Kesko's interim report 1 Jan.-31 Mar. 2012

Financial performance in brief:
*The Group's net sales for January-March increased by 10.2%.
*The operating profit excluding non-recurring items was €23.6 million (€34.9 million). The operating profit excluding non-recurring items was negatively impacted by the expansion of the store site network and the expansion of Russian operations, and exceptional write-offs of approximately €8 million.
* The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the costs involved in the expansion of the store site network and Russian business operations, as well as a sales decrease in the car trade, we are prepared for the operating profit excluding non-recurring items for the next twelve months to be lower than the operating profit excluding non-recurring items for the preceding twelve months.

Key performance indicators

	1-3/2012	**1-3/2011**
Net sales, € million	2,318	2,103
Operating profit excl. non-recurring items, € million	23.6	34.9
Operating profit, € million	26.3	35.7
Profit before tax, € million	26.3	36.1
Capital expenditure, € million	104.1	64.1
Earnings/share, €, diluted	0.17	0.25
Earnings/share excl. non-recurring items, €, basic	0.15	0.24

	31.3.2012	**31.3.2011**
Equity ratio, %	52.7	54.4
Equity/share, €	22.42	22.04

FINANCIAL PERFORMANCE

Net sales and profit for January-March 2012
The Group’s net sales in January-March 2012 were €2,318 million, which is 10.2% up on the corresponding period of the previous year (€2,103 million). In Finland, net sales increased by 9.1% and in other countries by 16.5%. International operations accounted for 15.4% (14.6%) of the net sales. Net sales grew in all divisions.

1-3/2012	**Net sales, M€**	**Change, %**	**Operating profit excl. non-recurring items, M€**	**Change,M€**
Food trade	1,010	+6.5	34.9	-6.4
Home and speciality goods trade	369	+6.1	-12.9	-5.4
Building and home improvement trade	629	+10.3	-9.0	+0.1
Car and machinery trade	353	+26.4	15.6	+3.3

Common operations and eliminations	-42	+0.9	-5.1	-2.9
Total	**2,318**	+**10.2**	**23.6**	**-11.3**

In January-March, the operating profit excluding non-recurring items was €23.6 million (€34.9 million), representing 1.0% (1.7%) of the net sales. The operating profit excluding non-recurring items was negatively impacted by the expansion of the store site network and the expansion of Russian operations, as well as write-offs totalling approximately €8 million, the most significant of which related to the obsolescence of inventories and credit losses on trade receivables of the building and home improvement trade, as well as to an unrealised valuation loss on derivatives hedging electricity purchases of the food trade.

Operating profit was €26.3 million (€35.7 million), including a €2.8 million amount of non-recurring gains on disposals of properties. The Group’s profit before tax for January-March was €26.3 million (€36.1 million).

The Group's earnings per share were €0.17 (€0.25). The Group's equity per share was €22.42 (€22.04).

In January-March, the K-Group’s (i.e. Kesko’s and the chain stores’) retail and B2B sales (VAT 0%) were €2,779 million, up 10.4% compared to the previous year. In January-March, the K-Group chains' sales entitling to K-Plussa points were €1,354 million excluding tax, up 6.7% compared to the previous year. The K-Plussa customer loyalty programme gained 22,780 new households in January-March. At the end of March, the number of K-Plussa households was 2,168,933 and the number of K-Plussa card holders was 3.7 million.

Finance
In January-March, the cash flow from operating activities was €-5.2 million (€-25.3 million). The cash flow from investing activities was €-91.8 million (€-67.7 million), including €19.5 million (€1.7 million) of proceeds from the sale of fixed assets.

Throughout January-March, the Group's solvency remained at an excellent level despite the ongoing capital expenditure programme. At the end of the period, liquid assets totalled €293 million (€724 million). Interest-bearing liabilities were €446 million (€444 million) and interest-bearing net debt €154 million (€-279 million) at the end of March. Equity ratio was 52.7% (54.4%) at the end of the period.

In January-March, the Group's net finance costs were €0.1 million (€0.6 million).

Taxes
The Group's taxes in January-March were €7.6 million (€11.2 million). The effective tax rate was 29.0% (31.0%), affected by loss-making foreign operations.

Capital expenditure
In January-March, the Group's capital expenditure totalled €104.1 million (€64.1 million), or 4.5% (3.0%) of the net sales. Capital expenditure in store sites was €90.8 million (€52.7 million) and other capital expenditure was €13.3 million (€11.4 million). Capital expenditure in foreign operations represented 8.4% (19.6%) of total capital expenditure.

Personnel

In January-March, the average number of employees in the Kesko Group was 19,113 (18,158) converted into full-time employees. In Finland, the average increase was 233 people, while outside Finland, it was 722.

At the end of March 2012, the total number of employees was 22,873 (21,670), of whom 12,522 (12,140) worked in Finland and 10,351 (9,530) outside Finland. Compared to the end of March 2011, there was an increase of 382 people in Finland and 821 people outside Finland.

In January-March, the Group's staff cost was €151.1 million, an increase of 9.7% compared to the previous year.

SEGMENT INFORMATION

Seasonal nature of operations

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

Food trade

	1-3/2012	**1-3/2011**
Net sales, € million	1,010	948
Operating profit excl. non-recurring items, € million	34.9	41.4
Operating profit as % of net sales excl. non-recurring items	3.5	4.4
Capital expenditure, € million	60.2	30.9

Net sales, € million	**1-3/2012**	**Change, %**
Sales to K-food stores	780	+6.3
Kespro	181	+10.1
Others	49	-3.0
Total	**1,010**	**+6.5**

January-March 2012

In the food trade, the net sales for January-March were €1,010 million (€948 million), up 6.5%. The sales of Pirkka products to K-food stores grew by 16.0% (VAT 0%). During the same period, the grocery sales of K-food stores increased by 6.8% (VAT 0%). In the grocery market, retail prices are estimated to have changed by some 4-5% compared to the previous year (VAT 0%; Kesko's own estimate based on the Consumer Price Index of Statistics Finland) and the total grocery trade market (VAT 0%) is estimated to have grown by some 7.5% in January-March compared to the previous year (Kesko's own estimate).

In January-March, the operating profit excluding non-recurring items of the food trade was €34.9 million (€41.4 million), or €6.4 million down on the previous year. The operating profit was impacted by costs related to launching business operations in Russia and the expansion of the store site network. Further, operating profit was weakened by a €1.8 million unrealised valuation loss on derivatives hedging electricity purchasing. The operating profit was €37.6 million (€42.1 million). Non-recurring income included €2.7 million of gains on disposals of properties.

Capital expenditure of the food trade was €60.2 million (€30.9 million), of which capital expenditure in store sites was €56.5 million (€29.0 million).

In January-March 2012, one new K-citymarket, two new K-supermarkets and one new K-market were opened. A total of 20 stores were renovated and extended.

The most significant store sites being built are K-citymarkets in 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 Lähdekeskus and Suomenoja, Espoo, in Kaisaniemi, Helsinki, in Joutsa, Kouvola, Lohja, Nurmijärvi, Pihtipudas, Pori and in Hämeenkylä, Louhela and Nikinmäki, Vantaa. K-market Parila in Pälkäne is being extended into a K-supermarket.

Home and speciality goods trade

	1-3/2012	**1-3/2011**
Net sales, € million	369	348
Operating profit excl. non-recurring items, € million	-12.9	-7.4
Operating profit as % of net sales excl. non-recurring items	-3.5	-2.1
Capital expenditure, € million	18.5	8.1

Net sales, € million	**1-3/2012**	**Change, %**
K-citymarket home and speciality goods	147	+8.5
Anttila	107	-1.6
Intersport Finland	44	+7.3
Intersport Russia	8	-
Indoor	44	+6.5
Musta Pörssi	13	-20.0
Kenkäkesko	7	+21.9
Total	**369**	**+6.1**

January-March 2012

In the home and speciality goods trade, the net sales for January-March were €369 million (€348 million), up 6.1%. K-citymarket home and speciality goods, Asko and Sotka, Intersport and Budget Sport, as well as Kenkäkesko markedly increased their sales from the previous year. A K-citymarket, an Anttila and an Intersport store were opened in Willa, Hyvinkää. In addition, an Asko store was opened in Ylivieska and a new Konebox store in Raisio. As a result of network restructuring, there were 29 (35) Musta Pörssi stores at the end of March. A new concept Musta Pörssi store was opened in the Sello shopping centre in early March. The reform of the Kookenkä chain was completed at the end of March.

The operating profit excluding non-recurring items of the home and speciality goods trade in January-March was €-12.9 million (€-7.4 million). Profitability was weakened by costs arising from the integration and development of the operations of K-citymarket and Anttila, the expansion of the store site network and the loss from Russian Intersport operations.

Operating profit was €-12.9 million (€-7.4 million).

Capital expenditure in the home and speciality goods trade in January-March was €18.5 million (€8.1 million).

Building and home improvement trade

	1-3/2012	**1-3/2011**
Net sales, € million	629	570
Operating profit excl. non-recurring items, € million	-9.0	-9.1
Operating profit as % of net sales excl. non-recurring items	-1.4	-1.6
Capital expenditure, € million	11.8	18.7

Net sales, € million	**1-3/2012**	**Change, %**
Rautakesko Finland	300	+7.1
K-rauta Sweden	44	+1.7
Byggmakker Norway	145	+18.5
Rautakesko Estonia	12	+19.5
Rautakesko Latvia	10	+13.4
Senukai Lithuania	50	+13.2
Stroymaster Russia	53	+22.7
OMA Belarus	15	-17.9
Total	**629**	**+10.3**

January-March 2012

In the building and home improvement trade, the net sales for January-March were €629 million (€570 million), up 10.3%. In most countries, sales to professional customers increased faster than sales to private customers, which boosted especially the sales of basic building materials.

In Finland, the net sales for January-March were €300 million (€280 million), an increase of 7.1%. The building and home improvement product lines contributed €212 million to the net sales in Finland, an increase of 5.8%. The agricultural supplies trade contributed €88 million to the net sales, up 10.6%.

The retail sales of the K-rauta and Rautia chains in Finland grew by 7.1% to €187 million (VAT 0%). The sales of Rautakesko B2B Service increased by 15.5%. As a whole, Rautakesko chains' retail and B2B sales are estimated to have continued exceeding the growth rate of the market in Finland. The retail sales of the K-maatalous chain were €89 million (VAT 0%), up 11.9%.

In January-March, the net sales from foreign operations in the building and home improvement trade were €329 million (€290 million), an increase of 13.5%. In Russia, net sales increased by 21.3% in terms of roubles. In Norway, net sales increased by 14.9% in terms of krones. In Sweden, net sales were up by 1.6% in terms of kronas. Foreign operations contributed 52.3% (50.8%) to the net sales of the building and home improvement trade.

In January-March, the operating profit excluding non-recurring items of the building and home improvement trade was €-9.0 million (€-9.1 million), representing the level of the previous year. The profit performance was impacted by new store openings in Russia and Sweden and significant introduction and development costs of the international enterprise resource planning system. In addition, the profitability of Swedish operations was negatively impacted by obsolete inventories written off at €3 million higher than for the comparative period. In Finland, a credit loss amounting to €1 million was recorded on trade receivables. Operating profit was €-9.0 million (€-9.1 million).

In January-March, capital expenditure in the building and home improvement trade totalled €11.8 million (€18.7 million), of which 66.2% (67.3%) abroad. Capital expenditure in store sites was 85.6% of the total capital expenditure.

During the reporting period, a new Rautia-K-maatalous store was opened in Turku and former Rautia stores were replaced in Muhos and Sastamala. In April, a K-rauta was opened in Ylivieska. A K-rauta is being built in Kouvola and a significant extension of a K-rauta is underway in Mikkeli. In Sweden, a K-rauta was opened in Uppsala and a K-rauta replacing the former store is being built in Linköping. In Russia, a new K-rauta was opened in Moscow, where two sites have been acquired for new K-rauta stores.

Car and machinery trade

	1-3/2012	**1-3/2011**
Net sales, € million	353	279
Operating profit excl. non-recurring items, € million	15.6	12.2
Operating profit as % of net sales excl. non-recurring items	4.4	4.4
Capital expenditure, € million	12.7	6.0

Net sales, € million	**1-3/2012**	**Change, %**
VV-Auto	289	+32.4
Konekesko	65	+5.6
Total	**353**	**+26.4**

<u>January-March 2012</u>
In January-March, the net sales of the car and machinery trade were €353 million (€279 million), up 26.4%.

VV-Auto's net sales for January-March were €289 million (€218 million), an increase of 32.4%. Sales were increased by the car tax change effective 1 April 2012, as well as market share growth. In Finland, new registrations of passenger cars increased by 34.0% and those of vans by 47.7% compared to the previous year. In January-March, the combined market share of passenger cars and vans imported by VV-Auto was 19.9% (18.8%).

Konekesko's net sales for January-March were €65 million (€61 million), up 5.6% compared to the previous year. Net sales in Finland were €50 million, up 0.7%. The net sales from Konekesko's foreign operations were €16 million, up 21.9%.

In January-March, the operating profit excluding non-recurring items of the car and machinery trade was €15.6 million (€12.2 million), up €3.3 million compared to the previous year. The strong profit was attributable to excellent sales performance. The operating profit for January-March was €15.6 million (€12.2 million).

Capital expenditure in the car and machinery trade was €12.7 million (€6.0 million) in January-March.

Changes in the Group composition
No significant changes took place in the Group composition during the reporting period.

Shares, securities market and Board authorisations
At the end of March 2012, 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 March 2012, 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 and no dividend is paid on them. At the end of March 2012, Kesko Corporation's share capital was €197,282,584. During the reporting period, there were no changes in the share capital or the number of shares.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €24.82 at the end of 2011, and €25.35 at the end of March 2012, representing an increase of 2.1%. Correspondingly, the price of a B share was €25.96 at the end of 2011, and €24.33 at the end of March 2012, representing a decrease of 6.3%. In January-March, the highest A share price was €27.65 and the lowest was €24.10. For B share, they were €27.81 and €23.59 respectively. In January-March, the Helsinki stock exchange (OMX Helsinki) All-Share index rose by 12.7%, the weighted OMX Helsinki CAP index by 13.1%, while the Retail Index was up by 5.0%.

At the end of March 2012, the market capitalisation of A shares was €805 million, while that of B shares was €1,611 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,415 million, a decrease of €91 million from the end of 2011. In January-March 2012, a total of 0.6 (0.5) million A shares were traded on the Helsinki stock exchange, up 22.5%, at a total value of €16 million. A total of 20.6 (17.8) million B shares were traded on the Helsinki stock exchange, up 15.7%, at a total value of €517 million.

The company operates the 2007 stock option scheme for management and other key personnel, under which the share subscription period of 2007A option rights 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 began on 1 April 2012 and it will end on 30 April 2014. All option rights have also been included on the official list of the Helsinki stock exchange since the beginning of the share subscription periods. No 2007A option rights were traded during the reporting period. A total of 18,246 2007B option rights were traded during the reporting period at a total value of €87,023.

The Board has the authority, granted by the Annual General Meeting of 16 April 2012 and valid until 30 June 2015, to issue a total maximum of 20,000,000 new B shares. The shares can be issued against payment for subscription by shareholders in a directed issue in proportion to their existing shareholdings regardless of whether they consist of A or B shares, or, deviating from the shareholder's pre-emptive right, in a directed issue, if there is a weighty financial reason for the company, such as using the shares to develop the company's capital structure, and financing possible acquisitions, investments or other arrangements within the scope of the company's business operations. The amount paid for the shares is recognised in the reserve of invested non-restricted equity. The authorisation also includes the Board's authority to decide on the share subscription price, the right to issue shares against non-cash consideration and the right to make decisions on other matters concerning share issuances. The corresponding authority, granted by the Annual General Meeting of 30 March 2009, to issue a total maximum of 20,000,000 new B shares against payment or other consideration expired on 30 March 2012. The authority expired at the end of March had not been used. In addition, the Board has the authority, granted by the Annual General Meeting of 4 April 2011 and valid until 30 September 2012, to decide on the acquisition of a total maximum of 1,000,000 own B shares, and the authority, valid until 30 June 2014, to decide on the issuance of a total maximum of 1,000,000 own B shares held by the company itself. On 1 February 2012, based on the authority to issue own shares and the fulfilment of the vesting criteria of the 2011 vesting period of Kesko's three-year share-based compensation plan, the Board decided to grant a total maximum of 93,875 company shares held by itself to the persons included in the target group. The decision was announced in a stock exchange release on 2 February 2012. Further information on the Board's authorities is available at www.kesko.fi.

At the end of March 2012, the number of shareholders was 43,456, which is 2,241 more than at the end of 2011. Foreign ownership of all shares was 18%, and foreign ownership of B shares was 26% at the end of March.

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

Main events during the reporting period
The second phase of the transfer of the Kesko Group companies' statutory pension insurance liability portfolio, agreed between the Kesko Pension Fund and Ilmarinen Mutual Pension Insurance Company, was carried out with effect from 1 January 2012. (Stock exchange release on 15 February 2012)

Main events after the reporting period
Kesko transferred a total of 90,889 own B shares held by the company itself to the about 150 Kesko management employees and other named key persons included in the target group of the 2011 vesting period of Kesko's three-year share-based compensation plan. After the transfers, the company itself holds at least 607,249 own B shares. (Stock exchange release on 12 April 2012)

Resolutions of the 2012 Annual General Meeting and decisions of the Board's organisational meeting
Kesko Corporation's Annual General Meeting, held on 16 April 2012, adopted the financial statements for 2011 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute €1.20 per share as dividends on 98,035,931 shares held outside the company at the date of dividend distribution, or a total amount of €117,643,117.20. The dividend pay date is 26 April 2012. The General Meeting also resolved to leave the number of Board members unchanged at seven and elected Esa Kiiskinen, Ilpo Kokkila, Tomi Korpisaari (new member), Maarit Näkyvä, Seppo Paatelainen, Toni Pokela (new member) and Virpi Tuunainen (new member) as Board members for a three-year term of office as stated in the Articles of Association. The

General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with Johan Kronberg, APA, as the company's auditor with principal responsibility. The General Meeting also approved the Board's proposal to issue a total maximum of 20,000,000 new B shares until 30 June 2015, and the Board's proposal that it be authorised until the 2013 Annual General Meeting to decide 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, elected Esa Kiiskinen as its Chair and Seppo Paatelainen as its Deputy Chair. The Board elected Maarit Näkyvä as the Chair, Seppo Paatelainen as the Deputy Chair and Virpi Tuunainen as a member of the Audit Committee, and Esa Kiiskinen as the Chair, Seppo Paatelainen as the Deputy Chair and Ilpo Kokkila as a member of the Remuneration Committee. The Board elects the Board Chair and Deputy Chair for the whole three-year term of a Board member, and the Committee Chairs, Deputy Chairs and members for one year at a time.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 16 April 2012.

Responsibility

In January, Kesko was included on 'The Global 100 Most Sustainable Corporations in the World' list for the eighth time.

In February, Kesko was awarded by World Finance Magazine for 'the Best Corporate Governance in Finland' in terms of corporate governance development and reporting for the second time in succession.

In March, the US Ethisphere Institute listed Kesko as one of the World's Most Ethical Companies for 2012.

In March, the K-Retailers' Association and the Finnish Association on Intellectual and Developmental Disabilities (FAIDD) started a cooperation project to support the employment of people with intellectual and developmental disabilities in the K-Group stores.

Risk management

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

The most significant near-future risks in Kesko's business operations are associated with the general economic development, the euro zone financial market and consumer confidence in Kesko's operating area, as well as their impact on the Kesko Group's sales and profit performance. It is estimated that in other respects, no material changes have taken place in the risks described in the report by the Board of Directors and financial statements for 2011 and the risks described on Kesko's website.

Risks and uncertainties associated with economic development are described in the future outlook section of this release.

Future outlook
Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (4/2012-3/2013) in comparison with the 12 months preceding the reporting period (4/2011-3/2012).

Resulting from the problems of European national economies, the outlook for the general economic situation continues to be characterised by significant uncertainty. In addition, cuts in public finances and tightening taxation increase the uncertainty about the development of consumer demand. However, the outlook for consumer demand as a whole has improved during the first months of 2012.

The steady growth in the grocery trade and home and speciality goods trade is expected to continue. Growth in the building and home improvement trade in Finland is expected to even out as the growth of building construction slows down. In the car and machinery trade, the market is expected to turn down as a result of the car tax change effective 1 April 2012.

The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the costs involved in the expansion of the store site network and Russian business operations, as well as a sales decrease in the car trade, we are prepared for the operating profit excluding non-recurring items for the next twelve months to be lower than the operating profit excluding non-recurring items for the preceding twelve months.

Helsinki, 25 April 2012
Kesko Corporation
Board of Directors

The information in the interim report 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 interim report can be accessed at www.kesko.fi at 11.00. An English-language web conference on the interim report will be held today at 14.30 (Finnish time). The web conference login is available at www.kesko.fi.

Kesko Corporation's interim report for January-June will be released on 25 July 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: TABLES

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

TABLES:

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard, applying the same accounting policies as to the annual financial statements for 2011, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations:

IFRS 7 (amendment), Financial instruments: Disclosures – Derecognition
IAS 12 (amendment), Income taxes – Deferred tax
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.

Consolidated income statement (€ million), condensed

	1-3/ 2012	**1-3/ 2011**	**Change, %**	**1-12/ 2011**
Net sales	2,318	2,103	10.2	9,460
Cost of goods sold	-2,007	-1,814	10.6	-8,163
Gross profit	**311**	**289**	**7.6**	**1,297**
Other operating income	170	160	6.2	705
Staff cost	-151	-138	9.7	-571
Depreciation and impairment charges	-36	-29	22.6	-125

Other operating expenses	-268	-247	8.7	-1,026
Operating profit	**26**	**36**	**-26.2**	**281**
Interest income and other finance income	5	5	3.8	22
Interest expense and other finance costs	-4	-4	-16.9	-18
Exchange differences	-2	-1	34.5	-3
Income from associates	0	1	-98.6	1
Profit before tax	**26**	**36**	**-27.2**	**282**
Income tax	-8	-11	-31.9	-85
Profit for the period	**19**	**25**	**-25.1**	**197**
Attributable to				
Owners of the parent	17	25	-31.7	182
Non-controlling interests	2	0	(..)	15
Earnings per share (€) for profit attributable to equity holders of the parent				
Basic	0.17	0.25	-31.2	1.85
Diluted	0.17	0.25	-31.1	1.84

Consolidated statement of comprehensive income (€ million)

	1-3/ 2012	**1-3/ 2011**	**Change, %**	**1-12/ 2011**
Net profit for the period	19	25	-25.1	197
Other comprehensive income				
Exchange differences on translating foreign operations	4	-1	(..)	-17
Adjustment for hyperinflation	1	-	(..)	6
Cash flow hedge revaluation	-2	-5	-65.6	-15
Revaluation of available-for-sale financial assets	0	-1	(..)	0
Other items	-	-	-	0
Tax relating to other comprehensive income	0	1	-72.5	4
Total other comprehensive income for the period, net of tax	3	-5	(..)	-22
Total comprehensive income for the period	**22**	**19**	**11.6**	**175**
Attributable to				
Owners of the parent	20	22	-5.9	170
Non-controlling interests	1	-2	(..)	4

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	31.3.2012	31.3.2011	Change,%	31.12.2011
ASSETS				
Non-current assets				
Tangible assets	1,555	1,295	20.0	1,490
Intangible assets	190	178	7.1	189
Investments in associates and other financial assets	70	63	10.5	69
Loans and receivables	78	71	9.8	80
Pension assets	143	183	-21.5	200
Total	2,035	1,789	13.8	2,029
Current assets				
Inventories	909	796	14.2	868
Trade receivables	804	681	18.1	700
Other receivables	289	151	91.9	218
Financial assets at fair value through profit or loss	75	164	-54.5	98
Available-for-sale financial assets	163	512	-68.1	186
Cash and cash equivalents	54	47	15.9	84
Total	2,294	2,351	-2.4	2,153
Non-current assets held for sale	1	1	-17.9	8
Total assets	**4,331**	**4,141**	**4.6**	**4,190**

	31.3.2012	31.3.2011	Change,%	31.12.2011
EQUITY AND LIABILITIES				
Equity	2,196	2,174	1.0	2,175
Non-controlling interests	60	56	6.0	58
Total equity	2,256	2,231	1.1	2,233
Non-current liabilities				
Interest-bearing liabilities	205	229	-10.1	210
Non-interest-bearing liabilities	20	6	(..)	18
Deferred tax liabilities	86	84	2.6	91
Pension obligations	2	2	4.5	2
Provisions	11	12	-6.0	10
Total	324	332	-2.2	332
Current liabilities				
Interest-bearing liabilities	241	216	11.6	190
Trade payables	1,001	878	14.0	886
Other non-interest-bearing liabilities	486	459	5.9	526
Provisions	23	26	-10.3	24
Total	1,751	1,579	10.9	1,625
Total equity and liabilities	**4,331**	**4,141**	**4.6**	**4,190**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Issue of share capital	Share premium	Other reserves	Currency translation	Revaluation surplus	Retained earnings	Non-controlling	Total

					differ-ences			**inte-rests**	
Balance at 1.1.2011	**197**	**0**	**198**	**243**	**-3**	**14**	**1,503**	**59**	**2,210**
Shares subscribed with options									
Option cost							1	0	1
Dividends									
Other changes							0	0	0
Net profit for the period							25	0	25
Other comprehensive income									
Exchange differences on translating foreign operations				0	1		0	-3	-1
Cash flow hedge revaluation						-5			-5
Revaluation of available-for-sale financial assets						-1			-1
Other items									
Tax relating to other comprehensive income						1			1
Total other comprehensive income				0	1	-4	0	-3	-5
Balance at 31.3.2011	**197**	**0**	**198**	**243**	**-1**	**9**	**1,529**	**56**	**2,231**
Balance at 1.1.2012	**197**	**0**	**198**	**243**	**-3**	**3**	**1,537**	**58**	**2,233**
Shares subscribed with options									
Option cost							1	0	1
Own shares									
Dividends									
Other changes							0	0	0
Net profit for the period							17	2	19
Other comprehensive income									
Exchange differences on translating foreign operations				0	5		0	-1	4
Adjustment for hyperinflation							0	1	1
Cash flow hedge revaluation						-2			-2
Revaluation of available-for-sale financial assets						0			0
Other items									
Tax relating to other comprehensive income						0			0

Total other comprehensive income				0	5	-1	0	-1	3
Balance at 31.3.2012	**197**	**0**	**198**	**243**	**1**	**1**	**1,555**	**60**	**2,256**

Consolidated cash flow statement (€ million), condensed

	1-3/ 2012	1-3/ 2011	Change, %	1-12/ 2011
Cash flow from operating activities				
Profit before tax	26	36	-27.2	282
Planned depreciation	36	29	22.3	125
Finance income and costs	0	1	-31.4	-1
Other adjustments	7	8	-5.9	-6
Change in working capital				
Current non-interest-bearing trade and other receivables, increase (-)/ decrease (+)	-120	-61	95.7	-89
Inventories increase (-)/ decrease (+)	-37	-40	-7.1	-119
Current non-interest-bearing liabilities, increase (+)/decrease (-)	100	-13	(..)	127
Financial items and tax	-18	15	(..)	-103
Net cash generated from operating activities	**-5**	**-25**	**-79.5**	**216**
Cash flow from investing activities				
Capital expenditure	-111	-69	59.9	-449
Sales of fixed assets	20	2	(..)	8
Increase of non-current receivables	-1	0	(..)	0
Net cash used in investing activities	**-92**	**-68**	**35.7**	**-441**
Cash flow from financing activities				
Increase (+)/ decrease (-) in interest-bearing liabilities	49	-29	(..)	-58
Increase (-)/decrease (+) in current interest-bearing receivables	-21	0	(..)	-37
Dividends paid	-	-	-	-133
Equity increase	-	-	-	0
Acquisition of own shares	-	-	-	-23
Increase (-)/ decrease (+) in short-term money market investments	32	86	-63.5	199
Other items	-6	0	(..)	1

Net cash used in financing activities	**53**	**57**	**-5.9**	**-51**
Change in cash and cash equivalents	**-44**	**-36**	**20.5**	**-277**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	231	509	-54.7	509
Currency translation difference adjustment and revaluation		0	(..)	-2
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Mar.	187	473	-60.4	231

(..) Change over 100%

Group's performance indicators

	1-3/2012	1-3/2011	Change, pp	1-12/2011
Return on capital employed, %	4.3	7.2	-2.9	13.2
Return on capital employed, %, moving 12 mo	12.1	16.6	-4.5	13.2
Return on capital employed excl. non-recurring items, %	3.9	7.0	-3.2	13.1
Return on capital employed excl. non-recurring items, %, moving 12 mo	11.9	14.6	-2.6	13.1
Return on equity, %	3.3	4.5	-1.2	8.9
Return on equity, %, moving 12 mo	8.5	10.7	-2.2	8.9
Return on equity excl. non-recurring items, %	3.0	4.4	-1.4	8.8
Return on equity excl. non-recurring items, %, moving 12 mo	8.4	9.3	-0.9	8.8
Equity ratio, %	52.7	54.4	-1.7	53.9
Gearing, %	6.8	-12.5	19.3	1.5
			Change,%	
Capital expenditure, € million	104.1	64.1	62.4	425.4
Capital expenditure, % of net sales	4.5	3.0	47.4	4.5
Earnings per share, basic, €	0.17	0.25	-31.2	1.85
Earnings per share, diluted, €	0.17	0.25	-31.1	1.84
Earnings per share excl. non-recurring items, basic, €	0.15	0.24	-38.3	1.84
Cash flow from operating activities, € million	-5	-25	-79.5	216
Cash flow from investing activities, € million	-92	-68	35.7	-441
Equity/share, €	22.42	22.04	1.7	22.20
Interest-bearing net debt	153.6	-279.3	(..)	32.8
Diluted number of shares at end of reporting period	98,413	99,332	-0.9	98,631
Personnel, average	19,113	18,158	5.3	18,960

(..) Change over 100%

Group's performance indicators by quarter	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**	**1-3/ 2012**
Net sales, € million	2,103	2,472	2,404	2,481	2,318
Change in net sales, %	7.4	8.5	7.8	7.4	10.2
Operating profit, € million	35.7	83.9	88.2	72.8	26.3
Operating margin, %	1.7	3.4	3.7	2.9	1.1
Operating profit excl. non-recurring items, € million	34.9	83.3	89.2	71.5	23.6
Operating margin excl. non-recurring items, %	1.7	3.4	3.7	2.9	1.1
Finance income/costs, € million	-0.6	0.3	0.3	0.8	-0.1
Profit before tax, € million	36.1	84.0	88.0	74.0	26.3
Profit before tax, %	1.7	3.4	3.7	3.0	1.0
Return on capital employed, %	7.2	16.0	16.4	12.8	4.3
Return on capital employed excl. non-recurring items, %	7.0	15.9	16.6	12.5	3.9
Return on equity, %	4.5	10.6	10.9	10.0	3.3
Return on equity excl. non-recurring items, %	4.4	10.6	11.1	9.8	3.0
Equity ratio, %	54.4	52.1	54.0	53.9	52.7
Capital expenditure, € million	64.1	130.5	126.3	104.5	104.1
Earnings per share, diluted, €	0.25	0.55	0.53	0.51	0.17
Equity per share, €	22.04	21.21	21.66	22.20	22.42

Segment information

Net sales by segment (€ million)	**1-3/ 2012**	**1-3/ 2011**	**Change, %**	**1-12/ 2011**
Food trade, Finland	1,010	948	6.5	4,182
Food trade, other countries*	-	-		-
Food trade total	**1,010**	**948**	**6.5**	**4,182**
- of which intersegment trade	45	43	4.0	168
Home and speciality goods trade, Finland	356	344	3.6	1,541
Home and speciality goods trade, other countries*	13	4	(..)	23
Home and speciality goods trade total	**369**	**348**	**6.1**	**1,564**
- of which intersegment trade	4	3	9.8	20
Building and home improvement trade, Finland	300	280	7.1	1,233

Building and home improvement trade, other countries*	329	290	13.5	1,483
Building and home improvement trade total	**629**	**570**	**10.3**	**2,716**
- of which intersegment trade	0	1	(..)	12
Car and machinery trade, Finland	337	266	26.7	1,064
Car and machinery trade, other countries*	16	13	21.9	110
Car and machinery trade total	**353**	**279**	**26.4**	**1,174**
- of which intersegment trade	0	0	-49.7	1
Common operations and eliminations	-42	-42	0.9	-176
Finland total	**1,961**	**1,797**	**9.1**	**7,844**
Other countries total*	**357**	**306**	**16.5**	**1,616**
Group total	**2,318**	**2,103**	**10.2**	**9,460**

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

Operating profit by segment (€ million)	**1-3/ 2012**	**1-3/ 2011**	**Change**	**1-12/ 2011**
Food trade	37.6	42.1	-4.5	173.7
Home and speciality goods trade	-12.9	-7.4	-5.4	37.0
Building and home improvement trade	-9.0	-9.1	0.1	26.3
Car and machinery trade	15.6	12.2	3.3	51.9
Common operations and eliminations	-5.1	-2.2	-2.9	-8.3
Group total	**26.3**	**35.7**	**-9.3**	**280.6**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2012**	**1-3/ 2011**	**Change**	**1-12/ 2011**
Food trade	34.9	41.4	-6.4	172.2
Home and speciality goods trade	-12.9	-7.4	-5.4	36.6
Building and home improvement trade	-9.0	-9.1	0.1	26.6
Car and machinery trade	15.6	12.2	3.3	51.8
Common operations and eliminations	-5.1	-2.2	-2.9	-8.3

Group total	**23.6**	**34.9**	**-11.3**	**278.9**

Operating margin excl. non-recurring items by segment	**1-3/ 2012**	**1-3/ 2011**	**Change, pp**	**1-12/ 2011**	**Moving 12 mo 3/2012**
Food trade	3.5	4.4	-0.9	4.1	3.9
Home and speciality goods trade	-3.5	-2.1	-1.3	2.3	2.0
Building and home improvement trade	-1.4	-1.6	0.2	1.0	1.0
Car and machinery trade	4.4	4.4	0.0	4.4	4.4
Group total	**1.0**	**1.7**	**-0.6**	**2.9**	**2.8**

Capital employed by segment, cumulative average (€ million)	**1-3/ 2012**	**1-3/ 2011**	**Change**	**1-12/ 2011**
Food trade	701	556	145	601
Home and speciality goods trade	478	409	69	437
Building and home improvement trade	752	658	94	696
Car and machinery trade	198	149	49	158
Common operations and eliminations	311	218	94	236
Group total	**2,439**	**1,990**	**449**	**2,129**

Return on capital employed excl. non-recurring items by segment, %	**1-3/ 2012**	**1-3/ 2011**	**Change, pp**	**1-12/ 2011**	**Moving 12 mo 3/2012**
Food trade	19.9	29.8	-9.8	28.6	25.9
Home and speciality goods trade	-10.8	-7.3	-3.5	8.4	6.9
Building and home improvement trade	-4.8	-5.5	0.7	3.8	3.7
Car and machinery trade	31.5	32.8	-1.3	32.8	32.7
Group total	**3.9**	**7.0**	**-3.2**	**13.1**	**11.9**

Capital expenditure by segment (€ million)	**1-3/ 2012**	**1-3/ 2011**	**Change**	**1-12/ 2011**
Food trade	60	31	29	221
Home and speciality goods trade	18	8	10	62
Building and home improvement trade	12	19	-7	110
Car and machinery	13	6	7	30

trade				
Common operations and eliminations	1	0	1	2
Group total	**104**	**64**	**40**	**425**

Segment information by quarter

Net sales by segment (€ million)	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**	**1-3/ 2012**
Food trade	948	1,077	1,049	1,108	1,010
Home and speciality goods trade	348	339	376	501	369
Building and home improvement trade	570	757	731	657	629
Car and machinery trade	279	342	290	263	353
Common operations and eliminations	-42	-43	-42	-48	-42
Group total	**2,103**	**2,472**	**2 ,404**	**2,481**	**2,318**

Operating profit by segment (€ million)	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**	**1-3/ 2012**
Food trade	42.1	45.9	45.7	40.0	37.6
Home and speciality goods trade	-7.4	2.8	8.7	32.9	-12.9
Building and home improvement trade	-9.1	18.8	21.0	-4.5	-9.0
Car and machinery trade	12.2	19.7	13.0	7.0	15.6
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1
Group total	**35.7**	**83.9**	**88.2**	**72.8**	**26.3**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**	**1-3/ 2012**
Food trade	41.4	45.8	46.4	38.6	34.9
Home and speciality goods trade	-7.4	2.4	8.7	32.9	-12.9
Building and home improvement trade	-9.1	18.8	21.3	-4.4	-9.0
Car and machinery trade	12.2	19.6	13.0	7.0	15.6
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1
Group total	**34.9**	**83.3**	**89.2**	**71.5**	**23.6**

Operating margin excl. non-recurring items by segment	**1-3/ 2011**	**4-6/ 2011**	**7-9/ 2011**	**10-12/ 2011**	**1-3/ 2012**
Food trade	4.4	4.3	4.4	3.5	3.5
Home and speciality goods trade	-2.1	0.7	2.3	6.6	-3.5
Building and home	-1.6	2.5	2.9	-0.7	-1.4

improvement trade					
Car and machinery trade	4.4	5.7	4.5	2.6	4.4
Group total	**1.7**	**3.4**	**3.7**	**2.9**	**1.0**

Personnel, average and at 31 March

Personnel average by segment	1-3/2012	1-3/2011	Change
Food trade	2,642	2,646	-3
Home and speciality goods trade	5,983	5,363	620
Building and home improvement trade	8,848	8,587	262
Car and machinery trade	1,210	1,162	48
Common operations	429	401	28
Group total	**19,113**	**18,158**	**955**

Personnel at 31 Mar.* by segment	2012	2011	Change
Food trade	2,993	2,912	81
Home and speciality goods trade	8,128	7,468	660
Building and home improvement trade	9,986	9,622	364
Car and machinery trade	1,280	1,230	50
Common operations	486	438	48
Group total	**22,873**	**21,670**	**1,203**

* total number incl. part-time employees

Group's commitments (€ million)

	31.3.2012	31.3.2011	Change,%
Own commitments	181	211	-14.0
For shareholders	-	-	-
For others	8	7	9.5
Lease liabilities for machinery and equipment	26	23	12.4
Lease liabilities for real estate	2,265	2,306	-1.8

Own commitments do not include lease liabilities.

Liabilities arising from derivative instruments

Values of underlying instruments at 31 March	31.3.2012	31.3.2011	Fair value 31.3.2012
Interest rate derivatives			
Interest rate swaps	205	201	2.55
Currency derivatives			
Forward and future contracts	334	210	-4.53

Option agreements	7	-	-0.00
Currency swaps	100	100	-10.57
Commodity derivatives			
Electricity derivatives	30	52	-5.20

Calculation of performance indicators

Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, moving 12 months	Operating profit for prior 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for 12 months
Return on capital employed excl. non-recurring items*, %	Operating profit excl. non-recurring items x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, excl. non-recurring items, %, moving 12 mo	Operating profit excl. non-recurring items for prior 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - income tax) x 100 / Shareholders' equity
Return on equity, %, moving 12 months	(Profit/loss for prior 12 months before tax - income tax for prior 12 months) x 100 /Shareholders' equity
Return on equity excl. non-recurring items*, %	(Profit/loss adjusted for non-recurring items before tax - income tax adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Return on equity excl. non-recurring items, %, moving 12 months	(Profit/loss for prior 12 months adjusted for non-recurring items before tax - income tax for prior 12 months adjusted for the tax effect of non-recurring items) x100 / Shareholders' equity
Equity ratio, %	Shareholders' equity x 100 / (Balance sheet total - prepayments received)
Earnings/share, diluted	(Profit/loss - non-controlling interests) / Average number of shares adjusted for the dilutive effect of options
Earnings/share, basic	(Profit/loss - non-controlling interests) / Average number of shares
Earnings/share excl. non-recurring items, basic	(Profit/loss adjusted for non-recurring items – non-controlling interests)/Average number of shares
Equity/share	Equity attributable to equity holders of the parent / Basic number of shares at the end of the reporting period
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities – money market investments – cash and cash equivalents

* Indicators for return on capital have been annualised.

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

	1.1.-31.3.2012	
K-Group's retail and B2B sales	**€ million**	**Change, %**
K-Group's food trade		
K-food stores, Finland	1,117	6.5
Kespro	179	10.5
Food trade total	**1,296**	**7.0**
K-Group's home and speciality goods trade		
Home and speciality goods stores, Finland	400	4.3
Home and speciality goods stores, other countries	13	(..)
Home and speciality goods trade total	**413**	**6.6**
K-Group's building and home improvement trade		
K-rauta and Rautia	187	7.1
Rautakesko B2B Service	48	15.5
K-maatalous	89	11.9
Finland total	**324**	**9.6**
Building and home improvement stores, other Nordic countries	244	14.3
Building and home improvement stores, Baltic countries	71	13.9
Building and home improvement stores, other countries	69	11.4
Building and home improvement trade total	**707**	**11.8**
K-Group's car and machinery trade		
VV-Autotalot	138	41.1
VV-Auto, import	159	25.9
Konekesko, Finland	49	1.4
Finland total	**346**	**27.0**
Konekesko, Baltic countries	17	30.7
Car and machinery trade total	**363**	**27.1**

Finland total	**2,366**	**9.4**
Other countries total	**413**	**16.7**
Retail and B2B sales total	**2,779**	**10.4**

(..) Change over 100%