Interim Report Q1/2012

STOCKMANN

STOCKMANN plc, Interim Report 27.4.2012 at 8.00 EET

Operating result improved by EUR 14 million from previous year

January - March 2012:
Consolidated revenue up 10.4 per cent to EUR 450.3 million (EUR 407.7 million).
Operating result was EUR -16.2 million (EUR -29.9 million).
Result for the period was EUR -20.9 million (EUR -34.8 million).
Earnings per share came to EUR -0.29 (EUR -0.49).

CEO Hannu Penttilä:
"The Stockmann Group's revenue increased in the first quarter of 2012 in all business divisions. The St Petersburg department store boosted the revenue growth in Russia, but I am particularly proud that all our market areas improved their sales despite the uncertain market environment.

"There are indications that the market for affordable fashion is improving after the slow performance in 2011. The fashion market in Sweden grew in March after a year of declining sales. Lindex has gained market share both in Sweden and in other markets.

"Stockmann's first quarter operating result is typically negative due to seasonal variation. This year good sales volumes reduced the relative share of costs and increased the operating result by almost EUR 14 million. Lindex performed very well, particularly in March. We were able to improve operating profit in Russia significantly, thanks to increased revenue in the department stores. This provides a solid foundation for achieving a positive full-year operating profit in Russia, excluding Bestseller operations.

The Crazy Days campaign, which took place after the reporting period, in April, again reached a new revenue record with a growth of 13 per cent. This gives us an excellent start for the second quarter and we are well positioned for good performance in the rest of 2012, keeping in mind the volatile market, which may cause disruptions in consumer behaviour. Stockmann's full-year operating profit is expected to be above the figure for 2011, provided that the market sentiment does not significantly worsen."

KEY FIGURES

	1-3/2012	1-3/2011	1-12/2011
Revenue, EUR mill.	**450.3**	407.7	2 005.3
Revenue growth, %	**10.4**	9.4	10.1
Relative gross margin, %	**48.0**	47.4	48.7
Operating profit, EUR mill.	**-16.2**	-29.9	70.1
Net financial costs, EUR mill.	**8.7**	8.3	34.4
Profit before tax, EUR mill.	**-24.9**	-38.3	35.7
Profit for the period, EUR mill.	**-20.9**	-34.8	30.8
Earnings per share, undiluted, EUR	**-0.29**	-0.49	0.43
Equity per share, EUR	**11.30**	11.13	12.11
Cash flow from operating activities, EUR mill.	**-73.3**	-145.4	66.2
Capital expenditure, EUR mill.	**10.3**	23.8	66.0
Net gearing, %	**112.5**	119.7	95.3
Equity ratio, %	**38.5**	36.8	42.2
Number of shares, undiluted, weighted average, 1 000 pc	**71 841**	71 146	71 496
Return on capital employed, rolling 12 months	**4.8**	4.3	4.1
Personnel, average	**15 057**	15 552	15 964

REVENUE AND EARNINGS

Uncertainties in the market continued at the start of 2012, mainly due to the unresolved European debt crisis. This did not, however, significantly affect consumer behaviour during the quarter. The market for affordable fashion improved slightly towards the end of the quarter. General market environment in Russia and the Baltic countries remained good.

The Stockmann Group's first-quarter revenue was up 10.4 per cent to EUR 450.3 million (EUR 407.7 million). All business divisions and all market areas increased their revenue. Revenue in Finland grew by 5.6 per cent to EUR 224.0 million. Revenue abroad was up 15.7 per cent and amounted to EUR 226.2 million. If like-for-like exchange rates are used, the Group's revenue abroad grew by 14.7 per cent. Growth was strongest in Russia, which was particularly due to significantly increased sales in the St Petersburg department store. Revenue abroad accounted for 50.2 per cent (48.0 per cent) of the Group's total revenue.

The Group's January-March gross profit grew by EUR 22.7 million, to a total of EUR 216.1 million. The relative gross margin was 48.0 per cent (47.4 per cent). The growth was due to the increased margin in the Department Store Division and Seppälä. Operating costs were up by 4.7 per cent, or EUR 9.7 million, and amounted to EUR 213.9 million. Depreciation was EUR 18.4 million (EUR 19.1 million).

The consolidated operating result for January-March was up by EUR 13.7 million, to EUR -16.2 million (EUR -29.9 million). All divisions improved their operating result.

A decision to close down the Group's unprofitable operations in Ukraine was made in the quarter. The operating result includes a provision of EUR 0.5 million for non-recurring expenses due to the closure. The operations in Ukraine were started in 2008 and they consist currently of two Seppälä stores, which will be closed by the end of 2012. Seppälä's operation has been a test of the Ukrainian market and business environment for potential expansion of the Group's other businesses. Stockmann considers that there are no opportunities for expansion in the foreseeable future.

Net financial expenses during the first three months grew by EUR 0.4 million, reaching EUR 8.7 million (EUR 8.3 million), due to increased interest rates on liabilities in Swedish krona. Non-recurring foreign exchange losses in the quarter were EUR 0.1 million (EUR 0.7 million).

The result before taxes for the period was EUR -24.9 million, or EUR 13.3 million better than a year earlier. A tax credit of EUR 4.0 million (EUR 3.5 million) was booked on the loss posted for the period. The result for the period was EUR -20.9 million (EUR -34.8 million).

Earnings per share for January-March amounted to EUR -0.29 (EUR -0.49) and, diluted for options, EUR -0.29 (EUR -0.48). Equity per share was EUR 11.30 (EUR 11.13).

REVENUE AND EARNINGS BY BUSINESS DIVISION

Department Store Division

The Department Store Division's revenue was up by 9.4 per cent to EUR 280.5 million (EUR 256.4 million). Revenue in Finland was up 4.2 per cent to EUR 188.3 million (EUR 180.8 million). Due to relatively low opening stock, the department stores did not have a big sale at the start of the quarter. Growth increased towards the end of the quarter.

Euro-denominated revenue from international operations grew by 22.2 per cent to EUR 92.2 million (EUR 75.4 million). Revenue abroad accounted for 32.9 per cent (29.4 per cent) of the division's total revenue. Revenue in Russia was boosted by the strongly increased sales in the St Petersburg department store. Other department stores in Russia and the Baltic countries also performed favourably.

The relative gross margin during the period improved to 40.4 per cent (39.7 per cent). The Department Store Division's operating result increased by EUR 8.3 million to EUR -6.5 million (EUR -14.8 million). Operating costs increased slower than the revenue growth. The Bestseller franchising operations, which will be closed by the end of 2012, made an operating result of EUR -1.5 million (EUR -1.6 million) in the quarter.

The Crazy Days campaign, which took place after the first quarter in April, again reached a new revenue record with a growth of 13 per cent. In Finland the campaign's revenue was up 5 per cent, in the Baltic countries 4 per cent and in Russia 38 per cent.

Lindex

Lindex's January-March revenue totalled EUR 138.2 million, which was 12.1 per cent more than a year earlier (EUR 123.3 million). Measured in local currencies, revenue was up 10.2 per cent. Revenue grew very strongly in all countries except Sweden, where growth was modest. Revenue in Finland was up 16.4 per cent, while in other countries it was up 11.6 per cent.

The relative gross margin for the period was at the previous year's level, at 61.9 per cent (62.1 per cent). Costs and depreciation increased at a slower rate than gross profit, especially in Sweden. Lindex's first-quarter operating result was up by EUR 5.3 million, to EUR -2.5 million (EUR -7.9 million), thanks to very good performance particularly in March.

Seppälä

Seppälä's first-quarter revenue increased by 12.3 per cent compared with the same in 2011, to EUR 31.3 million (EUR 27.9 million). Revenue was up 12.1 per cent in Finland and 12.7 per cent abroad. Revenue abroad accounted for 36.3 per cent (36.2 per cent) of the division's total revenue.

The relative gross margin increased to 54.2 per cent (53.8 per cent). Seppälä's operating result was EUR -4.7 million (EUR -4.9 million). The operating result includes a provision of EUR 0.5 million for non-recurring expenses due to closure of the business in Ukraine. The two Ukrainian stores will be closed by the end of the year.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 28.2 million at the end of March 2012, as against EUR 31.6 million a year earlier and EUR 33.2 million at the close of 2011. Cash flow from operating activities came to EUR -73.3 million (EUR -145.4 million).

Net working capital excluding cash and cash equivalents amounted to EUR 164.5 million at the end of March, as against EUR 151.6 million a year earlier and EUR 137.9 million at the end of 2011. Stock levels in the Department Store Division and Lindex were as forecasted, whereas Seppälä's stock level was somewhat higher than planned.

The Annual General Meeting decided on 15 March 2012 to pay dividends totalling EUR 35.9 million on the 2011 earnings. As in 2011, the dividends were paid in April.

Interest-bearing liabilities at the end of March were EUR 941.7 million (EUR 979.5 million), of which EUR 542.3 million (EUR 520.1 million) was long-term debt. In addition, the Group has EUR 305.2 million in undrawn, long-term committed credit facilities and EUR 310.2 million in uncommitted credit facilities. At the close of 2011, interest-bearing liabilities amounted to EUR 862.5 million, of which EUR 533.9 million was long-term debt.

The equity ratio was 38.5 per cent (36.8 per cent) at the end of March. At the close of 2011 the equity ratio was 42.2 per cent. Net gearing at the end of March was 112.5 per cent (119.7 per cent). At the end of 2011, net gearing was 95.3 per cent.

The return on capital employed over the past 12 months was 4.8 per cent (4.1 per cent in 2011). The Group's capital employed decreased by EUR 18.1 million from March 2011, standing at EUR 1 753.4 million on 31 March 2012 (EUR 1 771.6 million).

CAPITAL EXPENDITURE

Capital expenditure during the first three months of the year totalled EUR 10.3 million (EUR 23.8 million). Depreciation was EUR 18.4 million (EUR 19.1 million).

In the Department Store Division the project to introduce a new enterprise resource planning (ERP) system is continuing in 2012. A total of EUR 1.5 million was spent on the project during the first quarter. The Department Store Division closed one Stockmann Beauty store in Finland and four Bestseller franchising stores in Russia during the quarter. The Division's capital expenditure during the first three months totalled EUR 4.1 million (EUR 15.5 million).

Lindex opened seven stores during the first quarter: one in Sweden, one in Russia, one in the Czech Republic, one franchising store in Saudi Arabia and three franchising stores in the United Arab Emirates. Two stores were closed in the quarter: one in Finland and one in Norway. Lindex's capital expenditure totalled EUR 4.8 million (EUR 6.6 million).

Seppälä opened one new store in Russia and closed three stores, one in Finland and two in Russia, during the quarter. Seppälä's capital expenditure totalled EUR 0.4 million (EUR 1.1 million).

The Group's other capital expenditure came to a total of EUR 1.0 million (EUR 0.5 million). The Group's financial management systems are being replaced gradually in connection with the renewal of the Department Store Division's ERP system.

STORE NETWORK ON 3 MARCH 2012

Stockmann Group	Total 31.12.2011	New stores	Closed stores	Total 31.3.2012
Department stores*	16			16
Bestseller stores	18		4	14
Stockmann Beauty stores	13		1	12
Other stores in Department Store Division**	9			9
Lindex stores	446	7	2	451
of which franchising	23	4		27
of which own stores	423	3	2	424
Seppälä stores	229	1	3	227

* Academic Bookstores are part of the department stores in Finland
** 4 Zara franchising stores, 1 Hobby Hall store, 3 outlets, 1 concept store

NEW PROJECTS

Total capital expenditure in 2012 is estimated to be approximately EUR 50 million, which is clearly less than the amount of depreciation, estimated at about EUR 75 million.

Lindex will expand its store network by approximately 20 new stores in 2012, excluding franchising stores. Seppälä will open and close some stores in 2012. The approximate total number of Seppälä stores will remain the same as in 2011. Stockmann will close its Bestseller franchising stores in Russia by the end of 2012. Some of the Bestseller stores will be converted into Lindex stores.

The Academic Bookstore's online store will be renewed during 2012. This will make use of the same technical platform used in the Department Store Division's other online stores. The new online store will be opened in summer 2012. The renewal will bring a new look to the online store and its marketing.

The Stockmann Department Store in Itäkeskus, Helsinki will move to a new location in the Itis shopping mall by the end of 2013. The store's retail space, around 11 000 square metres, will remain as before but the premises and store concept will be completely renewed. The investment will be mostly paid by the lessor.

In 2010, Stockmann signed a contract for the enlargement of its Tampere department store, which operates in leased premises. The enlargement of around 4 000 square metres will increase the department store's retail space to approximately 15 000 square metres. Due to further delays in the city planning process, the target for completing the enlargement has been postponed to 2014. Stockmann's investment will be approximately EUR 6 million.

In June 2011, Stockmann signed a preliminary agreement concerning the renewal of the Stockmann department store in Tapiola. The objective of the agreement is to open an enlarged and completely renewed department store in 2016 in a new building owned by the Tapiola Group, close by the existing department store property. The project is part of a larger renewal plan for the Tapiola area and is to be further developed together with the owner of the property. The plans will be finalised during the city planning and building permit process.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc, held in Helsinki on 15 March 2012, adopted the financial statements for the financial year 1 January - 31 December 2011, granted release from liability to the responsible officers and resolved to pay a dividend of EUR 0.50 per share for 2011, in total EUR 35.9 million. The dividend was 116.2 per cent of the earnings per share.

The Annual General Meeting resolved to elect eight members to the Board of Directors. In accordance with the Appointments and Compensation Committee's proposal, Managing Director Kaj-Gustaf Bergh, Rector Eva Liljeblom, Managing Director Kari Niemistö, Charlotta Tallqvist-Cederberg, M.Sc. (Econ.), Christoffer Taxell, LL.M., Managing Director Dag Wallgren and Carola Teir-Lehtinen, M.Sc., were re-elected, and Managing Director Per Sjödell was elected as a new member of the Board of Directors. The Board members' term of office will continue until the end of the next Annual General Meeting. It was resolved to keep the Board members' remuneration unchanged, and the remuneration will continue to be paid mainly in shares.

Jari Härmälä, Authorised Public Accountant, and Henrik Holmbom, Authorised Public Accountant, were re-elected as the regular auditors. KPMG Oy Ab, a firm of authorised public accountants, will continue as the deputy auditor.

The Annual General Meeting decided on a new share option programme for loyal customers of Stockmann. A maximum of 2 500 000 share options will be issued without payment, in deviation from the shareholders' pre-emptive rights, to loyal customers. The options will be issued to loyal customers whose purchases in companies belonging to the Stockmann Group together with purchases originating from parallel cards directed to the same account during the period 1 January 2012 - 31 December 2013 amounts to a total of at least EUR 6 000. The subscription price for the shares shall be the trading-volume weighted average price for the company's Series B shares on the Helsinki stock exchange during the period 1 February - 29 February 2012, i.e. EUR 16.36. The share subscription price with the share options shall be deducted as per the dividend record date by the amount of the dividend decided after the beginning of the subscription price determination period but before the share subscription. The exercise periods for the options will be in May 2014 and May 2015.

The Annual General Meeting further decided on amending articles 4, 7, 11 and 14 of the Articles of Association, to correspond to the terminology and changes in the Limited Liability Companies Act. The Meeting also resolved to amend article 11 so that the notice to convene the Annual General Meeting shall be placed in a newspaper published in the Helsinki area as determined by the Board of Directors, or on the company's internet site.

In its organisational meeting, which convened after the Annual General Meeting on 15 March 2012, the Board of Directors elected Christoffer Taxell as its Chairman and Kari Niemistö as its Vice Chairman. The Board of Directors elected Christoffer Taxell as Chairman of the Appointments and Compensation Committee and Kari Niemistö, Charlotta Tallqvist-Cederberg and Dag Wallgren as the other members of the Committee.

SHARES AND SHARE CAPITAL

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share. As of the end of March 2012, Stockmann had 30 627 563 Series A shares and 41 213 266 Series B shares, or a total of 71 840 829 shares. The share capital totalled EUR 143.7 million at the end of the period (EUR 142.3 million).

The company's market capitalization at the end of the period was EUR 1 186.7 million (EUR 1 636.6 million). At the end of 2011 the market capitalization stood at EUR 911.8 million.

At the end of March 2012, the price of Stockmann's Series A shares was EUR 17.00, compared with EUR 13.65 at the end of 2011, and the Series B shares were selling at EUR 16.16, as against EUR 11.98 at the end of 2011. A total of 0.1 million (0.1 million) Series A shares and 4.5 million Series B shares (4.9 million) were traded during the quarter. This corresponds to 0.4 per cent of the average number of Series A shares and 10.8 per cent of the average number of Series B shares.

The company does not hold any of its own shares, and the Board of Directors has no valid authorisations to purchase shares of the company or to issue new shares.

At the end of March 2012, Stockmann had 56 117 shareholders, compared with 45 760 a year earlier. Stockmann did not receive any flagging announcements due to changes in major shareholdings in the reporting period.

PERSONNEL

The Group's average number of personnel in the first quarter was 15 057, which is 495 less than in the same period in 2011. The average number of employees, in terms of full-time equivalents, decreased by 179 to 11 664 (11 843).

At the end of March 2012, the Group had 15 009 employees (16 224). The decline is mostly due to timing of the Crazy Days campaign, which affects the number of fixed-term seasonal employees. The number of personnel working abroad was 8 596 (9 039) which was 57 per cent (56 per cent) of the total.

The Group's wages and salaries amounted to EUR 77.0 million, compared with EUR 76.8 million a year earlier. The employee benefits expenses totalled EUR 98.6 million (EUR 98.0 million) which is equivalent to 22 per cent (24 per cent) of revenue.

RISK FACTORS

The Stockmann Group has business operations in the Nordic countries, Russia, the Baltic countries and eastern Central Europe. The general economic situation is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets and any increases in income taxes and value added taxes may influence the behaviour of both financial markets and consumers.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries, and the operating environment is less stable owing to factors such as the undeveloped state of business culture and the country's infrastructure. The role of the grey economy is still considerable and plays a part in distorting competition. Russia's membership in the World Trade Organisation (WTO), which is expected to take place in 2012, would bring greater clarity to the competitive environment, for instance via reductions in import duties. Energy prices, especially oil prices, have a significant impact on the development of the Russian economy and consumer purchasing behaviour.

Fashion accounts for over two thirds of the Group's revenue. An inherent aspect of the fashion trade is the short life cycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. The Group addresses these factors as part of its day-to-day management of operations. With the exclusion of major exceptional situations, these factors are not expected to have a significant effect on the Group's revenue or earnings.

The Group's operations are based on flexible logistics and efficient flows of goods. Delays and disturbances in the flow of goods and information can have a temporary adverse effect on operations. Every effort is made to manage these operational risks by developing appropriate back-up systems and alternative ways of operating, and by seeking to minimise disturbances to information systems. Operational risks are also met by taking out insurance cover. Operational risks are not considered to have any significant effect on Stockmann's business activities.

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, the euro, and the Swedish krona, the Norwegian krone, the Russian rouble, the US dollar and certain other currencies. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors, and these risks are not considered to have a significant effect on the Group's business operations.

OUTLOOK FOR THE REST OF 2012

The unstable state of the world economy and the unresolved European debt crisis create a challenging basis for assessing the future outlook, especially the long-term retail market development. The market sentiment is currently more positive than earlier this year.

The Russian market is likely to continue to perform better than the Nordic countries, provided that the price of oil does not drop significantly from its current level. The growth of consumer markets in the Baltic countries is expected to continue. However, high uncertainty and low consumer confidence may continue to affect consumers' willingness to purchase in all markets.

The market for affordable fashion developed poorly in 2011, particularly in Sweden. There are indications that the market will improve in 2012.

Stockmann's decision to discontinue the loss-making Bestseller franchising operation during 2012 will have a minor impact on revenue in Russia, but will improve operating profit from 2013 onwards. Stockmann's target is to achieve a positive operating profit, excluding Bestseller operations, in Russia in 2012.

During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed capital expenditure projects as well as on the efficient use of capital. Additionally, attention will be given to improving cost efficiency in all units. The Group's capital expenditure is estimated to be clearly lower than depreciation, and to amount to approximately EUR 50 million in 2012.

Stockmann expects the Group's revenue and operating profit to be above the figures for 2011, provided that the market sentiment does not significantly worsen.

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. Finance income from Loyal Customer cards is reported as revenue since the start of 2012. Earlier it was recognized as a reduction in other operating expenses. In the first quarter of 2012 the income was EUR 2.6 million, as against EUR 2.5 million in the first quarter of 2011. The change in reporting has not been applied for the 2011 figures. The change has no material effect on comparability. The accounting policies and calculation methods applied are the same as those in the 2011 financial statements. The figures are unaudited.

Helsinki, Finland, 26 April 2012

STOCKMANN plc
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
REVENUE	**450.3**	407.7	2 005.3
Other operating income	**0.0**	-0.0	0.2
Materials and consumables	**-234.2**	-214.3	-1 028.4
Wages, salaries and employee benefits expenses	**-98.6**	-98.0	-390.0
Deprecation, amortisation and impairment losses	**-18.4**	-19.1	-77.7
Other operating expenses	**-115.3**	-106.2	-439.4
Total expenses	**-466.5**	-437.6	-1 935.5
OPERATING PROFIT	**-16.2**	-29.9	70.1
Finance income	**0.4**	-0.7	0.5
Finance expenses	**-9.1**	-7.7	-34.9
Total finance income and expenses	**-8.7**	-8.3	-34.4
PROFIT BEFORE TAX	**-24.9**	-38.3	35.7
Income taxes	**4.0**	3.5	-4.9
PROFIT FOR THE PERIOD	**-20.9**	-34.8	30.8
Profit for the period attributable to:			
Equity holders of the parent company	**-20.9**	-34.8	30.8
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**-0.29**	-0.49	0.43
EPS, diluted, adjusted for share issue, EUR	**-0.29**	-0.48	0.43

EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
PROFIT FOR THE PERIOD	**-20.9**	-34.8	30.8
Other comprehensive income			
Exchange differences on translating foreign operations	**0.7**	0.2	2.1
Cash flow hedges	**-2.3**	-1.1	2.4
Other comprehensive income for the period, net of tax	**-1.7**	-0.9	4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-22.6**	-35.7	35.2
Total comprehensive income attributable to:	**1.0**	1.0	1.0
Equity holders of the parent company	**-22.6**	-35.7	35.2
Non-controlling interest	**0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.3.2012	31.3.2011	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**103.0**	102.0	102.3
Intangible rights	**19.7**	19.2	19.9
Other intangible assets	**0.3**	0.9	0.4
Advance payments and construction in progress	**14.0**		10.5
Goodwill	**794.4**	786.6	788.5
Intangible assets, total	**931.4**	908.7	921.5
Property, plant and equipment			
Land and water	**42.2**	43.8	42.2
Buildings and constructions	**467.8**	485.7	470.3
Machinery and equipment	**120.3**	130.8	125.0
Modification and renovation expenses for leased premises	**43.8**	53.9	45.7
Advance payments and construction in progress	**6.6**	17.3	8.1
Property, plant and equipment, total	**680.8**	731.4	691.2
Non-current receivables	**0.5**	0.7	0.5
Available-for-sale investments	**5.0**	5.0	5.0
Deferred tax asset	**11.8**	9.0	11.6
NON-CURRENT ASSETS, TOTAL	**1 629.6**	1 654.9	1 629.9
CURRENT ASSETS			
Inventories	**311.4**	305.4	264.7
Current receivables			
Interest-bearing receivables	**43.2**	70.8	45.6
Income tax receivables	**25.8**	19.1	13.6
Non-interest-bearing receivables	**69.9**	72.4	75.6
Current receivables, total	**138.9**	162.3	134.8
Cash and cash equivalents	**28.2**	31.6	33.2
CURRENT ASSETS, TOTAL	**478.5**	499.3	432.8
ASSETS, TOTAL	**2 108.1**	2 154.2	2 062.7

EUR mill.	31.3.2012	31.3.2011	31.12.2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**143.7**	142.3	143.7
Share premium fund	**186.1**	186.1	186.1
Other funds	**294.9**	286.8	294.9
Translation reserve	**6.2**	3.7	5.6
Retained earnings	**180.8**	173.1	239.7
Equity attributable to equity holders of the parent company	**811.7**	792.0	869.9
Non-controlling interest	**0.0**	-0.0	0.0
EQUITY, TOTAL	**811.7**	792.0	869.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**68.2**	66.2	68.1
Non-current interest-bearing liabilities	**542.3**	520.1	533.9
Provisions for pensions	**0.4**	0.3	0.4
Non-current non-interest-bearing liabilities and provisions	**0.2**	0.1	0.1
NON-CURRENT LIABILITIES, TOTAL	**611.1**	586.6	602.5
CURRENT LIABILITIES			
Current interest-bearing liabilities	**399.5**	459.5	328.6
Current non-interest-bearing liabilities	**0**	0	0
Trade payables and other current liabilities	**280.9**	314.3	259.5
Income tax liabilities	**4.4**	1.9	2.2
Current provisions	**0.5**		
Current non-interest-bearing liabilities, total	**285.8**	316.1	261.7
CURRENT LIABILITIES, TOTAL	**685.3**	775.6	590.3
LIABILITIES, TOTAL	**1 296.4**	1 362.2	1 192.8
EQUITY AND LIABILITIES, TOTAL	**2 108.1**	2 154.2	2 062.7

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–31.3.2012	1.1.–31.3.2011	1.1.–31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**-20.9**	-34.8	30.8
Adjustments for:			
Depreciation, amortisation & impairment losses	**18.4**	19.1	77.7
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.0**	0.0	0.3
Interest and other financial expenses	**9.1**	7.7	34.9
Interest income	**-0.4**	0.7	-0.5
Income taxes	**-4.0**	-3.5	4.9
Other adjustments	**0.8**	0.4	1.5
Working capital changes:			
Increase (-) /decrease (+) in inventories	**-45.2**	-64.8	-23.8
Increase (-) / decrease (+) in trade and other current receivables	**3.2**	-28.5	1.6
Increase (+) / decrease (-) in current liabilities	**-20.6**	-38.9	-27.1
Interest and other financial expenses paid	**-8.5**	-5.3	-32.5
Interest received from operating activities	**0.1**	0.1	0.3
Other financing items from operating activities	**0.0**	-0.1	0.0
Income taxes paid from operating activities	**-5.3**	2.5	-2.0
Net cash from operating activities	**-73.3**	-145.4	66.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**-9.4**	-21.3	-63.9
Proceeds from sale of tangible and intangible assets	**0.1**	0.1	5.2
Proceeds from sale of investments	**0.0**	-0.1	0.0
Proceeds from repayments of loans	**0.0**	0.0	0.0
Dividends received from investing activities	**0.0**	0.0	0.1
Net cash used in investing activities	**-9.3**	-21.3	-58.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**0.0**	0.0	6.0
Proceeds from current liabilities	**334.6**	160.5	263.7
Repayment of current liabilities	**-263.8**	0.0	-284.7
Proceeds from non-current liabilities	**10.0**	0.0	90.4
Repayment of non-current liabilities	**-4.5**	-0.1	-25.5
Payment of finance lease liabilities	**-2.6**	-0.5	-2.5
Dividends paid	**0.0**	0.0	-58.3
Net cash used in financing activities	**73.7**	160.0	-10.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-8.8**	-6.8	-3.4
Cash and cash equivalents at the beginning of the period	**33.2**	36.7	36.7
Cheque account with overdraft facility	**-0.1**	-0.3	-0.3
Cash and cash equivalents at the beginning of the period	**33.2**	36.4	36.4
Net increase/decrease in cash and cash equivalents	**-8.8**	-6.8	-3.4
Effects of exchange rate fluctuations on cash held	**0.1**	0.1	0.1
Cash and cash equivalents at the end of the period	**28.2**	31.6	33.2
Cheque account with overdraft facility	**-3.8**	-1.9	-0.1
Cash and cash equivalents at the end of the period	**24.4**	29.7	33.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital*	Share premum fund	Hedging reserve**	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2011	142.3	186.1	-0.6	244.6	43.8	3.5	266.0	**885.7**	-0.0	**885.7**
Dividend distribution							-58.3	**-58.3**		**-58.3**
Options exercised							0.3	**0.3**		**0.3**
Total comprehensive income for the period**			-1.1			0.2	-34.8	**-35.7**		**-35.7**
Other changes					0.1		-0.0	**0.1**		**0.1**
SHAREHOLDERS' EQUITY 31.3.2011	142.3	186.1	-1.7	244.6	43.9	3.7	173.1	**792.0**	-0.0	**792.0**

EUR mill.	Share capital*	Share premum fund	Hedging reserve**	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2011	142.3	186.1	-0.6	244.6	43.8	3.5	266.0	**885.7**	-0.0	**885.7**
Dividend distribution							-58.3	**-58.3**		**-58.3**
Share issue	1.4							**1.4**		**1.4**
Options exercised							1.2	**1.2**		**1.2**
Share premium				4.6				**4.6**		**4.6**
Total comprehensive income for the period**			2.4			2.1	30.8	**35.2**		**35.2**
Other changes					0.1		0.1	**0.1**		**0.1**
SHAREHOLDERS' EQUITY 31.12.2011	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	-0.0	**869.9**

EUR mill.	Share capital*	Share premum fund	Hedging reserve**	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2012	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	0.0	**869.9**
Dividend distribution							-35.9	**-35.9**		**-35.9**
Options exercised							0.3	**0.3**		**0.3**
Total comprehensive income for the period**			-2.3	0.0		0.7	-20.9	**-22.6**		**-22.6**
Other changes							-0.0	**-0.0**		**-0.0**
SHAREHOLDERS' EQUITY 31.3.2012	143.7	186.1	-0.6	249.2	43.9	6.2	183.2	**811.7**	0.0	**811.7**

* Including share issue
** Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
Department Store Division	**280.5**	256.4	1 236.9
Lindex	**138.2**	123.3	624.1
Seppälä	**31.3**	27.9	143.8
Segments, total	**450.1**	407.6	2 004.8
Unallocated	**0.1**	0.1	0.5
Group total	**450.3**	407.7	2 005.3

Operating profit, EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
Department Store Division	**-6.5**	-14.8	35.2
Lindex	**-2.5**	-7.9	41.2
Seppälä	**-4.7**	-4.9	1.4
Segments, total	**-13.7**	-27.6	77.9
Unallocated	**-2.5**	-2.3	-7.8
Group total	**-16.2**	-29.9	70.1
Reconciliation to the item profit before tax:			
Financial income	**0.4**	-0.7	0.5
Financial expenses	**-9.1**	-7.7	-34.9
Consolidated profit before taxes	**-24.9**	-38.3	35.7

Depreciation, amortisation and impairment losses , EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
Department Store Division	**10.2**	10.9	44.5
Lindex	**6.5**	6.3	25.9
Seppälä	**1.4**	1.6	6.2
Segments, total	**18.1**	18.8	76.6
Unallocated	**0.3**	0.2	1.1
Group total	**18.4**	19.1	77.7

Investments, gross, EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1.–31.12.2011
Department Store Division	**4.1**	15.5	35.4
Lindex	**4.8**	6.6	23.7
Seppälä	**0.4**	1.1	4.3
Segments, total	**9.3**	23.3	63.4
Unallocated	**1.0**	0.5	2.6
Group total	**10.3**	23.8	66.0

Assets, EUR mill.	**1.1.–31.3.2012**	1.1.–31.3.2011	1.1–.31.12.2011
Department Store Division	**913.9**	979.6	892.6
Lindex	**1 044.4**	1 035.9	1 027.9
Seppälä	**106.8**	107.7	111.7
Segments, total	**2 065.0**	2 123.2	2 032.2
Unallocated	**43.1**	31.0	30.5
Group total	**2 108.1**	2 154.2	2 062.7

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.3.2012	1.1.–31.3.2011	1.1.–31.12.2011
Finland 1)	224.0	212.2	1,026.2
Sweden and Norway 2)	111.6	102.5	509.3
Baltic countries and Central Europe 1) *	33.0	28.5	141.3
Russia and Ukraine 1)	81.6	64.5	328.5
Group total	450.3	407.7	2 005.3
Finland %	49.8%	52.0%	51.2%
International operations %	50.2%	48.0%	48.8%

Operating profit, EUR mill.	1.1.–31.3.2012	1.1.–31.3.2011	1.1.–31.12.2011
Finland 1)	-8.8	-10.7	37.8
Sweden and Norway 2)	1.9	-3.1	47.9
Baltic countries and Central Europe 1) *	-2.0	-2.5	3.3
Russia and Ukraine 1)	-7.3	-13.6	-19.0
Group total	-16.2	-29.9	70.1
Finland %	54.0%	35.7%	53.9%
International operations %	46.0%	64.3%	46.1%

Non-current assets, EUR mill.	1.1.–31.3.2012	1.1.–31.3.2011	1.1.–31.12.2011
Finland 1)	463.0	469.7	463.8
Sweden and Norway 2)	857.3	852.3	851.8
Baltic countries and Central Europe 1) *	46.0	47.8	46.8
Russia and Ukraine 1)	251.4	276.1	256.1
Group total	1 617.7	1 645.9	1 618.3
Finland %	28.6%	28.5%	28.7%
International operations %	71.4%	71.5%	71.3%

1) Department Store Division, Lindex, Seppälä   2) Lindex   * Estonia, Latvia, Lithuania, Zech Republic, Slovakia, Poland

KEY FIGURES OF THE GROUP

	31.3.2012	31.3.2011	31.12.2011
Equity ratio, per cent	38.5	36.8	42.2
Net gearing, per cent	112.5	119.7	95.3
Cash flow from operating activities per share, EUR	-1.02	-2.04	0.93
Interest-bearing net debt, EUR mill.	870.3	877.2	783.7
Number of shares at the end of the period, thousands	71 841	71 146	71 841
Weighted average number of shares, thousands	71 841	71 146	71 496
Weighted average number of shares, diluted, thousands	72 108	71 936	71 789
Market capitalization, EUR mill.	1 186.7	1 636.6	911.8
Operating profit, per cent of turnover	-3.6	-7.3	3.5
Equity per share, EUR	11.30	11.13	12.11
Return on equity, rolling 12 months, per cent	5.6	5.2	3.5
Return on capital employed, rolling 12 months, per cent	4.8	4.3	4.1
Average number of employees, converted to full-time equivalents	11 664	11 843	12 172
Investments, EUR mill.	10.3	23.8	66.0

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent = 100 x $\frac{\text{Equity + minority interest}}{\text{Total assets less advance payments received}}$

Net gearing, per cent = 100 x $\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity total}}$

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Market capitalization = Number of shares multiplied by the quotation for the respective share series on teh balance sheet day

Earnings per share, adjusted for share issues = $\frac{\text{Profit before taxes – minority interest – income taxes}}{\text{Average number of shares, adjusted for share issues}}$

Return on equity, per cent, moving 12 months = $\frac{\text{100 x Profit for the period (12 months)}}{\text{Equity + minority interest (average over 12 months)}}$

Return on capital employed, per cent, moving 12 months = $\frac{\text{100 x Profit before taxes + interest and other financial expenses (12 months)}}{\text{Capital employed (average over 12 months)}}$

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR mill.	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Revenue	**450.3**	626.1	461.3	510.2	407.7	576.9	420.7	451.7
Other operating income	**0.0**	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Materials and consumables	**-234.2**	-321.9	-234.6	-257.5	-214.3	-291.7	-210.2	-220.2
Wages, salaries and employee benefits expenses	**-98.6**	-104.4	-88.7	-98.9	-98.0	-102.9	-82.7	-90.4
Depreciation, amortisation and impairment losses	**-18.4**	-20.8	-18.9	-18.9	-19.1	-17.1	-15.3	-15.2
Other operating expenses	**-115.3**	-119.7	-104.1	-109.4	-106.2	-116.6	-94.0	-95.0
Operating profit	**-16.2**	59.3	15.2	25.6	-29.9	48.5	18.4	30.9
Finance income	**0.4**	0.3	0.0	0.9	-0.7	2.9	0.3	1.3
Finance expenses	**-9.1**	-8.5	-8.8	-10.0	-7.7	-7.1	-6.9	-4.5
Total financial income and expenses	**-8.7**	-8.1	-8.8	-9.2	-8.3	-4.2	-6.6	-3.2
Profit before tax	**-24.9**	51.1	6.4	16.4	-38.3	44.3	11.9	27.8
Income taxes	**4.0**	-5.9	-0.7	-1.7	3.5	-7.3	1.5	-2.1
Profit for the period	**-20.9**	45.2	5.7	14.7	-34.8	37.1	13.4	25.7
Earnings per share per quarter								
EUR	**Q1 2012**	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Undiluted	**-0.29**	0.63	0.08	0.21	-0.49	0.52	0.19	0.36
Diluted	**-0.29**	0.63	0.08	0.20	-0.48	0.51	0.19	0.36
Operating segments per quarter								
EUR mill.	**Q1 2012**	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Revenue								
Department Store Division	**280.5**	408.5	266.0	306.0	256.4	373.4	235.0	265.5
Lindex	**138.2**	177.4	157.8	165.6	123.3	165.6	149.4	148.1
Seppälä	**31.3**	40.0	37.6	38.3	27.9	37.9	36.8	37.7
Unallocated	**0.1**	0.3	-0.2	0.3	0.1	0.0	-0.5	0.5
Group total	**450.3**	626.1	461.3	510.2	407.7	576.9	420.7	451.7
Operating profit								
Department Store Division	**-6.5**	39.6	2.9	7.6	-14.8	30.9	1.4	8.8
Lindex	**-2.5**	20.4	11.4	17.3	-7.9	17.1	16.2	19.5
Seppälä	**-4.7**	2.2	1.5	2.6	-4.9	2.8	2.2	4.8
Unallocated	**-2.5**	-2.9	-0.6	-1.9	-2.3	-2.3	-1.4	-2.2
Group total	**-16.2**	59.3	15.2	25.6	-29.9	48.5	18.4	30.9

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.3.2012**	31.3.2011	31.12.2011
Acquisition cost at the beginning of the period	**1 953.2**	1 909.3	1 909.3
Translation difference +/-	**7.5**	3.2	6.3
Increases during the period	**10.3**	23.8	66.0
Decreases during the period	**-0.1**	-0.5	-17.9
Transfers between items during the period		-0.0	0.0
Acquisition cost at the end of the period	**1 967.4**	1 935.8	1 953.2
Accumulated depreciation at the beginning of the period	**-350.9**	-277.2	-277.2
Translation difference +/-	**0.0**	0.2	-0.6
Depreciation on reductions during the period		0.4	4.6
Depreciation ans amortisation during the period	**-18.4**	-19.1	-77.7
Accumulated depreciation at the end of the period	**-369.2**	-295.6	-350.9
Carrying amount at the beginning of the period	**1 602.3**	1 632.1	1 632.1
Carrying amount at the end of the period	**1 598.2**	1 640.1	1 602.3
The calculation of consolidated assets includes following changes in consolidated goodwill:			
Goodwill, EUR mill.	**31.3.2012**	31.3.2011	31.12.2011
Acquisition cost at the beginning of the period	**788.5**	783.8	783.8
Translation difference +/-	**5.9**	2.9	4.7
Acquisition cost at the end of the period	**794.4**	786.6	788.5
Carrying amount at the beginning of the period	**788.5**	783.8	783.8
Carrying amount at the end of the period	**794.4**	786.6	788.5

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS OFF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Contingent liabilites, EUR mill.	31.3.2012	31.3.2011	31.12.2011
Mortages on land and buildings	**201.7**	201.7	201.7
Pledges	**0.5**	0.5	0.4
Liabilities of adjustments of VAT deductions made on investments to immovable property	**28.0**	34.5	35.0
Total	**230.2**	236.6	237.0

Lease agreements on the Groups' business premises, EUR mill.	31.3.2012	31.3.2011	31.12.2011
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**161.5**	156.0	180.1
After one year	**682.4**	670.0	669.2
Total	**843.9**	826.1	849.3

The Groups' lease payments, EUR mill.	31.3.2012	31.3.2011	31.12.2011
Within one year	**7.3**	7.3	7.3
After one year	**4.8**	11.2	6.4
Total	**12.1**	18.5	13.7

The Groups' derivate contracts, EUR mill.	31.3.2012	31.3.2011	31.12.2011
Nominal value			
Currency derivatives	**517.5**	625.3	495.9
Electricity derivates	**1.9**	3.0	2.2
Total	**519.4**	628.3	498.0

LEGAL PROCEEDINGS

AB Lindex has through legal proceedings requested to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by the Lindex Group's German subsidiary. In 2008 the Gothenburg Administrative Court of Appeal overturned the favourable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. Further action in this case will depend on the result of the legal process described below concerning the elimination of double taxation between AB Lindex and Lindex GmbH.

AB Lindex and its German subsidiary, Lindex GmbH, have requested the German and Swedish competent authorities to eliminate the double taxation arising from intra-Group transactions in the tax years 1997–2004 on the basis of the EC Arbitration Convention and the tax treaty between Germany and Sweden. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. The process continued in 2011 and it may be possible to reach a resolution on the issue during 2012. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recognized in the income statement.

EXCHANGE RATES OF EURO

	31.3.2012	31.3.2011	31.12.2011
RUB	**39.2950**	40.2850	41.7650
LVL	**0.7003**	0.7095	0.6995
LTL	**3.4528**	3.4528	3.4528
NOK	**7.6040**	7.8330	7.7540
SEK	**8.8455**	8.9329	8.9120

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