up 6.4%.

In January-December, the net sales from foreign operations in the building and home improvement trade were €1,483 million (€1,357 million), an increase of 9.3%. The net sales from foreign operations increased by 12.6% in terms of local currencies. In Sweden, net sales were down by 2.2% in terms of kronas. In Norway, net sales increased by 5.3% in terms of krones. In Russia, net sales increased by 18.2% in terms of roubles. In Belarus, net sales were up by 101.6% in terms of roubles due to high inflation. Foreign operations contributed 54.6% to the net sales of the building and home improvement trade.

In January-December, the operating profit excluding non-recurring items of the building and home improvement trade was €26.6 million (€24.0 million), up €2.6 million compared to the previous year. The profit performance was impacted by the sales growth mainly deriving from basic building materials with low margins, the expansion of store network and by the costs related to the introduction and development of the international enterprise resource planning system. Operating profit was €26.3 million (€23.9 million).

In January-December, capital expenditure in the building and home improvement trade totalled €109.8 million (€78.2 million), of which 85.8% (54.4%) abroad. Capital expenditure in store sites was 89.3%.

During the year in Finland, a new K-rauta was opened in Kuopio and a K-rauta is being built in Kouvola and Ylivieska. A new Rautia was opened in Oulu and a new Rautia-K-maatalous in Turku and Suonenjoki. In Sweden, a K-rauta was opened in Haaparanta and a K-rauta is being built in Uppsala and Linköping. In Russia, a new K-rauta was opened in St. Petersburg and Moscow. One K-rauta is being built and two sites were acquired for new K-rauta stores in Moscow. In addition, several concept reforms and extensions were carried out in different countries.

The retail sales of the K-rauta and Rautia chains in Finland grew by 6.6% to €1,075 million (VAT 0%). The sales of Rautakesko B2B Service increased by 13.9%. As a whole, the growth rate of Rautakesko's building materials sales is estimated to have continued exceeding that of the market in Finland. The retail sales of the K-maatalous chain were €417 million (VAT 0%), up 10.2%.

October-December 2011
In the building and home improvement trade, the net sales for October-December were €657 million (€625 million), up 5.1%.

Net sales in Finland were €297 million (€281 million), an increase of 5.4%. The building and home improvement product lines contributed €203 million to the net sales in Finland, an increase of 6.8%. The agricultural supplies trade contributed €94 million to the net sales, up 2.4%.

The net sales from foreign operations in the building and home improvement trade were €360 million (€344 million), an increase of 4.8%. The net sales from foreign operations increased by 12.9% in terms of local currencies. In Sweden, net sales decreased by 1.0% in terms of kronas. In Norway, net sales increased by 3.1% in terms of krones. In Russia, net sales increased by 16.1% in terms of roubles, and in Belarus, by 105.5% in terms of roubles as a result of high inflation. Foreign operations contributed 54.9% to the net sales of the building and home improvement trade.

In October-December, the operating profit excluding non-recurring items of the building and home improvement trade was €-4.4 million (€-0.2 million), down €4.2 million. The decrease in the operating profit excluding non-recurring items from the comparative period is attributable to the expansion of store network and the costs related to the introduction and development of the international enterprise resource planning system. Operating profit was €-4.5 million (€-0.2 million).

Capital expenditure in the building and home improvement trade was €20.6 million (€44.9 million), of which 85.8% (28.9%) abroad. Capital expenditure in store sites represented 74.7% of the total capital expenditure.

The retail sales of the K-rauta and Rautia chains in Finland grew by 6.5% to €257 million (VAT 0%) in October-December. The sales of Rautakesko B2B Service increased by 12.9%. The retail sales of the K-maatalous chain were €116 million (VAT 0%), up 3.7%.

Car and machinery trade

	1-12/2011	**1-12/2010**	**10-12/2011**	**10-12/2010**
Net sales, € million	1,174	955	263	203
Operating profit excl. non-recurring items, € million	51.8	33.1	7.0	3.9
Operating profit as % of net sales excl. non-recurring items	4.4	3.5	2.6	1.9
Capital expenditure, € million	29.9	17.8	9.4	4.7

Net sales, € million	**1-12/2011**	**Change, %**	**10-12/2011**	**Change, %**
VV-Auto	849	+27.0	203	+34.2
Konekesko	326	+13.6	61	+16.9
Total	**1,174**	**+23.0**	**263**	**+29.7**

January-December 2011

In January-December, the net sales of the car and machinery trade were €1,174 million (€955 million), up 23.0%. The comparable net sales of the car and machinery trade grew by 26.0%. The discontinued Baltic grain and agricultural inputs trade has been eliminated from the comparable net sales.

VV-Auto’s net sales for January-December were €849 million (€668 million), an increase of 27.0%. In Finland, new registrations of passenger cars increased by 12.6% and those of vans by 31.2% compared to the previous year. In January-December, the combined market share of passenger cars and vans imported by VV-Auto was 20.7% (19.3%). Volkswagen was the best selling passenger car and van brand in Finland.

Konekesko's net sales for January-December were €326 million (€287 million), up 13.6% compared to the previous year. Konekesko's comparable net sales, from which the discontinued Baltic grain and agricultural inputs trade has been eliminated, grew by 23.5%. Net sales in Finland were €219 million, up 13.3%. The net sales from Konekesko’s foreign operations were €111 million, up 14.7%. Konekesko's comparable net sales growth was attributable to the good performance of the agricultural machinery trade in the Baltic countries.

In January-December, the operating profit excluding non-recurring items of the car and machinery trade was €51.8 million (€33.1 million), up €18.7 million compared to the previous year. The strong profit was attributable to excellent sales performance. The operating profit for January-December was €51.9 million (€33.9 million).

Capital expenditure in the car and machinery trade was €29.9 million (€17.8 million) in January-December.

October-December 2011

In October-December, the net sales of the car and machinery trade were €263 million (€203 million), up 29.7%.

VV-Auto’s net sales for October-December were €203 million (€151 million), an increase of 34.2%. The net sales growth is attributable to market growth and an increase in the market share of passenger cars imported by VV-Auto. The combined market share of passenger cars and vans imported by VV-Auto was 21.6% (18.0%) in October-December.

Konekesko's net sales for October-December were €61 million (€52 million), up 16.9% compared to the previous year.

In October-December, the operating profit excluding non-recurring items of the car and machinery trade was €7.0 million (€3.9 million), up €3.1 million compared to the previous year. The strong profit was attributable to excellent sales performance. The operating profit for October-December was €7.0 million (€3.9 million).

Capital expenditure in the car and machinery trade was €9.4 million (€4.7 million) in October-December.

Changes in the Group composition

Kesko established a new subsidiary in Russia for Russian Intersport operations, in which Kesko Corporation's and Melovest Ltd's ownership interests are 80% and 20% respectively. The acquisition of Intersport operations in Russia was concluded on 24 August, 2011. By 31 December 2011, 36 stores had been transferred to the Kesko subsidiary.

Shares, securities market and Board authorisations

At the end of December 2011, the total number of Kesko Corporation shares was €98,645,042, of which 31,737,007, or 32.2%, were A shares and 66,908,035, or 67.8%, were B shares. At 31 December 2011, Kesko Corporation held 700,000 own B shares. Each A share entitles to ten (10) votes and each B share to one (1) vote. The company cannot vote with own shares held by it. At the end of December 2011, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares was increased twice to correspond to share subscriptions with the option rights of the 2007 option scheme. The increases were made on 31 May 2011 (2,750 B shares) and on 1 August 2011 (1,000 B shares) and announced in a stock exchange notification on the same days. The subscribed shares were listed for public trading on NASDAQ OMX Helsinki (the Helsinki stock exchange) with the old B shares on 1 June 2011 and 2 August 2011. The combined share subscription price of €87,637.50 received by the company was recorded in the reserve of invested non-restricted equity.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €34.70 at the end of 2010, and €24.82 at the end of December 2011, representing a decrease of 28.5%.

Correspondingly, the price of a B share was €34.93 at the end of 2010, and €25.96 at the end of December 2011, representing a decrease of 25.7%. In January-December, the highest A share price was €36.00 and the lowest was €22.35. For B share, they were €35.97 and €22.21 respectively. In January-December, the Helsinki stock exchange (OMX Helsinki) All-Share index fell by 30.1%, the weighted OMX Helsinki CAP index by 28.0%, while the Consumer Staples Index was down by 24.3%.

At the end of 2011, the market capitalisation of A shares was €788 million, while that of B shares was €1,719 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,506 million, a decrease of €932 million from the end of 2010. In 2011, a total of 2.1 million A shares were traded on the Helsinki stock exchange at a total value of €62 million, while 63.3 million B shares were traded at a total value of €1,856 million. The Helsinki stock exchange performed 79% of all Kesko share trades in 2011. In addition, Kesko shares were traded on multilateral trading facilities, the most significant of which were Chi-X, BATS and Turquoise, performing 12%, 5% and 3% of all Kesko share trades respectively (source: NASDAQ OMX).

The company operates the 2007 stock option scheme for management and other key personnel, under which the share subscription period of 2007A option rights runs from 1 April 2010 to 30 April 2012, that of 2007B option rights from 1 April 2011 to 30 April 2013, and that of 2007C option rights will begin on 1 April 2012 and end on 30 April 2014. 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 221,662 2007A option rights were traded during the reporting period at a total value of €184,113. A total of 102,410 2007B option rights were traded during the reporting period at a total value of €1,081,731.

The Board of Directors was authorised by the Annual General Meeting of 4 April 2011 to acquire a total maximum of 1,000,000 own B shares. The authorisation is valid until 30 September 2012. The Annual General Meeting also authorised the Board to decide on the issuance of a maximum of 1,000,000 own B shares held by the company itself. The authorisation is valid until 30 June 2014. The prior 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 until 30 March 2012 is still valid. Authorisation has not been used. By virtue of the share acquisition authorisation, a total of 700,000 own B shares were acquired from the Helsinki stock exchange during the reporting period. The beginning of acquisition was announced on a stock exchange release on 28 April 2011. Each subsequent acquisition was announced in a stock exchange notification on the same day. No company shares have been issued by virtue of the share issue authorisations during the reporting period. Further information on the Board's authorisations is available at www.kesko.fi.

At the end of 2011, the number of shareholders was 41,215, which is 2,957 more than at the end of 2010. At the end of 2011, foreign ownership of all shares was 20%, and foreign ownership of B shares was 29%.

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)

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 purpose of the plan is to promote Kesko's business operations and to increase the company's value by combining the objectives of the shareholders and the management personnel. 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. The share-based compensation plan includes three vesting periods, namely the calendar years 2011, 2012 and 2013. A commitment period of three calendar years following each vesting period is attached to the shares issued in compensation, during which shares must not be transferred. (Stock exchange release on 4 April 2011)

Kesko Corporation's Board of Directors agreed to extend the term of Kesko Corporation's Managing Director and Kesko Group's President and CEO Matti Halmesmäki until the end of May 2015, when Mr. Halmesmäki will be 63. According to the previous agreement, Mr. Halmesmäki's term would have expired in May 2012. (Stock exchange release on 25 May 2011)

Kesko signed agreements on the transfer of the Intersport licence in Russia to Kesko with Intersport International and Intersport CIS. According to the letter of intent signed on the same occasion, Kesko established a new company for Intersport operations in Russia together with Melovest, the owner of Intersport CIS. Melovest holds a 20% ownership interest in the new company. The acquisition of Intersport operations in Russia was concluded and the subsidiary established for the purpose started operating in August 2011. (Stock exchange releases on 3 June 2011 and 24 August 2011).

Jari Lind, Rautakesko Ltd's President and a member of Kesko's Corporate Management Board, resigned on 9 June 2011. During the recruitment process of a new president, Antti Ollila, Vice President for Rautakesko Commerce, was in charge ad interim of the duties of the Rautakesko President. In consequence of Lind's resignation, his membership of Kesko's Corporate Management Board ended. (Stock exchange release on 9 June 2011)

Kesko's Corporate Management Board was revised. Arja Talma, 49, M.Sc. (Econ.), eMBA, was appointed President of Rautakesko Ltd and Corporate Management Board member responsible for Kesko's building and home improvement trade with effect from 1 November 2011. Minna Kurunsaari, 46, LL.M., was appointed Kesko's Corporate Management Board member responsible for the home and speciality goods trade with effect from 1 December 2011. Minna Kurunsaari's responsibility area will also include Kesko's electronic marketing and services projects. Jukka Erlund, 37, M.Sc. (Econ.), eMBA, was appointed Kesko

Corporation's Chief Financial Officer (CFO) and Kesko's Corporate Management Board member with effect from 1 November 2011. (Stock exchange release on 26 October 2011)

Resolutions of the 2011 Annual General Meeting and decisions of the Board's organisational meeting

Kesko Corporation's Annual General Meeting, held 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

Kesko was awarded the highest score in the 'Consumer Staples' sector in the Nordic Carbon Disclosure Climate Leadership Index in October.

In October, Kesko was included in the STOXX Global ESG Leaders index family, which represents the leading global companies in terms of environmental, social and governance criteria.

Anttila's new logistics centre gained ISO 14001 environmental certification in November.

Kesko's 2010 Corporate Responsibility Report was chosen Finland's best and was ranked the best also by students in the Corporate Responsibility Reporting Competition in November.

Kesko participated in the Good Christmas Spirit collection to raise funds for vouchers for low-income families with children in Finland. The Board donated €35,000 to the collection.

Risk management

Kesko’s risk management is proactive and an integral part of management and day-to-day activities. The objective of risk management is to ensure the delivery of customer promises in the Kesko Group, profit performance, dividend payment capacity, shareholder value, the implementation of responsible operating practices and the continuity of operations.

Risk management in the Kesko Group is guided by the risk management policy confirmed by the Board of Directors. The policy defines the objectives and principles, organisation, responsibilities and practices of risk management in the Kesko Group. The management of financial risks is based on the Group's finance policy, confirmed by Kesko's Board of Directors. The business division and Group managements are responsible for the execution of risk management.

The Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported at the Group, division, company and unit levels in all operating countries.

Kesko has a uniform risk assessment and reporting system. Risk identification is based on business objectives and opportunities and the defined risk appetite. Risks are prioritised on the basis of their significance by assessing the impact and probability of their materialisation and the level of risk management. When assessing the impact of materialisation, the impacts on reputation, employees' wellbeing and the environment are considered in addition to financial impacts.

In connection with the strategy process, the divisions assess the risks and opportunities concerning each strategic period. Near-future risks are identified and assessed in accordance with the rolling planning framework. Risk assessment also covers the risks concerning each division's subsidiaries and significant projects.

A division's risk assessment, which includes risk management responses, responsible persons and schedules, is considered by the division's management team or the division Board quarterly prior to the disclosure of the interim report. The Group functions assess the risks concerning their responsibility areas at least once a year.

Risks and management responses are reported in accordance with Kesko's reporting responsibilities. The divisions report on risks and changes in risks to the Group's risk management function on a quarterly basis. Risks are discussed by the risk reporting team including representatives of the divisions and the Group functions. On that basis, the Group's risk management function prepares the Group's risk map presenting the most significant risks and uncertainties and their management.

The Group's risk map is reported to the Kesko Board's Audit Committee in connection with considering the interim reports and the financial statements. The Chair of the Audit Committee reports on risk management to the Board as part of the Audit Committee's report. The Kesko Board considers the Kesko Group's most significant risks and uncertainties and their management responses, and assesses the efficiency and performance of risk management at least once a year. The most significant risks and uncertainties are reported to the market by the Board in the financial statements, and any material changes in them in the interim reports.

The following describes the risks and uncertainties assessed as significant.

Significant risks and uncertainties

The financial market falling into crisis and the uncertainty prevailing in the euro zone, increased taxes and public payments resulting from the indebtedness of the public sector, coupled with increasing unemployment are weakening the purchasing power and appetite for capital expenditure, as well as negatively impacting consumer confidence and demand especially in the home and speciality goods trade, the building and home improvement trade and the car and machinery trade.

In Russia, Kesko is strongly expanding its business operations in the building and home improvement trade and the sports trade and will open its first food stores. With regard to expansion, it is critical to succeed in the acquisition and building of good store sites, in the development of store concepts, in purchasing and logistics, and in the recruitment of key personnel. The country risks in Russia, such as corruption, the unpredictability of officials and rapid changes in legislation and the application of laws, as well as sudden changes in the operating environment can delay the expansion and complicate operating activities.

E-commerce is becoming increasingly popular, international e-commerce increases consumers' alternatives and buying decisions are increasingly often made based on online information. The achievement of objectives requires both traditional and online concepts attractive to customers, a multi-channel approach and customer communications to support it.

The execution of changes in business operations requires increasingly sophisticated resource planning and information systems. Failure in the definition of changes, technology selection, change project management and implementation would delay the execution of changes in business operations.

The trading sector is characterised by increasingly complicated and long supply chains and a dependency on information systems, data communications and external service providers. Failures in information and payment systems or in other parts of the supply chain can cause significant losses in sales and weaken customer satisfaction.

For the purpose of increasing market share, good store sites are a key competitive factor. The acquisition of store sites can be delayed by zoning and permit procedures and the availability and pricing of sites. Considerable amounts of capital or lease liabilities are tied up in store properties for years. Resulting from changes in the market situation, there is a risk that a store site becomes unprofitable and that operations are discontinued while long-term liabilities remain.

Increasing regulations restricting competitive trading conditions are being imposed also by the European Union. Such a development would weaken the trading sector's possibilities to serve customers and operate efficiently.

A failure in product safety control or in the quality assurance of the supply chain can result in financial losses, the loss of customer confidence or, in the worst case, a health hazard to customers.

In divisions strongly dependent on individual principals and suppliers, such as the car and machinery trade, ownership arrangements and changes in a principal's or supplier's strategy concerning product selections, pricing and distribution channel solutions can mean weakened competitiveness, decreased sales, or loss of business.

Crimes are increasingly committed through data networks and crime is becoming more professional. Failure especially in the protection of payment transactions and personal information can cause losses, claims for damages and endanger reputation. There is a risk that controls against such crime are not sufficient.

Different aspects of responsibility are increasingly important for customers. Possible failures of responsibility would weaken Kesko's reputation. Kesko's challenges in responsibility work include communicating its responsibility policies to suppliers, retailers and customers, and ensuring responsibility in the supply chain.

Non-compliance with legislation and agreements can result in fines, compensation for damages and other financial losses, and a loss of confidence and reputation.

Kesko's objective is to produce and publish reliable and timely information. If some information published by Kesko proved to be incorrect or communications failed to meet regulations, it can result in losing investor and other stakeholder confidence and in possible sanctions.

Accidents, natural phenomena and epidemics can cause damages or business interruptions which cannot be prevented.

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

Future outlook
Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the accounting period (1/2012-12/2012) in comparison with the 12 months preceding the accounting period (1/2011-12/2011).

Resulting from the problems of European economies and financial markets, the total production performance and consumer confidence have weakened, which is why significant uncertainties are associated with the outlook for consumer demand. In addition, cuts in public finances and tightening taxation may have a negative impact on the development of purchasing power and consumer demand.

The steady growth in the grocery trade is expected to continue. Growth in the home and speciality goods trade and the building and home improvement trade is expected to even out in line with the overall consumer demand. In the car and machinery trade, the market is expected to turn down, which is partly attributable to the Finnish car tax increase effective 1 April 2012.

The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the uncertainty about economic development and consumer demand, and the costs involved in the expansion of the store site network as well as expansion of business operations in Russia, we are prepared for the 2012 operating profit excluding non-recurring items to be lower than the 2011 operating profit excluding non-recurring items.

Proposal for profit distribution
The parent's distributable profits are €1,101,552,277.88, of which the profit for the financial year is €100,553,189.98.

The Board of Directors proposes to the Annual General Meeting to be held on 16 April 2012 that the distributable profits be used as follows:

A dividend of €1.20 per share is paid on shares held outside the company at the date of dividend distribution. No dividend is paid on own shares held by the Company at the record date of dividend distribution.

At the date of the proposal for distributions of profits, 1 February 2012, a total of 97,945,042 shares were held outside the Company, amounting to a total dividend of €117,534,050.40.

Annual General Meeting
The Board of Directors decided to convene the Annual General Meeting at the Helsinki Fair Centre on 16 April 2012 at 13.00. Kesko Corporation will publish a notice of the Annual General Meeting at a later date.

Annual Report 2011 and Corporate Governance Statement
Kesko will publish the 2011 Annual Report, which contains the report by Kesko's Board of Directors and the financial statements for 2011, and a separate Corporate Governance Statement on week 12 on its website at www.kesko.fi.

Helsinki, 1 February 2012
Kesko Corporation
Board of Directors

The information in the financial statements release is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, CFO, telephone +358 1053 22113, and Eva Kaukinen, Vice President, Corporate Controller, telephone +358 1053 22338. A Finnish-language webcast from the media and analyst briefing on the 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's interim report for January-March will be released on 26 April 2012. In addition, the Kesko Group's sales figures are published each month. News releases and other company information are available on Kesko’s website at: www.kesko.fi.

KESKO CORPORATION

Merja Haverinen
Senior Vice President, Corporate Communications and Responsibility

ATTACHMENTS
Accounting policies
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity
Consolidated cash flow statement
Group's performance indicators
Net sales by segment
Operating profit by segment
Operating profit excl. non-recurring items by segment
Operating margin excl. non-recurring items by segment

Capital employed by segment
Return on capital employed excl. non-recurring items by segment
Capital expenditure by segment
Segment information by quarter
Personnel average and at 31 December
Acquisitions
Group's contingent liabilities
Calculation of performance indicators
K-Group's retail and B2B sales

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

ATTACHMENTS:

Accounting policies

This financial statements release 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 IFRS (Annual Improvements)

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

Excise taxes have been transferred from other operating expenses to the cost of goods sold. The change has been applied retrospectively.

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 related to acquisitions have been recognised retrospectively.

Consolidated income statement (€ million), condensed

	1-12/ 2011	**1-12/ 2010**	**Change %**	**10-12/ 2011**	**10-12/ 2010**	**Change %**
Net sales	9,460	8,777	7.8	2,481	2,310	7.4
Cost of goods sold	-8,163	-7,547	8.2	-2,126	-1,964	8.2
Gross profit	**1,297**	**1,230**	**5.5**	**356**	**346**	**2.9**
Other operating income	705	699	0.9	188	179	4.9
Staff cost	-571	-521	9.6	-156	-145	7.8
Depreciation and impairment	-125	-121	3.2	-35	-32	7.3

charges						
Other operating expenses	-1,026	-981	4.6	-280	-265	5.7
Operating profit	**281**	**307**	**-8.5**	**73**	**83**	**-12.1**
Interest income and other finance income	22	23	-2.3	6	7	-17.2
Interest expense and other finance costs	-18	-15	16.9	-5	-3	33.3
Exchange differences	-3	-1	(..)	-1	1	(..)
Income from associates	1	0	(..)	0	0	(..)
Profit before tax	**282**	**312**	**-9.7**	**74**	**87**	**-15.2**
Income tax	-85	-97	-11.9	-19	-25	-24.1
Profit for the period	**197**	**216**	**-8.7**	**55**	**63**	**-11.7**
Attributable to						
Owners of the parent	182	205	-11.2	50	59	-14.5
Non-controlling interests	15	11	37.4	5	4	30.2
Earnings per share (€) for profit attributable to equity holders of the parent						
Basic	1.85	2.08	-11.0	0.51	0.60	-14.3
Diluted	1.84	2.06	-11.1	0.51	0.59	-14.4

Consolidated statement of comprehensive income (€ million)

	1-12/ 2011	**1-12/ 2010**	**Change %**	**10-12/ 2011**	**10-12/ 2010**	**Change %**
Net profit for the period	197	216	-8.7	55	63	-11.7
Other comprehensive income						
Exchange differences on translating foreign operations	-17	5	(..)	2	2	-8.0
Adjustment for hyperinflation	6	-	(..)	6	-	(..)
Cash flow hedge revaluation	-15	21	(..)	-3	13	(..)
Revaluation of available-for-sale financial assets	0	1	-88.3	0	0	(..)
Other items	0	-1	-83.5	-	-	-
Tax relating to other comprehensive income	4	-6	(..)	1	-3	(..)
Total other comprehensive income for the period, net of tax	-22	20	(..)	6	11	-46.4
Total comprehensive income for the period	**175**	**236**	**-26.0**	**61**	**74**	**-16.9**
Attributable to						
Owners of the parent	170	224	-24.1	52	69	-25.1
Non-controlling interests	4	12	-62.5	9	5	(..)

(..) Change over 100%

Consolidated statement of financial

position (€ million), condensed

	31.12.2011	31.12.2010	Change, %
ASSETS			
Non-current assets			
Tangible assets	1,490	1,261	18.2
Intangible assets	189	180	5.4
Investments in associates and other financial assets	69	61	12.4
Loans and receivables	80	72	11.6
Pension assets	200	186	7.7
Total	2,029	1,759	15.3
Current assets			
Inventories	868	757	14.6
Trade receivables	700	620	13.0
Other receivables	218	183	19.6
Financial assets at fair value through profit or loss	98	242	-59.6
Available-for-sale financial assets	186	549	-66.2
Cash and cash equivalents	84	56	49.8
Total	2,153	2,406	-10.5
Non-current assets held for sale	8	1	(..)
Total assets	**4,190**	**4,167**	**0.5**

	31.12.2011	31.12.2010	Change, %
EQUITY AND LIABILITIES			
Equity	2,175	2,152	1.1
Non-controlling interests	58	59	-0.3
Total equity	2,233	2,210	1.0
Non-current liabilities			
Interest-bearing liabilities	210	235	-10.6
Non-interest-bearing liabilities	18	5	(..)
Deferred tax liabilities	91	87	4.5
Pension obligations	2	2	3.9
Provisions	10	12	-11.1
Total	332	340	-2.4
Current liabilities			
Interest-bearing liabilities	190	242	-21.5
Trade payables	886	838	5.7
Other non-interest-bearing liabilities	526	507	3.6
Provisions	24	29	-18.6
Total	1,625	1,616	0.5
Total equity and liabilities	**4,190**	**4,167**	**0.5**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share	Issue of	Share premi-	Other reser-	Cur- rency	Revalu- ation	Re- tained	Non- cont-	Total

	capital	share capital	um	ves	trans-lation differ-ences	sur-plus	earn-ings	rol-ling inte-rests	
Balance at 1.1.2010	**197**	**0**	**194**	**243**	**-7**	**-3**	**1,381**	**64**	**2,070**
Shares subscribed with options	1		4						4
Option cost							5	0	5
Dividends							-89	-18	-106
Other changes							1	0	1
Net profit for the period							205	11	216
Other comprehensive income									
Exchange differences on translating foreign operations				0	4		0	1	5
Cash flow hedge revaluation						21			21
Revaluation of available-for-sale financial assets						1			1
Other items							-1		-1
Tax relating to other comprehensive income						-6			-6
Total other comprehensive income				0	4	16	-1	1	20
Balance at 31.12.2010	**197**	**0**	**198**	**243**	**-3**	**14**	**1,503**	**59**	**2,210**
Balance at 1.1.2011	**197**	**0**	**198**	**243**	**-3**	**14**	**1,503**	**59**	**2,210**
Shares subscribed with options				0					0
Option cost							3	0	3
Own shares							-23	0	-23
Dividends							-128	-4	-133
Other changes				0	0		0	0	0
Net profit for the period							182	15	197
Other comprehensive income									
Exchange				0	-1			-17	-17

differences on translating foreign operations									
Adjustment for hyperinflation							1	6	6
Cash flow hedge revaluation						-15			-15
Revaluation of available-for-sale financial assets						0			0
Other items							0		0
Tax relating to other comprehensive income						4			4
Total other comprehensive income				0	-1	-11	0	-11	-22
Balance at 31.12.2011	**197**	**0**	**198**	**243**	**-3**	**3**	**1,537**	**58**	**2,233**

Consolidated cash flow statement (€ million), condensed

	1-12/ 2011	1-12/ 2010	Change %	10-12/ 2011	10-12/ 2010	Change %
Cash flow from operating activities						
Profit before tax	282	312	-9.7	74	87	-15.2
Planned depreciation	125	116	7.3	35	31	13.3
Finance income and costs	-1	-6	-88.2	-1	-5	-83.7
Other adjustments	-6	97	(..)	-28	116	(..)
Change in working capital						
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-89	-15	(..)	-42	17	(..)
Inventories increase (-)/ decrease (+)	-119	-82	44.2	-72	-66	8.5
Current non-interest-bearing liabilities, increase (+)/decrease (-)	127	153	-17.1	109	51	(..)
Financial items and tax	-103	-136	-24.4	-29	-63	-53.5
Net cash generated from operating activities	**216**	**438**	**-50.8**	**47**	**169**	**-72.5**
Cash flow from investing activities						
Capital expenditure	-449	-367	22.3	-112	-203	-44.7
Sales of fixed assets	8	124	-93.4	2	8	-75.0
Increase of non-current receivables	0	-	(..)	0	-	(..)
Decrease of non-current	-	4	(..)	-	2	(..)

receivables						
Net cash used in investing activities	**-441**	**-240**	**84.1**	**-110**	**-193**	**-42.9**
Cash flow from financing activities						
Increase (+)/ decrease (-) in interest-bearing liabilities	-58	39	(..)	-20	24	(..)
Increase (-)/decrease (+) in current interest-bearing receivables	-37	11	(..)	-39	1	(..)
Dividends paid	-133	-106	25.1	-1	-	(..)
Equity increase	0	4	-97.9	0	-	(..)
Acquisition of own shares	-23	-	(..)	1	-	(..)
Increase (-)/ decrease (+) in short-term money market investments	199	-114	(..)	36	-16	(..)
Other items	1	-15	(..)	0	-3	(..)
Net cash used in financing activities	**-51**	**-181**	**-71.7**	**-22**	**6**	**(..)**
Change in cash and cash equivalents	**-277**	**18**	**(..)**	**-86**	**-18**	**(..)**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	509	491	3.7	315	527	-40.2
Currency translation difference adjustment and revaluation	-2	0	(..)	1	0	(..)
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Dec.	231	509	-54.7	231	509	-54.7
(..) Change over 100%						

Group's performance indicators

	1-12/2011	1-12/2010	Change, pp
Return on capital employed, %	13.2	16.0	-2.8
Return on capital employed excl. non-recurring items, %	13.1	14.0	-0.9
Return on equity, %	8.9	10.1	-1.2
Return on equity excl. non-recurring items, %	8.8	8.7	0.1
Equity ratio, %	53.9	53.5	0.4
Gearing, %	1.5	-16.8	18.2
			Change, %
Capital expenditure, € million	425.4	325.3	30.8
Capital expenditure, % of net sales	4.5	3.7	21.3
Earnings per share, basic, €	1.85	2.08	-11.0

Earnings per share, diluted, €	1.84	2.06	-11.1
Earnings per share excl. non-recurring items, basic, €	1.84	1.78	3.1
Cash flow from operating activities, € million	216	438	-50.8
Cash flow from investing activities, € million	-441	-240	84.1
Equity/share, €	22.20	21.81	1.8
Personnel, average	18,960	18,215	4.1

(..) Change over 100%

Group's performance indicators by quarter	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**
Net sales, € million	1,958	2,279	2,231	2,310	2,103	2,472	2,404	2,481
Change in net sales, %	-3.0	6.4	4.6	7.3	7.4	8.5	7.8	7.4
Operating profit, € million	20.9	79.0	123.9	82.8	35.7	83.9	88.2	72.8
Operating margin, %	1.1	3.5	5.6	3.6	1.7	3.4	3.7	2.9
Operating profit excl. non-recurring items, € million	20.9	78.1	88.7	80.5	34.9	83.3	89.2	71.5
Operating margin excl. non-recurring items, %	1.1	3.4	4.0	3.5	1.7	3.4	3.7	2.9
Finance income/costs, € million	0.8	-0.2	0.8	4.6	-0.6	0.3	0.3	0.8
Profit before tax, € million	21.9	78.7	124.5	87.3	36.1	84.0	88.0	74.0
Profit before tax, %	1.1	3.5	5.6	3.8	1.7	3.4	3.7	3.0
Return on capital employed, %	4.4	16.1	26.4	17.5	7.2	16.0	16.4	12.8
Return on capital employed excl. non-recurring items, %	4.4	15.9	18.9	17.0	7.0	15.9	16.6	12.5
Return on equity, %	2.9	10.6	16.1	11.5	4.5	10.6	10.9	10.0
Return on equity excl. non-recurring items, %	2.9	10.5	11.1	11.2	4.4	10.6	11.1	9.8
Equity ratio, %	51.3	51.4	53.4	53.5	54.4	52.1	54.0	53.9
Capital expenditure, € million	42.0	45.7	35.9	201.6	64.1	130.5	126.3	104.5
Earnings per share, diluted, €	0.15	0.51	0.81	0.59	0.25	0.55	0.53	0.51
Equity per share, €	19.69	20.30	21.11	21.81	22.04	21.21	21.66	22.20

Segment information

Net sales by segment (€ million)	**1-12/ 2011**	**1-12/ 2010**	**Change %**	**10-12/ 2011**	**10-12/ 2010**	**Change %**
Food trade, Finland	4,182	3,896	7.3	1,108	1,022	8.4
Food trade, other countries*	-	-	-	-	-	-
Food trade total	**4,182**	**3,896**	**7.3**	**1,108**	**1,022**	**8.4**
- of which intersegment trade	168	162	4.1	44	40	10.4
Home and speciality goods trade, Finland	1,541	1,553	-0.8	490	497	-1.4

Home and speciality goods trade, other countries*	23	15	50.3	11	4	(..)
Home and speciality goods trade total	**1,564**	**1,569**	**-0.3**	**501**	**501**	**0.0**
- of which intersegment trade	20	23	-15.8	7	7	-6.4
Building and home improvement trade, Finland	1,233	1,163	6.0	297	281	5.4
Building and home improvement trade, other countries*	1,483	1,357	9.3	360	344	4.8
Building and home improvement trade total	**2,716**	**2,519**	**7.8**	**657**	**625**	**5.1**
- of which intersegment trade	12	0	(..)	3	0	(..)
Car and machinery trade, Finland	1,064	859	23.8	247	190	29.9
Car and machinery trade, other countries*	110	96	15.4	16	13	26.4
Car and machinery trade total	**1,174**	**955**	**23.0**	**263**	**203**	**29.7**
- of which intersegment trade	1	0	(..)	0	0	-67.4
Common operations and eliminations	-176	-162	8.2	-48	-42	14.9
Finland total	**7,844**	**7,309**	**7.3**	**2,094**	**1,949**	**7.4**
Other countries total*	**1,616**	**1,468**	**10.1**	**388**	**361**	**7.5**
Group total	**9,460**	**8,777**	**7.8**	**2,481**	**2,310**	**7.4**

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

Operating profit by segment (€ million)	**1-12/ 2011**	**1-12/ 2010**	**Change**	**10-12/ 2011**	**10-12/ 2010**	**Change**
Food trade	173.7	158.4	15.4	40.0	37.2	2.8
Home and speciality goods trade	37.0	103.4	-66.4	32.9	45.6	-12.7
Building and home improvement trade	26.3	23.9	2.4	-4.5	-0.2	-4.3
Car and machinery trade	51.9	33.9	18.0	7.0	3.9	3.1
Common operations and eliminations	-8.3	-12.8	4.4	-2.6	-3.7	1.1
Group total	**280.6**	**306.7**	**-26.1**	**72.8**	**82.8**	**-10.0**

Operating profit excl. non-recurring items by segment (€ million)	**1-12/ 2011**	**1-12/ 2010**	**Change**	**10-12/ 2011**	**10-12/ 2010**	**Change**

Food trade	172.2	160.1	12.1	38.6	36.8	1.8
Home and speciality goods trade	36.6	66.0	-29.4	32.9	45.7	-12.7
Building and home improvement trade	26.6	24.0	2.6	-4.4	-0.2	-4.2
Car and machinery trade	51.8	33.1	18.7	7.0	3.9	3.1
Common operations and eliminations	-8.3	-15.0	6.7	-2.6	-5.7	3.1
Group total	**278.9**	**268.1**	**10.8**	**71.5**	**80.5**	**-9.0**

Operating margin excl. non-recurring items by segment	**1-12/ 2011**	**1-12/ 2010**	**Change pp**	**10-12/ 2011**	**10-12/ 2010**	**Change pp**
Food trade	4.1	4.1	0.0	3.5	3.6	-0.1
Home and speciality goods trade	2.3	4.2	-1.9	6.6	9.1	-2.5
Building and home improvement trade	1.0	1.0	0.0	-0.7	0.0	-0.6
Car and machinery trade	4.4	3.5	0.9	2.6	1.9	0.7
Group total	**2.9**	**3.1**	**-0.1**	**2.9**	**3.5**	**-0.6**

Capital employed by segment, cumulative average (€ million)	**1-12/ 2011**	**1-12/ 2010**	**Change**	**10-12/ 2011**	**10-12/ 2010**	**Change**
Food trade	601	590	11	661	543	118
Home and speciality goods trade	437	431	6	472	424	48
Building and home improvement trade	696	627	69	709	609	100
Car and machinery trade	158	168	-11	184	154	30
Common operations and eliminations	236	101	135	256	167	90
Group total	**2,129**	**1,918**	**211**	**2,282**	**1,897**	**385**

Return on capital employed excl. non-recurring items by segment, %	**1-12/ 2011**	**1-12/ 2010**	**Change pp**	**10-12/ 2011**	**10-12/ 2010**	**Change pp**
Food trade	28.6	27.1	1.5	23.4	27.1	-3.7
Home and speciality goods trade	8.4	15.3	-6.9	27.9	43.0	-15.1
Building and home improvement trade	3.8	3.8	0.0	-2.5	-0.1	-2.4
Car and machinery trade	32.8	19.6	13.2	15.2	10.0	5.1
Group total	**13.1**	**14.0**	**-0.9**	**12.5**	**17.0**	**-4.4**

Capital expenditure by segment (€ million)	1-12/ 2011	1-12/ 2010	Change	10-12/ 2011	10-12/ 2010	Change
Food trade	221	117	104	62	57	5
Home and speciality goods trade	62	45	17	11	28	-17
Building and home improvement trade	110	78	32	21	45	-24
Car and machinery trade	30	18	12	9	5	5
Common operations and eliminations	2	67	-64	1	66	-65
Group total	**425**	**325**	**100**	**105**	**202**	**-97**

Segment information by quarter

Net sales by segment (€ million)	1-3/ 2010	4-6/ 2010	7-9/ 2010	10-12/ 2010	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011
Food trade	912	976	986	1,022	948	1,077	1,049	1,108
Home and speciality goods trade	355	334	378	501	348	339	376	501
Building and home improvement trade	495	712	687	625	570	757	731	657
Car and machinery trade	236	298	218	203	279	342	290	263
Common operations and eliminations	-40	-41	-39	-42	-42	-43	-42	-48
Group total	**1,958**	**2,279**	**2,231**	**2,310**	**2,103**	**2,472**	**2,404**	**2,481**

Operating profit by segment (€ million)	1-3/ 2010	4-6/ 2010	7-9/ 2010	10-12/ 2010	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011
Food trade	31.7	42.2	47.3	37.2	42.1	45.9	45.7	40.0
Home and speciality goods trade	0.1	7.0	50.6	45.6	-7.4	2.8	8.7	32.9
Building and home improvement trade	-13.8	17.9	19.9	-0.2	-9.1	18.8	21.0	-4.5
Car and machinery trade	6.4	15.0	8.6	3.9	12.2	19.7	13.0	7.0
Common operations and eliminations	-3.4	-3.2	-2.5	-3.7	-2.2	-3.3	-0.2	-2.6
Group total	**20.9**	**79.0**	**123.9**	**82.8**	**35.7**	**83.9**	**88.2**	**72.8**

Operating profit excl. non-recurring items by segment (€ million)	1-3/ 2010	4-6/ 2010	7-9/ 2010	10-12/ 2010	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011
Food trade	31.7	42.1	49.5	36.8	41.4	45.8	46.4	38.6
Home and speciality goods trade	0.1	7.0	13.2	45.7	-7.4	2.4	8.7	32.9
Building and home improvement trade	-13.8	17.9	20.0	-0.2	-9.1	18.8	21.3	-4.4
Car and machinery trade	6.4	14.1	8.7	3.9	12.2	19.6	13.0	7.0
Common operations and eliminations	-3.4	-3.1	-2.8	-5.7	-2.2	-3.3	-0.2	-2.6

Group total	**20.9**	**78.1**	**88.7**	**80.5**	**34.9**	**83.3**	**89.2**	**71.5**

Operating margin excl. non-recurring items by segment	**1-3/ 2010**	**4-6/ 2010**	**7-9/ 2010**	**10-12/ 2010**	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**
Food trade	3.5	4.3	5.0	3.6	4.4	4.3	4.4	3.5
Home and speciality goods trade	0.0	2.1	3.5	9.1	-2.1	0.7	2.3	6.6
Building and home improvement trade	-2.8	2.5	2.9	0.0	-1.6	2.5	2.9	-0.7
Car and machinery trade	2.7	4.7	4.0	1.9	4.4	5.7	4.5	2.6
Group total	**1.1**	**3.4**	**4.0**	**3.5**	**1.7**	**3.4**	**3.7**	**2.9**

Personnel average and at 31 Dec.

Personnel average by segment	**1-12/2011**	**1-12/2010**	**Change**
Food trade	2,706	2,881	-175
Home and speciality goods trade	5,754	5,418	336
Building and home improvement trade	8,874	8,379	495
Car and machinery trade	1,206	1,138	67
Common operations	420	399	21
Group total	**18,960**	**18,215**	**745**

Personnel at 31.12.* by segment	**2011**	**2010**	**Change**
Food trade	2,984	3,106	-122
Home and speciality goods trade	8,765	7,887	878
Building and home improvement trade	9,895	9,493	402
Car and machinery trade	1,250	1,205	45
Common operations	481	433	48
Group total	**23,375**	**22,124**	**1,251**

* total number incl. part-time employees

Acquisitions

On 3 June 2011, Kesko Corporation signed an agreement on the transfer of the Intersport licence in Russia to Kesko with Intersport International Corporation and OOO Intersport CIS. Kesko established a new subsidiary in Russia for Intersport operations in Russia, in which Kesko Corporation's and Melovest Ltd's ownership interests are 80% and 20% respectively. On 24 August, 2011, the acquisition of Intersport operations in Russia was concluded and by 31 December 2011, 36 sports stores had been transferred to OOO Johaston. The aggregate cost of acquisition was €21.8 million.

Over a four month period, OOO Johaston contributed net sales of €7 million and an operating loss of €6 million to the Kesko Group. The impact of OOO Johaston on the Group's net sales and operating profit for the whole period cannot be reliably estimated, because OOO Johaston's business component was composed only as a result of an acquisition.

The acquisition has been accounted for in accordance with the revised IFRS 3 standard effective 1 July 2009.

€ million	
Cash consideration	21.8
Fair value of net assets acquired	21.8

Analysis of net assets acquired

€ million	Fair value
Intangible rights	7.2
Property, plant and equipment	11.4
Inventories	4.5
Deferred tax	-1.4
Net assets acquired	21.8

Cash consideration	21.8
Remaining consideration	1.2
Cash outflow from acquisition	20.6

Group's commitments (€ million)

	31.12.2011	31.12.2010	Change,%
Own commitments	182	276	-34.0
For shareholders	0	0	0.0
For others	8	6	23.4
Lease liabilities for machinery and equipment	26	22	18.2
Lease liabilities for real estate	2,303	2,322	-0.8

Own commitments do not include lease liabilities.

Liabilities arising from derivative instruments

			Fair value
Values of underlying instruments at 31 December	**31.12.2011**	**31.12.2010**	**31.12.2011**
Interest rate derivatives			
Interest rate swaps	208	205	4.05
Currency derivatives			
Forward and future contracts	358	224	-3.39
Currency swaps	100	100	-7.68
Commodity derivatives			
Electricity derivatives	32	63	-3.38

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 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 equity, %	(Profit/loss before tax - income tax) 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
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

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

	1.1.-31.12.2011		**1.10.-31.12.2011**	
K-Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group's food trade				
K-food stores, Finland	4,581	5.5	1,207	4.6
Kespro	732	7.4	186	9.4
Food trade total	**5,314**	**5.7**	**1,393**	**5.2**
K-Group's home and speciality goods trade				
Home and speciality goods stores, Finland	1,673	-1.4	515	-3.9
Home and speciality goods stores, other countries	23	51.5	11	(..)
Home and speciality goods trade total	**1,697**	**-0.9**	**525**	**-2.6**
K-Group's building and home improvement trade				
K-rauta and Rautia	1,075	6.6	257	6.5

Rautakesko B2B Service	226	13.9	63	12.9
K-maatalous	417	10.2	116	3.7
Finland total	**1,718**	**8.4**	**435**	**6.6**
Building and home improvement stores, other Nordic countries	1,159	8.0	299	8.9
Building and home improvement stores, Baltic countries	363	10.8	97	10.6
Building and home improvement stores, other countries	317	14.7	73	-2.7
Building and home improvement trade total	**3,557**	**9.0**	**904**	**6.9**
K-Group's car and machinery trade				
VV-Autotalot	422	24.6	108	29.4
VV-Auto, import	447	28.1	101	36.4
Konekesko, Finland	217	12.4	44	14.8
Finland total	**1,086**	**23.3**	**253**	**29.1**
Konekesko, Baltic countries	114	17.6	17	28.3
Car and machinery trade total	**1,200**	**22.7**	**270**	**29.1**
Finland total	**9,791**	**6.6**	**2,596**	**5.4**
Other countries total	**1,976**	**10.4**	**496**	**9.3**
Retail and B2B sales total	**11,767**	**7.2**	**3,092**	**6.0**

(..) Change over 100%