

## Interim report for 1 January - 30 September 2010

Financial performance in brief:

\*In January-September, the Group's net sales increased by 2.8%. In July-September, the growth rate stood at 4.6%

\*Operating profit excluding non-recurring items was €187.6 million in January-September, which was €100.3 million more than in the previous year (€87.4 million). In July-September, the operating profit excluding non-recurring items was €88.7 million (€47.5 million). Profitability improved in all divisions

\*Net sales are expected to grow and the operating profit excluding non-recurring items is expected to remain at the achieved level during the next twelve months

### Key performance indicators

	1-9/2010	1-9/2009	7-9/2010	7-9/2009
Net sales, € million	6,467	6,294	2,231	2,133
Operating profit excl. non-recurring items, € million	187.6	87.4	88.7	47.5
Operating profit, € million	223.9	114.3	123.9	48.3
Profit before tax, € million	225.1	100.3	124.5	43.8
Investments, € million	123.6	156.5	35.9	49.2
Earnings/share, €, diluted	1.48	0.55	0.81	0.24
Earnings/share excl. non-recurring items, €, basic	1.21	0.35	0.55	0.23
	<b>30.9.2010</b>	<b>30.9.2009</b>		
Equity ratio, %	53.3	52.3		
Equity/share, €	21.10	19.60		

### FINANCIAL PERFORMANCE

#### Net sales and profit in January-September 2010

The Group's net sales in January-September 2010 were €6,467 million, which is 2.8% up on the corresponding period of the previous year (€6,294 million). The trend in net sales was positive in all divisions. Net sales increased by 3.0% in Finland and by 1.5% in other countries. International operations accounted for 17.1% (17.3%) of net sales. In the food trade, net sales continued to grow steadily. The net sales growth recorded in the building and home improvement trade in the spring continued in the third quarter.

1-9/2010	Net sales, M€	Change, %	Operating profit excl. non-recurring items, M€	Change, M€
Food trade	2,874	+1.7	123.3	+23.9
Home and speciality goods trade	1,068	+0.9	20.3	+30.5
Building and home improvement trade	1,894	+6.0	24.2	+10.2
Car and machinery trade	752	+1.2	29.2	+31.6

Common operations and eliminations	-120	-0.3	-9.4	+4.1
<b>Total</b>	<b>6,467</b>	<b>+2.8</b>	<b>187.6</b>	<b>+100.3</b>

Non-recurring items excluded, the operating profit was €187.6 million (€87.4 million) in January-September, representing 2.9% (1.4%) of net sales. The positive trend in profitability continued in the third quarter. The operating profit excluding non-recurring items includes an €8 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. In the comparative period, the operating profit excluding non-recurring items was negatively impacted by the €9 million amount of impairments and expense provisions recognised on the Baltic agricultural supplies business. Improved management of inventory processes and cost reductions significantly contributed to the improvement of the Group's profitability. All divisions recorded higher year-on-year operating profits excluding non-recurring items.

The operating profit was €223.9 million (€114.3 million). The operating profit includes a net total of €36.3 million of non-recurring gains on the disposals of real estate, and provisions related to the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary. The non-recurring items in the comparative period included a net total of €26.9 million of gains on the disposals of real estate and real estate impairment charges. The Group's profit before tax for January-September was €225.1 million (€100.3 million).

The Group's earnings per share were €1.48 (€0.55). The Group's equity per share was €21.10 (€19.60).

In January-September, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €8,056 million, up 3.0% compared to the previous year. During the same period, K-food stores' grocery sales grew by 3.5% (VAT 0%). In January-September, the K-Group chains' sales entitling to K-Plussa points were €4,622 million (incl. VAT), up 2.3% compared to the previous year. In January-September, the K-Plussa customer loyalty programme gained 66,273 new households. At the end of September, there was 2,080,058 K-Plussa households.

### Net sales and profit in July-September 2010

The Group's net sales in July-September 2010 were €2,231 million, which is 4.6% up on the corresponding period of the previous year (€2,133 million). Net sales increased by 3.6% in Finland. The growth strengthened especially in the building and home improvement trade and the car and machinery trade. In other countries, net sales increased by 8.8%. International operations accounted for 19.1% (18.4%) of net sales.

7-9/2010	Net sales, M€	Change, %	Operating profit excl. non- recurring items, M€	Change, M€
Food trade	986	+2.1	49.5	+14.1
Home and speciality goods trade	378	-0.6	13.2	+6.7
Building and home improvement trade	687	+11.9	20.0	+11.7

Car and machinery trade	218	+2.2	8.7	+7.0
Common operations and eliminations	-39	-3.9	-2.8	+1.6
<b>Total</b>	<b>2,231</b>	<b>+4.6</b>	<b>88.7</b>	<b>+41.1</b>

The positive trend in profitability continued in the third quarter. The operating profit excluding non-recurring items was €88.7 million (€47.5 million), representing 4.0% of net sales (2.2%). The operating profit excluding non-recurring items includes an €8 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. In addition to sales growth, profitability in the third quarter was improved by efficient inventory management and cost adjustments. The operating profit excluding non-recurring items exceeded the level of the previous year, especially in the food trade and the building and home improvement trade.

The operating profit was €123.9 million (€48.3 million). The operating profit includes a net total of €35.3 million of non-recurring gains on the disposals of real estate, and provisions related to the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary. The non-recurring income in July-September in the previous year included a total of €0.8 million of gains on the disposals of real estate. The Group's profit before tax for July-September was €124.5 million (€43.8 million).

The Group's earnings per share were €0.81 (€0.24). The Group's equity per share was €21.10 (€19.60).

In July-September, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €2,825 million, up 4.3% compared to the previous year. The K-Group chains' sales entitling to K-Plussa points were €1,601 million (incl. VAT), up 2.2% compared to the previous year.

## Finance

In January-September, the cash flow from operating activities was €268.8 million (€255.6 million). The cash flow from investing activities was €-46.8 million (€-65.4 million). The cash flow from investing activities included €115.5 million (€94.3 million) of proceeds from the sale of fixed assets.

In January-September, the Group's liquidity and solvency remained at an excellent level. At the end of the period, liquid assets totalled €850 million (€536 million). Interest-bearing liabilities were €456 million (€484 million) and interest-bearing net liabilities €-394 million (€-52 million) at the end of September. Equity ratio was 53.3% (52.3%) at the end of the period.

In January-September, the Group's net finance income was €1.4 million (net finance costs €14.2 million). The hedging costs of the Baltic and Russian currency exposures, which had increased the net finance costs in the previous year, normalised and were €1.6 million (€15.2 million).

In July-September, the cash flow from operating activities was €133.4 million (€119.4 million). The net cash from investing activities was €38.9 million (€-45.9 million). The cash flow from investing activities included €110.9 million (€4.7 million) of proceeds from the sale of fixed assets.

In July-September, the Group's net finance income was €0.8 million (net finance costs €4.7 million).

### Taxes

The Group's taxes in January-September were €72.0 million (€40.6 million). The effective tax rate was 32.0% (40.5%), affected by loss-making foreign operations.

The Group's taxes in July-September were €40.4 million (€18.3 million). The effective tax rate was 32.4% (41.8%).

### Investments

In January-September, the Group's investments totalled €123.6 million (€156.5 million), or 1.9% (2.5%) of net sales. Investments in store sites were €93.7 million (€131.2 million) and other investments €29.9 million (€25.3 million). Investments in foreign operations represented 24.0% (34.3%) of total investments.

In July-September, the Group's investments totalled €35.9 million (€49.2 million), or 1.6% (2.3%) of net sales. Investments in store sites were €30.3 million (€42.8 million) and other investments €5.6 million (€6.4 million). Investments in foreign operations represented 9.9% (35.4%) of total investments.

### Personnel

In January-September, the average number of employees in the Kesko Group was 18,173 (19,541) converted into full-time employees. In Finland, the average decrease was 485 people, while outside Finland, it was 883.

At the end of September 2010, the total number of employees was 21,700 (22,086), of whom 12,222 (12,477) worked in Finland and 9,478 (9,609) outside Finland. Compared to the end of September 2009, there was a decrease of 255 people in Finland and 131 outside Finland.

In January-September, the Group's staff cost decreased by €22.8 million, or by 5.7%, compared to the previous year. In July-September, the staff cost decreased by €10.0 million, or by 8.0%, 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

	1-9/2010	1-9/2009	7-9/2010	7-9/2009
Net sales, € million	2,874	2,827	986	966
Operating profit excl. non-recurring items, € million	123.3	99.4	49.5	35.5
Operating profit as % of net sales excl. non-recurring items	4.3	3.5	5.0	3.7
Investments, € million	59.8	59.5	21.9	19.3

<b>Net sales, € million</b>	<b>1-9/2010</b>	<b>Change, %</b>	<b>7-9/2010</b>	<b>Change, %</b>
Sales to K-food stores	2,199	+2.5	747	+2.2
Kespro	517	+1.8	183	+2.9
Others	159	-9.2	56	-2.5
<b>Total</b>	<b>2,874</b>	<b>+1.7</b>	<b>986</b>	<b>+2.1</b>

#### January-September 2010

In the food trade, the net sales in January-September were €2,874 million (€2,827 million), up 1.7%. During the same period, the grocery sales of K-food stores increased by 3.5% (VAT 0%). Good sales performance was achieved especially by K-citymarkets and K-supermarkets. In January-September, the growth rate of the total grocery trade market in Finland is estimated at some 1.5% - 2.0% (VAT 0%) compared to the previous year (Kesko's own estimate). The prices are estimated to have changed by -1 - 0% (VAT 0%) compared to the previous year. K-food stores' market share strengthened.

In January-September, the operating profit excluding non-recurring items of the food trade was €123.3 million (€99.4 million), or €23.9 million up on the previous year. Profitability improved due to good retail sales performance. The operating profit was €121.2 million (€111.9 million). Non-recurring items totalled €-2.1 million, the most significant items included are gains on the disposals of real estate and the provisions for the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary.

In January-September, investments in the food trade were €59.8 million (€59.5 million), of which investments in store sites were €48.5 million (€49.9 million).

#### July-September 2010

In the food trade, the net sales in July-September were €986 million (€966 million), up 2.1%. During the same period, the grocery sales of K-food stores increased by 3.8% (VAT 0%).

In July-September, the operating profit excluding non-recurring items of the food trade was €49.5 million (€35.5 million). In addition to retail sales growth, the improved profit is attributable to the amount of some €6 million recognised as income in connection with the transfer of the pension insurance portfolio.

The operating profit was €47.3 million (€35.8 million). Non-recurring items totalled €-2.3 million, the most significant items of which include gains on real estate disposals and the provisions for the reorganisation of the service station grocery store business of Pikoil Oy, a Kesko Food subsidiary.

In July-September, investments in the food trade were €21.9 million (€19.3 million), of which investments in store sites were €20.3 million (€15.7 million).

In July-September 2010, one new K-supermarket and two new K-markets were opened. In addition, renovations and extensions were carried out in 17 stores.

The most significant store sites being built are the new K-citymarkets in Hyvinkää, in Palokka, Jyväskylä, in Kouvola, in the Karisma shopping centre in Karisto, Lahti, in Päivölä, Seinäjoki and in Iisalmi where also the existing K-citymarket is being converted into a K-supermarket. K-supermarket Kankaanpää is being extended into a K-citymarket. New K-supermarkets are being built in Paloheinä, Helsinki, in Jalasjärvi, in Veikkola,

Kirkkonummi, in Mäntyharju, in Savonlinna and Sodankylä. K-supermarkets in Kiiminki, Nilsia and Raisio are being extended, and K-markets in Piikkiö, Kaarina, in Joutjärvi, Lahti and in Suonenjoki are being extended into K-supermarkets.

### Home and speciality goods trade

	1-9/2010	1-9/2009	7-9/2010	7-9/2009
Net sales, € million	1,068	1,058	378	381
Operating profit excl. non-recurring items, € million	20.3	-10.2	13.2	6.5
Operating profit as % of net sales excl. non-recurring items	1.9	-1.0	3.5	1.7
Investments, € million	16.9	22.8	4.2	5.9
<b>Net sales, € million</b>	<b>1-9/2010</b>	<b>Change, %</b>	<b>7-9/2010</b>	<b>Change, %</b>
Anttila	331	-0.9	116	-0.9
K-citymarket Home and Speciality Goods	422	+6.2	146	+4.3
Intersport	118	-0.1	42	-5.0
Indoor	114	-2.2	43	-1.5
Musta Pörssi	67	-7.2	24	-9.6
Kenkäkesko	17	-15.0	7	-19.1
<b>Total</b>	<b>1,068</b>	<b>+0.9</b>	<b>378</b>	<b>-0.6</b>

#### January-September 2010

In the home and speciality goods trade, the net sales in January-September were €1,068 million (€1,058 million), up 0.9%. K-citymarket's net sales performance was good especially in clothing and household goods. The net sales were also increased by the stores opened in the previous year. As the housing market picked up, the home decoration products of the Asko and Kodin Ykkönen stores sold better than in the comparative period. As for Intersport Finland, especially Budget Sport's sales were up on the previous year. Sunday opening had a clearly positive impact on the sales performance in January-April and in September.

The operating profit of the home and speciality goods trade excluding non-recurring items in January-September was €20.3 million, a €30.5 million year-on-year increase attributable to increased sales, improved productivity and more efficient purchasing operations. The operating profit for January-September was €57.7 million (€0.1 million). The non-recurring items include gains on real estate disposals, which totalled €37.4 million.

Investments in the home and speciality goods trade in January-September were €16.9 million (€22.8 million).

At the beginning of the year, Kodin Ykkönen in Kaisaniemi, Helsinki was closed down due to the termination of the lease. The K-citymarket in downtown Pori was converted into a K-supermarket early this year. The Anttila department store in Jyväskylä was relocated to a new site in March 2010. Indoor disposed of its operating activities in Latvia in March. A new Kodin Ykkönen was opened in Lappeenranta at the end of May.

#### July-September 2010

In the home and speciality goods trade, the net sales in July-September were €378 million (€381 million), down 0.6%. The July sales performance was lowered by smaller than usual sale volumes. After the summer sale, home decoration products achieved a positive sales performance. Especially Indoor's Sotka and Anttila's Kodin Ykkönen department stores increased their sales over the previous year.

The operating profit excluding non-recurring items of the home and speciality goods trade in July-September was €13.2 million, a €6.7 million year-on-year increase. The operating profit excluding non-recurring items was positively impacted by improved productivity and a higher level of margin, due to healthy stocks during the sale period. The operating profit in July-September was €50.6 million (€7.0 million). The non-recurring items include gains on real estate disposals, which totalled €37.4 million.

Investments in the home and speciality goods trade in July-September were €4.2 million (€5.9 million).

Anttila's automated logistics centre is being built in Kerava. When completed, it will also make e-commerce logistics materially more efficient.

#### Building and home improvement trade

	1-9/2010	1-9/2009	7-9/2010	7-9/2009
Net sales, € million	1,894	1,787	687	614
Operating profit excl. non-recurring items, € million	24.2	14.0	20.0	8.4
Operating profit as % of net sales excl. non-recurring items	1.3	0.8	2.9	1.4
Investments, € million	33.3	65.3	4.8	19.0

Net sales, € million	1-9/2010	Change, %	7-9/2010	Change, %
Rautakesko Finland	881	+6.4	293	+9.2
K-rauta AB	159	+10.2	61	+9.4
Byggmakker	413	+15.9	152	+17.9
Rautakesko Estonia	39	-21.6	16	-17.2
Rautakesko Latvia	36	-4.1	14	+4.0
Senukai	165	-19.0	69	-0.6
Rautakesko Russia	150	+18.3	60	+32.3
OMA	52	+28.2	24	+60.2
<b>Total</b>	<b>1,894</b>	<b>+6.0</b>	<b>687</b>	<b>+11.9</b>

#### January-September 2010

In the building and home improvement trade, the net sales in January-September were €1,894 million (€1,787 million), up 6.0%. The building and home improvement market increased in January-September by some 7% in Finland, some 4% in Norway and some 6% in Sweden. The market decreased by some 10-20% in the Baltic countries (Rautakesko's estimate). The Russian building and home improvement market is estimated to have returned to growth.

In January-September, the net sales in Finland were €881 million, an increase of 6.4%. The building and home improvement product lines contributed €652 million to the net sales in Finland, an increase of 11.9%. The agricultural supplies trade contributed €229 million

to the net sales, down 6.8%.

The net sales from foreign operations in the building and home improvement trade were €1,013 million (€959 million), an increase of 5.7%. The sales performance of foreign operations was impacted by the strengthening of the Swedish krona, the Norwegian krone and the Russian ruble, as well as new store openings. The net sales from foreign operations dropped by 1.5% in terms of the local currencies. In Sweden, the net sales of K-rauta AB decreased by 0.7% in terms of kronas. In Norway, Bygghälsan's net sales increased by 4.7% in terms of kroner. In Russia, the net sales of the building and home improvement trade increased by 6.1% in terms of rubles, and the net sales of the Belarusian OMA were up by 30.9% in terms of rubles. Foreign operations contributed 53.5% to the net sales of the building and home improvement trade.

In January-September, the operating profit excluding non-recurring items of the building and home improvement trade was €24.2 million (€14.0 million). The operating profit increased especially in Finland and Lithuania, but decreased in Russia, owing to new store openings. In January-September, the operating profit was €24.0 million (€18.0 million).

In January-September, investments in the building and home improvement trade were €33.3 million (€65.3 million), of which 88.9% (82.0%) abroad.

In January-September, new K-rauta stores were opened in Palokka, Jyväskylä, in Stockholm, Sweden and in Kaluga and Tula, Russia. OMA, a subsidiary of Rautakesko's Lithuanian subsidiary Senukai, opened a new DIY store in Minsk, Belarus.

The retail sales of the K-rauta and Rautia chains in Finland increased by 5.5% to €771 million (VAT 0%), in January-September. The sales of Rautakesko B2B Service increased by 18.8%. The retail sales of the K-maatalous chain were €261 million (VAT 0%), down 10.3%.

#### July-September 2010

In the building and home improvement trade, the net sales in July-September were €687 million (€614 million), up 11.9%.

In July-September, the net sales in Finland were €293 million, an increase of 9.2%. The building and home improvement product lines contributed €222 million to the net sales in Finland, an increase of 13.6%. The net sales of the agricultural supplies trade were €71 million, a decrease of 2.9%.

The net sales from foreign operations in the building and home improvement trade were €395 million (€346 million), an increase of 14.1%. The net sales from foreign operations increased by 6.2% in terms of the local currencies. In Sweden, the net sales of K-rauta AB decreased by 1.6% in terms of kronas. In Norway, Bygghälsan's net sales increased by 7.3% in terms of kroner. In Russia, the net sales of the building and home improvement trade increased by 17.0% in terms of rubles, and the net sales of the Belarusian OMA were up by 55.4% in terms of rubles. Foreign operations contributed 57.4% to the net sales of the building and home improvement trade.

In July-September, the operating profit excluding non-recurring items of the building and home improvement trade was €20.0 million, up €11.7 million. The operating profit performance grew especially in Finland and Lithuania. The operating profit in July-September was €19.9 million (€8.5 million).

In July-September, investments in the building and home improvement trade were €4.8 million (€19.0 million).

In July-September, new stores were not opened. A new K-rauta store is being built in Kouvola, Uppsala, Haaparanta, St. Petersburg, and two in Moscow.

The retail sales of the K-rauta and Rautia chains in Finland increased by 1.2% to €294 million (VAT 0%), in July-September. The sales of Rautakesko B2B Service increased by 28.8%. The retail sales of the K-maatalous chain were €80 million, (VAT 0%), down 11.2%.

### Car and machinery trade

	1-9/2010	1-9/2009	7-9/2010	7-9/2009
Net sales, € million	752	743	218	213
Operating profit excl. non-recurring items, € million	29.2	-2.4	8.7	1.7
Operating profit as % of net sales excl. non-recurring items	3.9	-0.3	4.0	0.8
Investments, € million	13.1	8.5	5.0	5.0
<b>Net sales, € million</b>	<b>1-9/2010</b>	<b>Change, %</b>	<b>7-9/2010</b>	<b>Change, %</b>
VV-Auto	517	+9.4	150	+17.7
Konekesko	235	-13.0	68	-21.0
<b>Total</b>	<b>752</b>	<b>+1.2</b>	<b>218</b>	<b>+2.2</b>

### January-September 2010

In January-September, the net sales of the car and machinery trade were €752 million (€743 million), up 1.2%. The comparable net sales of the car and machinery trade grew by 14%. The impact of the car tax change (effective 1 April 2009) and the discontinued Baltic grain and agricultural inputs trade have been eliminated from the comparable net sales.

VV-Auto's net sales in January-September were €517 million (€473 million), an increase of 9.4%. In the first part of the year, the net sales performance was lowered by the car tax change effective 1 April 2009, causing the car tax to be excluded from the net sales. VV-Auto's comparable net sales growth was 18.7%. During the first part of the year in Finland, new registrations of passenger cars increased by 21.3% and those of vans by 13.9% compared to the previous year. In January-September, the combined market share of passenger cars imported by VV-Auto rose to 19.2% (18.3%) and that of vans to 21.6% (19.6%).

Konekesko's net sales in January-September were €235 million (€270 million), down 13.0% compared to the previous year, as a result of the planned discontinuation of the Baltic grain and agricultural inputs trade. The net sales of Konekesko's machinery trade grew by 4.1%. Net sales in Finland were €154 million, matching the level of the previous year. The net sales from Konekesko's foreign operations were €83 million, down 29.9%. In line with its strategy, Konekesko concentrates on the machinery trade also in the Baltic countries.

In January-September, the operating profit excluding non-recurring items of the car and

machinery trade was €29.2 million, which was €31.6 million higher than in the previous year. The profit performance was affected by VV-Auto's strong sales growth, cost reduction implemented in the division, as well as the €9 million impairment charges and expense provisions recognised by Konekesko on the Baltic agricultural supplies business for the first quarter of 2009. The operating profit in January-September was €30.0 million (€-2.4 million).

Investments in the car and machinery trade were €13.1 million (€8.5 million) in January-September.

#### July-September 2010

In July-September, the net sales of the car and machinery trade were €218 million (€213 million), up 2.2%. The comparable net sales of the car and machinery trade grew by 11.7%. The discontinued Baltic grain and agricultural inputs trade has been eliminated from the comparable net sales.

VV-Auto's net sales in July-September were €150 million (€128 million), an increase of 17.7%. The net sales were increased by a positive general market trend. At the end of September, order books were still fuller than in the previous year.

Konekesko's net sales in July-September were €68 million (€86 million), down 21.0%. The net sales from Konekesko's machinery trade matched the level of the previous year.

In July-September, the operating profit excluding non-recurring items of the car and machinery trade was €8.7 million, which was €7.0 million higher than in the previous year. The profit performance was especially affected by sales growth in the car trade coupled with cost savings achieved in the machinery trade. The operating profit in July-September was €8.6 million (€1.7 million).

Investments in the car and machinery trade were €5.0 million (€5.0 million) in July-September.

#### **Changes in the Group composition**

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

#### **Resolutions of the Annual General Meeting 2010 and decisions of the Board's organisational meeting**

Kesko Corporation's Annual General Meeting held on 29 March 2010 adopted the financial statements for 2009 and discharged the Board of Directors' members and the Managing Director from liability. The Annual General Meeting also resolved to distribute a dividend of €0.90 per share, or a total amount of €88,547,166.90, as proposed by the Board. The dividend pay date was 12 April 2010. The Annual General Meeting also resolved to leave the number of members of the Board of Directors 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 proposal to amend the Article of Association providing for the convocation period so that the notice of a General Meeting shall be given not later than three weeks before the General Meeting, but in any case at least nine days before the record date of the General Meeting, referred to in Chapter 4, Article 2, Subsection 2 of the Companies Act. The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 29 March 2010.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting, decided to leave the compositions of the Board's Audit Committee and Remuneration Committee unchanged. The decisions of the Board's organisational meeting were announced in a stock exchange release on 29 March 2010.

### **Shares, securities market and Board authorisations**

At the end of September 2010, 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. In January-September, the share capital was increased three times as a result of the share subscriptions with the options of the 2003 stock option scheme. The increases were made on 11 February 2010 (€128,424), 3 May 2010 (€422,754) and 3 June 2010 (€88,348) and announced in stock exchange notifications on the same days. The subscribed shares were included on the main list of Nasdaq OMX Helsinki for public trading with the old B shares on 12 February 2010, 4 May 2010 and 4 June 2010.

The price of a Kesko A share quoted on Nasdaq OMX Helsinki (the Helsinki stock exchange) was €23.60 at the end of 2009, and €33.50 at the end of September 2010, representing an increase of 41.9%. Correspondingly, the price of a B share was €23.08 at the end of 2009, and €34.42 at the end of September 2010, representing an increase of 49.1%. In January-September, the highest A share price was €33.50 and the lowest was €23.16. For B shares, they were €34.54 and €22.40 respectively. In January-September, the Helsinki stock exchange (OMX Helsinki) All-Share index rose by 9.9%, the weighted OMX Helsinki CAP index by 15.5%, while the Consumer Staples Index was up 31.5% during the same period.

At the end of September 2010, the market capitalisation of A shares was €1,063 million, while that of B shares was €2,303 million. Their combined market capitalisation was €3,366 million, an increase of €1,080 million on the end of 2009. In January-September 2010, 3,772,299 A shares were traded on the Helsinki stock exchange at a total value of €112 million, while 39.7 million B shares were traded at a total value of €1,111 million.

The number of 2003F stock options of the 2003 scheme traded during the reporting period was 273,212 at a total value of about €3.4 million. The 2003 option scheme expired on 30 April 2010.

In addition, the company operates the 2007 stock option scheme for management and key personnel which comprises 2007A options, whose exercise period began on 1 April 2010, and 2007B and 2007C options, whose exercise periods will begin at the beginning of April in 2011 and 2012 respectively. The 2007A options were also included on the official list of the Helsinki stock exchange on 1 April 2010, and 6,000 options were traded during the reporting period at a total value of €6,350.

The Board of Directors was authorised by the Annual General Meeting of 30 March 2009 to issue a maximum of 20,000,000 new B shares against payment or other consideration. The authorisation also includes a rights issue. The authorisation has not been used. Further information on Board authorisations is available at [www.kesko.fi](http://www.kesko.fi).

At the end of September 2010, the number of shareholders was 37,677, which was 1,211 less than at the end of 2009. At the end of September 2010, foreign ownership of all

shares was 25%, and foreign ownership of B shares was 37%.

### **Flagging notifications**

The Kesko Pension Fund sold such a number of Kesko A shares owned by it to Kruunuvuoren Satama Oy that its holding of Kesko shares, as a percentage of votes carried by all Kesko shares, fell below 5%, and respectively, the number of votes carried by shares held by Kruunuvuoren Satama Oy exceeded 5% of votes carried by all Kesko shares. The matter was announced in a stock exchange notification on 27 July 2010.

### **Main events during the reporting period**

On 1 July 2010, Kesko sold ten properties to Ilmarinen Mutual Pension Insurance Company and Kruunuvuoren Satama Oy, a joint venture established by Ilmarinen, the Kesko Pension Fund and Kesko Corporation. The debt-free selling price of the properties totalled €107.5 million. The €47.4 million gain on the sale of the properties is treated as a non-recurring item in Kesko's operating profit for the third quarter of the year, with the exception of a non-recurring €2.3 million gain on the sale, which will be recognised for the fourth quarter. In the same connection, the Kesko Pension Fund sold seven retail store properties owned by it to Kruunuvuoren Satama Oy. The Kesko Group companies leased the properties for the Kesko Group companies' use, mainly on 15-year leases with extension options. In consequence, the Kesko Group's lease liabilities rose by about €120 million. Kesko Corporation has made an equity investment of approximately €33 million in the joint venture. Its ownership interest and voting rights in Kruunuvuoren Satama Oy are 49%. The company is included in the Kesko Group's financial reporting as an associate starting from 1 July 2010 (stock exchange releases on 1 July 2010).

On 1 September 2010, the management of the statutory pension provision and the related insurance portfolio of some 3,100 people employed by the Kesko Group were transferred from the Kesko Pension Fund to Ilmarinen Mutual Pension Insurance Company. As a result, Kesko will recognise an €8 million actuarial gain in the latter part of the year which will not be treated as a non-recurring item. The fair value of the Kesko Pension Fund's investment assets exceeds the amount of its pension liabilities. The difference is recognised as pension assets in Kesko's balance sheet. Pension assets are planned to be returned and the returned pension assets are expected to have a positive cash flow effect totalling about €160 million. The matter was announced in a stock exchange release on 1 September 2010.

### **Responsibility**

For the eighth year in succession, Kesko was selected for the Dow Jones sustainability indexes DJSI World and DJSI Europe. In the annual review 2010, Kesko gained the subsector's best scores for its environmental reporting, risk management, and the corporate code of conduct for preventing corruption and bribery.

Kesko Food has, in cooperation with Suominen Flexible Packaging Ltd, developed Pirkka recycled plastic bags made of protective plastic wrappings used in Kesko Food's central warehouses and terminals. The new Pirkka recycled plastic bags were available in K-food stores in September.

In September, Asko launched a new sofa, Puro, designed in cooperation with the Finnish Allergy and Asthma Federation and Insofa Ltd, Asko's own sofa factory. Insofa became the first sofa manufacturer in Finland to have the right to use the allergy label.

In September, Intersport and Halti launched a jacket recycling campaign in which €5 for

each new jacket bought during the campaign are donated to Plan Finland's 'Because I am a girl' campaign.

In October, K-food stores participate in the Cancer Society of Finland's Pink Ribbon campaign by selling Pirkka Pink Ribbon rose bunches in K-food stores and Pink Ribbon campaign bags in K-citymarkets.

In Sweden, K-rauta AB participates in the Save the Children campaign until March 2011. The K-rauta stores in Sweden display collection boxes and sell campaign products from which the revenue will be donated to Save the Children's Emergency Fund.

Kesko participated in the Energy Saving Week from 11 to 17 October. K-supermarket Torpparinmäki, opened in Helsinki in October, is the first store in the world with the energy efficient LED lighting system throughout the premises. The LED lighting of the store consumes over 35 percent less energy than traditional fluorescent tubes.

K-food stores will also continue adding lids and doors to their existing freezers. By October 2010, the annual energy savings achieved by this amounted to 11.6 million kilowatt hours (kWh), which correspond the total annual electricity consumption of nearly 600 one-family houses. The K-Group has signed the trading sector energy agreement and made a commitment to save over 65 million kilowatt hours (kWh) by the end of 2016.

### **Risk management**

The Kesko Group has established a risk management process according to which divisions regularly assess risks and their management and report on them to the Group's management. Kesko's risk management and risks involved in its operating activities are described in more detail in the Corporate Governance section on Kesko's website. During the current year, no material changes have taken place in the risk factors presented in Kesko's 2009 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 in Kesko's operating area and its impacts on the Kesko Group's sales and profit performance. Country-specific differences in the economic revival will affect the developments in demand especially in the building and home improvement trade and in the machinery trade. In the prevailing market situation, efficient management of costs, inventories, trade receivables and investment assets, as well as risk management responses to the prevention of malpractice are emphasized.

The risks and uncertainties related to profit performance have been 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 (10/2010-9/2011) in comparison with the 12-month period preceding the reporting period (10/2009-9/2010).

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

The trend in the grocery trade is expected to continue steadily. In the home and speciality goods trade, the market recovery is expected to continue as a result of higher consumer confidence. As house building activity increases, the building and home improvement market is expected to continue strengthening in the Nordic countries, and the decline is expected to ease in the other operating countries. In the car and machinery trade, new car sales are expected to increase, and the market situation in the machinery trade is expected to recover gradually.

The Kesko Group's net sales are expected to grow during the next twelve months.

Kesko's operating profit excluding non-recurring items has more than doubled during the past twelve months. During the next twelve months, the operating profit excluding non-recurring items is expected to remain at the achieved level, despite a significant expansion of the store site network.

Helsinki, 25 October 2010  
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 1053 22113. A Finnish-language webcast from the media and analyst briefing on the interim report can be accessed at [www.kesko.fi](http://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](http://www.kesko.fi).

## **KESKO CORPORATION**

Paavo Moilanen  
Senior Vice President, Corporate Communications and Responsibility

### **ATTACHMENTS**

- Accounting policies
- Consolidated statement of comprehensive income
- Consolidated statement of financial position
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- Group performance indicators
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Calculation of performance indicators  
K-Group's retail and B2B sales

Kesko Corporation's financial statements will be released on 3 February 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](http://www.kesko.fi).

DISTRIBUTION  
NASDAQ OMX Helsinki  
Main news media  
[www.kesko.fi](http://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 2009, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations.

- IFRS 3 (revised), Business combinations
- IAS 27 (revised), Consolidated and Separate Financial Statements
- IAS 39 (amendment), Financial Instruments: Recognition and Measurement – Eligible hedged items
- IFRS 5 (amendment), Non-current assets held for sale and discontinued operations
- IFRS 2 (amendment), Share-based Payment - Group cash-settled transactions
- IFRIC 9 and IAS 39, (Amendments) Reassessment of Embedded Derivatives on Reclassification
- IFRIC 17, Distributions of Non-cash Assets to Owners
- 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 net sales from operations in Finland presented in the interim report are inclusive of the export sales of the Finnish companies (previously exports were included in the net sales of other countries). The comparative figures have been restated accordingly.

**Consolidated income  
statement  
(€ million)**

	<b>1-9/ 2010</b>	<b>1-9/ 2009</b>	<b>Change %</b>	<b>7-9/ 2010</b>	<b>7-9/ 2009</b>	<b>Change %</b>	<b>1-12/ 2009</b>
Net sales	6,467	6,294	2.8	2,231	2,133	4.6	8,447
Cost of sales	-5,559	-5,466	1.7	-1,912	-1,853	3.2	-7,298
<b>Gross profit</b>	<b>908</b>	<b>828</b>	<b>9.6</b>	<b>319</b>	<b>280</b>	<b>13.8</b>	<b>1,149</b>
Other operating income	519	478	8.6	207	152	36.2	710
Staff cost	-376	-398	-5.7	-116	-126	-8.0	-535
Depreciation and impairment charges	-89	-88	0.9	-32	-30	8.0	-131

Other operating expenses	-739	-706	4.7	-254	-228	11.3	-961
<b>Operating profit</b>	<b>224</b>	<b>114</b>	<b>96.0</b>	<b>124</b>	<b>48</b>	<b>(..)</b>	<b>232</b>
Interest income	15	17	-11.8	5	4	31.4	21
Interest expenses	-11	-16	-27.5	-4	-5	-28.6	-20
Exchange differences and other financial items	-2	-15	-87.7	-1	-4	-78.8	-17
Income from associates	0	0	(..)	0	0	(..)	0
<b>Profit before tax</b>	<b>225</b>	<b>100</b>	<b>(..)</b>	<b>125</b>	<b>44</b>	<b>(..)</b>	<b>217</b>
Income tax	-72	-41	77.4	-40	-18	(..)	-82
<b>Profit for the period</b>	<b>153</b>	<b>60</b>	<b>(..)</b>	<b>84</b>	<b>25</b>	<b>(..)</b>	<b>134</b>

## Attributable to

Owners of the parent	146	54	(..)	80	23	(..)	125
Non-controlling interests	7	6	25.6	4	2	89.5	9

**Earnings per share (€) for profit attributable to equity holders of the parent**

Basic	1.48	0.55	(..)	0.81	0.24	(..)	1.28
Diluted	1.48	0.55	(..)	0.81	0.24	(..)	1.27

**Consolidated statement of comprehensive income (€ million)**

	<b>1-9/ 2010</b>	<b>1-9/ 2009</b>	<b>Change %</b>	<b>7-9/ 2010</b>	<b>7-9/ 2009</b>	<b>Change %</b>	<b>1-12/ 2009</b>
Net profit for the period	153	60	(..)	84	25	(..)	134
Other comprehensive income							
Exchange differences on translating foreign operations	3	-3	(..)	-4	1	(..)	-3
Cash flow hedge revaluation	8	-10	(..)	1	-3	(..)	-4
Revaluation of available-for-sale financial assets	1	0	(..)	0	1	-71.1	-2
Tax relating to other comprehensive income	-3	3	(..)	0	1	(..)	2
Total other comprehensive income for the period, net of tax	9	-10	(..)	-3	-1	(..)	-7
<b>Total comprehensive income for the period</b>	<b>163</b>	<b>49</b>	<b>(..)</b>	<b>81</b>	<b>24</b>	<b>(..)</b>	<b>127</b>
Attributable to							
Owners of the parent	155	48	(..)	79	22	(..)	123
Non-controlling interests	7	2	(..)	2	2	19.1	4
(..) Change over 100%							

**Consolidated statement of financial position (€ million), condensed**

**30.9.2010    30.9.2009    Change %    31.12.2009**

**ASSETS**

Non-current assets				
Intangible assets	187	181	3.4	185
Tangible assets	1,097	1,208	-9.2	1,111
Interests in associates and other financial assets	57	37	54.2	36
Loans and receivables	68	61	12.5	71
Pension assets	308	311	-1.1	315
Total	1,717	1,797	-4.5	1,717
Current assets				
Inventories	688	705	-2.3	665
Trade receivables	642	633	1.4	594
Other receivables	140	144	-2.6	150
Financial assets at fair value through profit or loss	225	92	(..)	213
Available-for-sale financial assets	553	365	51.7	428
Cash and cash equivalents	72	79	-9.5	74
Total	2,320	2,017	15.0	2,124
Non-current assets held for sale	3	1	(..)	1
<b>Total assets</b>	<b>4,039</b>	<b>3,815</b>	<b>5.9</b>	<b>3,842</b>

	30.9.2010	30.9.2009	Change %	31.12.2009
<b>EQUITY AND LIABILITIES</b>				
Equity	2,082	1,925	8.1	2,005
Non-controlling interests	54	62	-13.0	64
Total equity	2,136	1,987	7.5	2,069
Non-current liabilities				
Pension obligations	2	2	-7.9	2
Interest-bearing liabilities	227	262	-13.3	262
Non-interest-bearing liabilities	4	9	-50.0	6
Deferred tax liabilities	124	129	-3.4	128
Provisions	13	18	-29.4	14
Total	370	420	-11.7	412
Current liabilities				
Interest-bearing liabilities	229	222	3.2	194
Trade payables	822	791	3.9	704
Other non-interest-bearing liabilities	450	375	20.1	434
Provisions	32	20	58.4	29
Total	1,533	1,408	8.9	1,361
<b>Total equity and liabilities</b>	<b>4,039</b>	<b>3,815</b>	<b>5.9</b>	<b>3,842</b>
(..) Change over 100%				

#### Consolidated statement of changes in equity (€ million)

Share capital	Issue of share cap	Share premium	Other reserves	Currency translation differences	Revaluation surplus	Retained earnings	Non controlling interests	Total
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comprehensive income									
Exchange differences on translating foreign operations			0	3		0	0	3	
Cash flow hedge revaluation						8		8	
Revaluation of available-for-sale financial assets						1		1	
Tax relating to other comprehensive income						-3		-3	
Total other comprehensive income			0	3	7	-1	0	9	
<b>Balance at 30.9.2010</b>	<b>197</b>	<b>0</b>	<b>198</b>	<b>243</b>	<b>-4</b>	<b>5</b>	<b>1,443</b>	<b>54</b>	<b>2,136</b>

#### Consolidated cash flow statement (€ million), condensed

	1-9/ 2010	1-9/ 2009	Change %	7-9/ 2010	7-9/ 2009	Change %	1-12/ 2009
<b>Cash flow from operating activities</b>							
Profit before tax	225	100	(..)	125	44	(..)	217
Planned depreciation	86	86	-0.1	29	30	-1.8	117
Finance income and costs	-1	14	(..)	-1	5	(..)	16
Other adjustments	-19	-24	-17.6	-7	5	(..)	-74
<b>Working capital</b>							
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-33	-4	(..)	85	63	34.3	39
Inventories increase (-)/ decrease (+)	-16	167	(..)	-14	37	(..)	207
Current non-interest-bearing liabilities, increase (+)/decrease (-)	101	-37	(..)	-73	-51	42.3	-84
Financial items and tax	-74	-47	57.4	-10	-12	-18.8	-59
<b>Net cash from operating activities</b>	<b>269</b>	<b>256</b>	<b>5.2</b>	<b>133</b>	<b>119</b>	<b>11.8</b>	<b>379</b>
<b>Cash flow from investing activities</b>							

Investments	-164	-162	1.4	-72	-52	39.2	-223
Sales of fixed assets	115	94	22.5	111	5	(..)	252
Increase of non-current receivables	0	0	(..)	0	0	(..)	0
Decrease of non-current receivables	2	2	-17.9	0	1	-77.5	2
<b>Net cash used in investing activities</b>	<b>-47</b>	<b>-65</b>	<b>-28.4</b>	<b>39</b>	<b>-46</b>	<b>(..)</b>	<b>31</b>
<b>Cash flow from financing activities</b>							
Increase (+)/ decrease (-) in interest-bearing liabilities	15	-6	(..)	-29	-44	-34.5	-33
Increase (-)/decrease (+) in current interest-bearing receivables	10	-1	(..)	0	0	(..)	-14
Dividends paid	-106	-98	7.9	-1	0	(..)	-98
Equity increase	4	3	36.9	0	0	(..)	5
Short-term money market investments	-98	-19	(..)	20	-78	(..)	-98
Other items	-12	7	(..)	-5	0	(..)	4
<b>Net cash used in financing activities</b>	<b>-187</b>	<b>-115</b>	<b>62.0</b>	<b>-15</b>	<b>-123</b>	<b>-87.7</b>	<b>-234</b>
<b>Change in cash and cash equivalents</b>	<b>35</b>	<b>75</b>	<b>-52.9</b>	<b>157</b>	<b>-49</b>	<b>(..)</b>	<b>175</b>
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	491	319	53.9	371	440	-15.9	319
Translation difference and revaluation	0	-3	(..)	-1	0	(..)	-3
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Sep.	527	391	34.8	527	391	34.8	491
(..) Change over 100%							

### Group performance indicators

	1-9/2010	1-9/2009	Change, pp
Return on capital employed, %	15.5	7.2	8.3
Return on capital employed, %, moving 12 mo	17.4	5.7	11.7
Return on capital employed excl. non-recurring items, %	13.0	5.5	7.5
Return on capital employed excl. non-recurring items, %, moving 12 mo	13.0	5.3	7.6
Return on equity, %	9.7	4.0	5.7
Return on equity, %, moving 12 mo	11.0	3.1	7.9
Return on equity excl. non-recurring	8.0	2.6	5.4

items, %			
Return on equity excl. non-recurring items, %, moving 12 mo	8.0	3.1	4.9
Equity ratio, %	53.3	52.3	1.0
Gearing, %	-18.4	-2.6	-15.8
			<b>Change,</b>
			<b>%</b>
Investments, € million	123.6	156.5	-21.0
Investments, % of net sales	1.9	2.5	-23.1
Earnings per share, basic, €	1.48	0.55	(..)
Earnings per share, diluted, €	1.48	0.55	(..)
Earnings per share excl. non-recurring items, basic, €	1.21	0.35	(..)
Cash flow from operating activities, € million	269	256	5.2
Cash flow from investing activities, € million	-47	-65	-28.4
Equity/share, €	21.10	19.60	7.6
Personnel, average	18,173	19,541	-7.0
(..) Change over 100%			

<b>Group performance indicators by quarter</b>	<b>1-3/ 2009</b>	<b>4-6/ 2009</b>	<b>7-9/ 2009</b>	<b>10-12/ 2009</b>	<b>1-3/ 2010</b>	<b>4-6/ 2010</b>	<b>7-9/ 2010</b>
Net sales, € million	2,018	2,143	2,133	2,153	1,958	2,279	2,231
Change in net sales, %	-11.4	-15.9	-12.4	-7.7	-3.0	6.4	4.6
Operating profit, € million	23.2	42.7	48.3	118.1	20.9	79.0	123.9
Operating margin, %	1.1	2.0	2.3	5.5	1.1	3.5	5.6
Operating profit excl. non-recurring items, € million	3.4	36.4	47.5	68.0	20.9	78.1	88.7
Operating margin excl. non-recurring items, %	0.2	1.7	2.2	3.2	1.1	3.4	4.0
Finance income/costs, € million	-5.1	-4.4	-4.7	-1.8	0.8	-0.2	0.8
Profit before tax, € million	18.2	38.2	43.8	116.3	21.9	78.7	124.5
Profit before tax, %	0.9	1.8	2.1	5.4	1.1	3.5	5.6
Return on capital employed, %	4.2	8.0	9.4	22.9	4.4	16.0	26.2
Return on capital employed excl. non-recurring items, %	0.6	6.8	9.2	13.2	4.3	15.8	18.8
Return on equity, %	2.4	4.6	5.2	14.7	2.9	10.6	16.1
Return on equity excl. non-recurring items, %	-0.6	3.7	5.0	7.7	2.9	10.5	11.1
Equity ratio, %	49.8	51.0	52.3	54.1	51.1	51.2	53.3
Investments, € million	51.5	55.8	49.2	41.5	42.0	45.7	35.9
Earnings per share, diluted, €	0.12	0.19	0.24	0.73	0.15	0.51	0.81
Equity per share, €	19.16	19.36	19.60	20.39	19.69	20.30	21.10

### Segment information

<b>Net sales by segment, (€ million)</b>	<b>1-9/ 2010</b>	<b>1-9/ 2009</b>	<b>Change %</b>	<b>7-9/ 2010</b>	<b>7-9/ 2009</b>	<b>Change %</b>
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Food trade, Finland	2,874	2,827	1.7	986	966	2.1
Food trade, other countries*	-	-	-	-	-	-
<b>Food trade total</b>	<b>2,874</b>	<b>2,827</b>	<b>1.7</b>	<b>986</b>	<b>966</b>	<b>2.1</b>
- of which intersegment trade	122	118	2.9	40	39	0.7
Home and speciality goods trade, Finland	1,056	1,042	1.4	374	375	-0.2
Home and speciality goods trade, other countries*	11	16	-27.9	4	5	-23.5
<b>Home and speciality goods trade total</b>	<b>1,068</b>	<b>1,058</b>	<b>0.9</b>	<b>378</b>	<b>381</b>	<b>-0.6</b>
- of which intersegment trade	16	16	-0.2	5	6	-19.8
Building and home improvement trade, Finland	881	828	6.4	293	268	9.2
Building and home improvement trade, other countries*	1,013	959	5.7	395	346	14.1
<b>Building and home improvement trade total</b>	<b>1,894</b>	<b>1,787</b>	<b>6.0</b>	<b>687</b>	<b>614</b>	<b>11.9</b>
- of which intersegment trade	0	1	-66.3	0	0	-62.7
Car and machinery trade, Finland	669	626	6.9	190	172	10.2
Car and machinery trade, other countries*	83	117	-29.2	28	41	-31.3
<b>Car and machinery trade total</b>	<b>752</b>	<b>743</b>	<b>1.2</b>	<b>218</b>	<b>213</b>	<b>2.2</b>
- of which intersegment trade	0	0	-87.5	0	0	(..)
Common operations and eliminations	-120	-121	-0.3	-39	-41	-3.9
<b>Finland total</b>	<b>5,360</b>	<b>5,202</b>	<b>3.0</b>	<b>1,804</b>	<b>1,741</b>	<b>3.6</b>
<b>Other countries total*</b>	<b>1,107</b>	<b>1,091</b>	<b>1.5</b>	<b>427</b>	<b>392</b>	<b>8.8</b>
<b>Group total</b>	<b>6,467</b>	<b>6,294</b>	<b>2.8</b>	<b>2,231</b>	<b>2,133</b>	<b>4.6</b>

\* Net sales in countries other than Finland.

<b>Operating profit by segment (€ million)</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>Change</b>	<b>7-9/2010</b>	<b>7-9/2009</b>	<b>Change</b>
Food trade	121.2	111.9	9.3	47.3	35.8	11.5
Home and speciality goods trade	57.7	0.1	57.7	50.6	7.0	43.7
Building and home improvement trade	24.0	18.0	6.0	19.9	8.5	11.4
Car and machinery trade	30.0	-2.4	32.4	8.6	1.7	7.0
Common operations and	-9.1	-13.3	4.3	-2.5	-4.5	2.0

eliminations							
<b>Total</b>	<b>223.9</b>	<b>114.3</b>	<b>109.6</b>	<b>123.9</b>	<b>48.3</b>	<b>75.6</b>	
<b>Operating profit excl. non-recurring items by segment (€ million)</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>Change</b>	<b>7-9/2010</b>	<b>7-9/2009</b>	<b>Change</b>	
Food trade	123.3	99.4	23.9	49.5	35.5	14.1	
Home and speciality goods trade	20.3	-10.2	30.5	13.2	6.5	6.7	
Building and home improvement trade	24.2	14.0	10.2	20.0	8.4	11.7	
Car and machinery trade	29.2	-2.4	31.6	8.7	1.7	7.0	
Common operations and eliminations	-9.4	-13.4	4.1	-2.8	-4.5	1.6	
<b>Group total</b>	<b>187.6</b>	<b>87.4</b>	<b>100.3</b>	<b>88.7</b>	<b>47.5</b>	<b>41.1</b>	
<b>Segments' operating margins excl. non-recurring items</b>	<b>1-9/2010, % of net sales</b>	<b>1-9/2009 % of net sales</b>	<b>Change pp</b>	<b>7-9/2010, % of net sales</b>	<b>7-9/2009, % of net sales</b>	<b>Change pp</b>	
Food trade	4.3	3.5	0.8	5.0	3.7	1.4	
Home and speciality goods trade	1.9	-1.0	2.9	3.5	1.7	1.8	
Building and home improvement trade	1.3	0.8	0.5	2.9	1.4	1.6	
Car and machinery trade	3.9	-0.3	4.2	4.0	0.8	3.2	
<b>Group total</b>	<b>2.9</b>	<b>1.4</b>	<b>1.5</b>	<b>4.0</b>	<b>2.2</b>	<b>1.7</b>	
<b>Capital employed by segment, cumulative average (€ million)</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>Change</b>	<b>7-9/2010</b>	<b>7-9/2009</b>	<b>Change</b>	
Food trade	606	633	-27	581	624	-43	
Home and speciality goods trade	432	516	-84	421	504	-83	
Building and home improvement trade	639	650	-11	626	631	-5	
Car and machinery trade	172	250	-78	141	216	-74	
Common operations and eliminations	80	81	-1	118	87	31	
<b>Group total</b>	<b>1,930</b>	<b>2,129</b>	<b>-200</b>	<b>1,888</b>	<b>2,062</b>	<b>-173</b>	
<b>Return on capital employed excl. non-recurring items by segment, %</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>Change pp</b>	<b>7-9/2010</b>	<b>7-9/2009</b>	<b>Change pp</b>	<b>Moving 12 mo 9/2010</b>
Food trade	27.1	20.9	6.2	34.1	22.7	11.3	25.4
Home and speciality goods trade	6.3	-2.6	8.9	12.6	5.2	7.4	13.3

Building and home improvement trade	5.0	2.9	2.2	12.8	5.3	7.5	3.5
Car and machinery trade	22.6	-1.3	23.9	24.6	3.1	21.5	17.3
<b>Group total</b>	<b>13.0</b>	<b>5.5</b>	<b>7.5</b>	<b>18.8</b>	<b>9.2</b>	<b>9.6</b>	<b>13.0</b>

<b>Investments by segment (€ million)</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>Change</b>	<b>7-9/2010</b>	<b>7-9/2009</b>	<b>Change</b>
Food trade	60	59	0	22	19	3
Home and speciality goods trade	17	23	-6	4	6	-2
Building and home improvement trade	33	65	-32	5	19	-14
Car and machinery trade	13	9	5	5	5	0
<b>Group total</b>	<b>124</b>	<b>156</b>	<b>-33</b>	<b>36</b>	<b>49</b>	<b>-13</b>

### Segment information by quarter

<b>Net sales by segment (€ million)</b>	<b>1-3/2009</b>	<b>4-6/2009</b>	<b>7-9/2009</b>	<b>10-12/2009</b>	<b>1-3/2010</b>	<b>4-6/2010</b>	<b>7-9/2010</b>
Food trade	888	974	966	970	912	976	986
Home and speciality goods trade	346	331	381	500	355	334	378
Building and home improvement trade	529	643	614	525	495	712	687
Car and machinery trade	296	233	213	205	236	298	218
Common operations and eliminations	-41	-39	-41	-47	-40	-41	-39
<b>Group total</b>	<b>2,018</b>	<b>2,143</b>	<b>2,133</b>	<b>2,153</b>	<b>1,958</b>	<b>2,279</b>	<b>2,231</b>

<b>Operating profit by segment (€ million)</b>	<b>1-3/2009</b>	<b>4-6/2009</b>	<b>7-9/2009</b>	<b>10-12/2009</b>	<b>1-3/2010</b>	<b>4-6/2010</b>	<b>7-9/2010</b>
Food trade	42.3	33.8	35.8	58.7	31.7	42.2	47.3
Home and speciality goods trade	-3.3	-3.6	7.0	66.5	0.1	7.0	50.6
Building and home improvement trade	-5.2	14.8	8.5	1.6	-13.8	17.9	19.9
Car and machinery trade	-6.0	1.9	1.7	-2.7	6.4	15.0	8.6
Common operations and eliminations	-4.6	-4.3	-4.5	-5.9	-3.4	-3.2	-2.5
<b>Group total</b>	<b>23.2</b>	<b>42.7</b>	<b>48.3</b>	<b>118.1</b>	<b>20.9</b>	<b>79.0</b>	<b>123.9</b>

<b>Operating profit excl. non-recurring items by segment (€ million)</b>	<b>1-3/2009</b>	<b>4-6/2009</b>	<b>7-9/2009</b>	<b>10-12/2009</b>	<b>1-3/2010</b>	<b>4-6/2010</b>	<b>7-9/2010</b>
Food trade	33.8	30.1	35.5	33.7	31.7	42.1	49.5
Home and speciality goods trade	-10.7	-6.0	6.5	39.7	0.1	7.0	13.2
Building and home improvement trade	-9.1	14.8	8.4	-2.1	-13.8	17.9	20.0
Car and machinery trade	-6.0	1.9	1.7	2.7	6.4	14.1	8.7

Common operations and eliminations	-4.6	-4.4	-4.5	-6.0	-3.4	-3.1	-2.8
<b>Group total</b>	<b>3.4</b>	<b>36.4</b>	<b>47.5</b>	<b>68.0</b>	<b>20.9</b>	<b>78.1</b>	<b>88.7</b>

**Segments' operating margins excl. non-recurring items**

(€ million)	1-3/ 2009	4-6/ 2009	7-9/ 2009	10-12/ 2009	1-3/ 2010	4-6/ 2010	7-9/ 2010
Food trade	3.8	3.1	3.7	3.5	3.5	4.3	5.0
Home and speciality goods trade	-3.1	-1.8	1.7	7.9	0.0	2.1	3.5
Building and home improvement trade	-1.7	2.3	1.4	-0.4	-2.8	2.5	2.9
Car and machinery trade	-2.0	0.8	0.8	1.3	2.7	4.7	4.0
<b>Group total</b>	<b>0.2</b>	<b>1.7</b>	<b>2.2</b>	<b>3.2</b>	<b>1.1</b>	<b>3.4</b>	<b>4.0</b>

**Personnel average and at 30.9.**

**Personnel, average by segment**

	1-9/2010	1-9/2009	Change
Food trade	2,923	3,110	-187
Home and speciality goods trade	5,401	5,698	-297
Building and home improvement trade	8,317	8,994	-677
Car and machinery trade	1,133	1,328	-195
Common operations	399	411	-12
<b>Group total</b>	<b>18,173</b>	<b>19,541</b>	<b>-1,368</b>

**Personnel at 30.9.\* by segment**

	2010	2009	Change
Food trade	3,165	3,336	-171
Home and speciality goods trade	7,349	7,544	-195
Building and home improvement trade	9,558	9,525	33
Car and machinery trade	1,199	1,255	-56
Common operations	429	426	3
<b>Group total</b>	<b>21,700</b>	<b>22,086</b>	<b>-386</b>

\* total number incl. part-time employees

**Group contingent liabilities (€ million)**

	30.9.2010	30.9.2009	Change%
For own commitments	264	228	16.0
For shareholders	0	0	0.0
For others	6	9	-37.2
Lease liabilities for machinery and fixtures	21	23	-8.0
Lease liabilities for real estate	2,304	2,106	9.4

**Contingent liabilities arising from**

**derivative financial instruments**

			<b>Fair value</b>
Values of underlying instruments at 30.9.	<b>30.9.2010</b>	<b>30.9.2009</b>	<b>30.9.2010</b>
Interest rate derivatives			
Forward and future contracts	3	23	2.50
Interest rate swap contracts	206	204	3.74
Currency derivatives			
Forward and future contracts	308	409	-6.61
Foreign exchange contracts	100	100	-12.49
Commodity derivatives			
Electricity derivatives	44	38	0.42
Grain derivatives	-	0	-

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

	Average number of shares
Earnings/share excl. non-recurring items, basic	(Profit 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

\*Capital return ratios have been annualised

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

K-Group retail and B2B sales	1.1.-30.9.2010		1.7.-30.9.2010	
	€ million	Change, %	€ million	Change, %
<b>K-Group food trade</b>				
K-food stores, Finland	3,189	3.1	1,092	3.6
Kespro	512	-0.6	181	0.4
<b>Food trade total</b>	<b>3,700</b>	<b>2.6</b>	<b>1,273</b>	<b>3.1</b>
<b>K-Group home and speciality goods trade</b>				
Home and speciality goods stores, Finland	1,161	2.2	404	1.2
Home and speciality goods stores, Baltic countries	11	-27.8	4	-23.0
<b>Home and speciality goods trade total</b>	<b>1,172</b>	<b>1.7</b>	<b>408</b>	<b>0.9</b>
<b>K-Group building and home improvement trade</b>				
K-rauta and Rautia	771	5.5	294	1.2
Rautakesko B2B Service	143	18.8	55	28.8
K-maatalous	261	-10.3	80	-11.2
<b>Finland total</b>	<b>1,175</b>	<b>2.8</b>	<b>429</b>	<b>1.4</b>
Building and home improvement stores, other Nordic countries	799	13.9	312	15.8
Building and home improvement stores, Baltic countries	240	-17.8	99	-2.8
Building and home improvement stores, other countries	202	20.5	84	39.1
<b>Building and home improvement trade total</b>	<b>2,415</b>	<b>4.9</b>	<b>923</b>	<b>8.1</b>
<b>K-Group car and</b>				

<b>machinery trade</b>				
VV-Autotalot	252	5.6	80	14.0
VV-Auto, import	278	12.9	73	18.4
Konekesko, Finland	154	-0.5	40	-11.9
<b>Finland total</b>	<b>685</b>	<b>6.9</b>	<b>193</b>	<b>8.9</b>
Konekesko, Baltic countries	84	-27.5	29	-28.1
<b>Car and machinery trade total</b>	<b>769</b>	<b>1.7</b>	<b>221</b>	<b>2.1</b>
<b>Finland total</b>	<b>6,721</b>	<b>3.0</b>	<b>2,298</b>	<b>2.9</b>
<b>Other countries total</b>	<b>1,336</b>	<b>3.4</b>	<b>527</b>	<b>10.7</b>
<b>Retail and B2B sales total</b>	<b>8,056</b>	<b>3.0</b>	<b>2,825</b>	<b>4.3</b>