

STOCKMANN plc
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STOCKMANN plc INTERIM REPORT January 1 – September 30, 2008

STOCKMANN'S OPERATING PROFIT IMPROVES, HIGHER FINANCIAL EXPENSES CUT INTO PROFIT

Stockmann's third-quarter sales were up 45 per cent to EUR 531.5 million (EUR 367.0 million in 2007). Operating profit also grew in the same period, amounting to EUR 34.6 million (EUR 32.1 million). Sales in the January-September period rose by 48 per cent to EUR 1 613.0 million (EUR 1 089.5 million). Consolidated operating profit also increased in January-September, amounting to EUR 63.5 million (EUR 54.3 million). Net financial expenses grew as a consequence of the Lindex transaction, causing profit for the period to fall below the figure a year ago, to EUR 19.2 million. Earnings per share were EUR 0.33 (EUR 0.72). As the general economic trend in the Nordic and Baltic market areas will slow down consumer demand in the last quarter of the year, it is likely that the profit for 2008 will not reach last year's level.

Key figures		7-9 2008	7-9 2007	1-9 2008	1-9 2007	2007
Sales	EUR mill.	531.5	367.0	1613.0	1089.5	1 668.3
Revenue	EUR mill.	440.7	308.6	1337.4	914.3	1 398.2
Operating profit	EUR mill.	34.6	32.1	63.5	54.3	125.2
Profit (loss) before taxes	EUR mill.	21.8	31.6	26.1	52.9	119.4
Earnings per share	EUR	0.27	0.43	0.33	0.72	1.59
Equity per share	EUR			11.02	9.77	10.66
Cash flow from operating activities	EUR mill.			38.1	21.8	119.9
Net gearing	per cent			130.7	17.8	146.9
Equity ratio	per cent			36.2	65.9	32.6
Weighted average number of shares	thousands			57 693	55 566	55 606
Return on capital employed, rolling 12 months	per cent			12.2	17.2	12.1

SALES AND RESULT

Stockmann's consolidated sales grew by 48 per cent to EUR 1 613.0 million (EUR 1 089.5 million) in January-September. The bulk of the growth came from consolidating Lindex's sales figures within the Stockmann Group's sales, but the Department Store Division and Seppälä also reported higher sales.

Sales in Finland were up 7 per cent to EUR 852.3 million. The Group's sales abroad amounted to EUR 760.7 million, an increase of 157 per cent. Excluding Lindex, sales abroad grew by 8 per cent. Sales growth abroad was retarded by the closure in May of the department store located in the

Smolensky Passage shopping centre in Moscow due to the lessor's unlawful actions. International operations accounted for an increased share of consolidated sales, rising from 27 per cent to 47 per cent.

Other operating income amounted to EUR 4.0 million.

The Group's gross operating margin grew by EUR 260.4 million to EUR 639.2 million. The relative gross margin was 47.8 per cent (41.4 per cent). The relative gross margin of Hobby Hall and Seppälä improved, and the Department Store Division's relative gross margin was on a par with the figure a year ago. The Group's relative gross margin was also boosted by the inclusion of Lindex's figures within the Group's consolidated accounts. Operating expenses increased by EUR 224.8 million and depreciation by EUR 20.8 million.

Earnings in the report period were burdened by EUR 5.8 million of expenses due to the closure of the Smolenskaya department store and an expense provision of EUR 4.9 million. An expense provision of EUR 14.0 million was charged to earnings in the third quarter due to the closure, but the costs remained EUR 3.3 million smaller than estimated.

In the report period, the Group's operating profit grew by EUR 9.1 million to EUR 63.5 million.

Net financial expenses rose by EUR 35.9 million and were EUR 37.4 million (EUR 1.5 million). Net financial expenses were increased for the most part by the borrowed capital costs for the Lindex acquisition.

Profit before taxes in the report period was EUR 26.1 million, down EUR 26.8 million on the figure a year earlier. Direct taxes were EUR 6.9 million, decreasing by EUR 6.2 million on the figure a year earlier. Net profit for the report period was EUR 19.2 million (EUR 39.8 million).

Third-quarter net profit decreased and was EUR 15.6 million (EUR 23.5 million).

Earnings per share in the report period were EUR 0.33 (EUR 0.72) and diluted for options, earnings were EUR 0.33 (EUR 0.71). Equity per share was EUR 11.02 (EUR 9.77).

SALES AND EARNINGS TREND BY BUSINESS SEGMENT

Department Store Division

The Department Store Division's sales grew by 4 per cent to EUR 847.1 million in the report period. Sales in Finland were up 2 per cent. Within international operations, sales were lifted by the good like-for-like sales growth at the department stores in Russia and the Baltic countries as well as by the new Bestseller stores, but they were reduced by the closure of the Smolenskaya department store in Moscow. International operations posted an 8 per cent increase in sales, accounting for 30 per cent of the division's sales (28 per cent).

The relative gross margin in the report period was on a par with the previous year. The operating profit of the Department Store Division declined to EUR 19.0 million (EUR 44.9 million). The operating profit for the previous year includes EUR 9.7 million of non-recurring capital gains.

The closure of the Smolenskaya department store burdens the Department Store Division's earnings by EUR 10.7 million.

Third-quarter operating profit amounted to EUR 13.5 million (EUR 25.7 million, including EUR 9.7 million in non-recurring capital gains).

Lindex

Lindex's sales in the report period amounted to EUR 496.9 million. Compared with the pro forma statement for the corresponding period in 2007, sales were down one per cent, owing to changes in foreign exchange rates. In local currency terms, sales remained on a par with the previous year. Lindex's operating profit was EUR 38.4 million. It was burdened by depreciation connected with the Lindex acquisition under IFRS and by a non-recurring expense charge for inventories, to a total amount of EUR 5.9 million. The weakening of the Swedish krona against the euro reduces operating profit for the report period by EUR 0.7 million in accounting terms. Lindex's operating profit in the same period a year ago was EUR 43.0 million.

Third-quarter operating profit amounted to EUR 15.7 million, compared with Lindex's operating profit of EUR 18.1 million in the previous year. The weakening of the Swedish krona against the euro reduces third-quarter operating profit by EUR 0.3 million in accounting terms.

Hobby Hall

Hobby Hall's sales decreased by 7 per cent to EUR 137.3 million (EUR 147.5 million) in the report period. A great deal of Hobby Hall's sales is comprised of electronic products, whose prices have generally trended downwards. Sales declined both in Finland and abroad, but Hobby Hall's relative gross margin grew. Hobby Hall's operating result fell by EUR 3.8 million and was a loss of EUR 0.8 million (profit of EUR 3.0 million). The weakening in the operating result in the report period was due to lower sales and to start-up costs for operations in Russia.

Hobby Hall's third-quarter operating profit was EUR 0.7 million (EUR 2.5 million).

Seppälä

Seppälä's sales in the report period increased by 6 per cent on the same period of last year and were EUR 131.1 million. Sales in Finland were down one per cent, but showed strong growth in Russia, where they were buoyed by new stores and the good like-for-like sales trend. Sales abroad were up 24 per cent, and their share of Seppälä's total sales rose to 34 per cent (29 per cent). The relative gross margin increased. Because new stores were opened in rapid succession, fixed costs and depreciation grew faster than the gross margin, causing Seppälä's operating profit to decrease by EUR 1.7 million to EUR 10.4 million (EUR 12.1 million).

Seppälä's third-quarter sales grew by 10 per cent to EUR 50.1 million. Sales growth was 5 per cent in Finland and 22 per cent abroad. Operating profit grew to EUR 5.9 million as against EUR 5.5 million in the same period of last year.

FINANCING AND CAPITAL EMPLOYED

Liquid assets totalled EUR 23.0 million at the end of September, as against EUR 21.2 million a year earlier and EUR 33.2 million at the end of 2007.

Interest-bearing liabilities at the end of September were EUR 907.1 million (EUR 118.3 million), of which EUR 113.4 million consisted of long-term borrowings. The loan Stockmann raised when it acquired Lindex stood at EUR 683.0 million at the end of September. The loan is due on September 30, 2009, and will be refinanced before that. At the end of 2007, interest-bearing liabilities totalled EUR 905.6 million, of which EUR 855.4 million was long-term debt. In June, Stockmann carried out an EUR 137.4 million share issue targeted at institutional investors. The proceeds of the share issue were used to repay part of the long-term loan which Stockmann raised when it acquired AB Lindex (publ). Capital expenditures in the report period amounted to EUR 126.0 million. Net working capital amounted to EUR 216.0 million at the end of September, as against EUR 238.0 million a year earlier and EUR 193.9 million at the end of 2007. Dividend payouts totalled EUR 75.2 million.

Owing to the acquisition of Lindex, the equity ratio weakened against the comparative period and was 36.2 per cent at the end of September (65.9 per cent). The equity ratio at the end of 2007 was 32.6 per cent. Net gearing was 130.7 per cent (17.8 per cent) at the end of September. At the end of 2007, net gearing was 146.9 per cent.

The return on capital employed over the past 12 months was 12.2 per cent (12.1 per cent at the end of 2007). The Group's capital employed increased by EUR 920.8 million from September of the previous year and stood at EUR 1 583.2 million towards the end of the report period (EUR 1 499.4 million at the end of 2007).

LINDEX ACQUISITION

In May, the Gothenburg Administrative Court of Appeal overturned the affirmative decisions which Lindex had received in the County Administrative Court concerning the deductibility in Sweden's taxation in the years 2004/2005 and 2005/2006 of the approximately EUR 70 million of losses made by the Lindex Group's company in Germany. Lindex has appealed the ruling of the Administrative Court of Appeal to the Supreme Administrative Court. In accordance with the decision of the Administrative Court of Appeal, Lindex must return EUR 22.7 million of taxes and interest to the tax office. An adjustment has been made to the preliminary calculation which was prepared in 2007 for the Lindex acquisition. As a result of the adjustment, the repaid tax with interest increased the Group's goodwill by EUR 22.7 million, and the amount has no effect on the Group's earnings.

CAPITAL EXPENDITURES

Capital expenditures during the report period totalled EUR 126.0 million (EUR 89.1 million).

Department Store Division

In December, Stockmann will open a new department store in leased premises in the Metropolis shopping centre close to the centre of Moscow. The

department store has total floor space of about 8 000 square metres and Stockmann's investment in the project amounts to approximately EUR 12 million, of which EUR 7.0 million was committed in the report period. After the closure of the Smolenskaya department store due to the lessor's unlawful actions and the opening of the new Metropolis department store, Stockmann once again will have four department stores open for business in Moscow.

A major enlargement and transformation project is ongoing at the department store in the centre of Helsinki. New space will become available stage by stage. The project involves expanding the department store's commercial premises by about 10 000 square metres by converting existing premises to commercial use and by building new retail space. In addition, new goods handling, servicing and customer parking areas will be built. After the enlargement, the Helsinki department store will have a total of about 50 000 square metres of retail space. The cost estimate for the enlargement is about EUR 190 million in addition to which significant repairs and renovations on the old premises have been and will be carried out in the course of the project. The works are estimated to be completed phase by phase by the end of 2010. During the report period, the project required an investment of about EUR 46.8 million. Stockmann has succeeded in carrying out the extensive project without disrupting the department store's profitability.

In 2006, Stockmann purchased a 10 000-odd square metre commercial plot on Nevsky Prospect, St Petersburg's high street. The plot is located next to the Vosstaniya Square metro station, in the immediate vicinity of the Moscow railway station. On this plot, Stockmann will erect the Nevsky Centre shopping centre that will have about 100 000 square metres of gross floor space, of which about 50 000 square metres will be store and office space. A full-scale Stockmann department store with about 20 000 square metres of retail space has been planned for the shopping centre, along with other retail stores, office premises and an underground car park. The total investment is estimated at over EUR 170 million. The final construction permit was obtained at the beginning of March, and the project is in the actual construction phase. The cornerstone was laid on October 17, 2008. According to the current schedule, the building will be completed in spring 2010. During the report period, the project required an investment of about EUR 19.1 million.

Stockmann opened a new Nike store in Russia both in March and in August. Stockmann now has a total of seven Nike stores in Russia.

Stockmann's credit line Loyal Customer Card was relaunched in Finland as an international MasterCard as from April. In Latvia, where Stockmann has not previously had any Loyal Customer credit card, the new cards will be introduced towards the end of 2008, and they will go into use in Estonia in early 2009. The new card offerings are based on an agreement between Stockmann and Nordea concerning transfer of the financing of Loyal Customer accounts to Nordea. This transfer of accounts will lighten Stockmann's balance sheet by about EUR 65 million. In Russia, a Stockmann Loyal Customer MasterCard credit card was brought out in March in cooperation with Citibank. Stockmann has a total of about 1.6 million Loyal Customers in Finland, Russia and the Baltic countries.

The Department Store Division's capital expenditures came to EUR 98.2 million.

Lindex

Lindex's capital expenditures totalled EUR 20.5 million and went for new store openings and refurbishments as well as for the new distribution centre in Gothenburg, which was placed in use at the turn of the year and has operated at full capacity since the spring.

In August, Lindex opened its first Russian store in St Petersburg. During the report period, Lindex also opened three stores in Norway, two each in Sweden and Estonia, and one each in Lithuania and the Czech Republic. One store was closed in Sweden.

In September, the Lindex chain expanded to Saudi Arabia, when its franchising partner Delta International Establishment opened its first three stores there. The franchising partner carries out the store investments, hires staff and is responsible for all retail operations.

Hobby Hall

In September, Hobby Hall's head office moved into new leased premises in Käpylä, Helsinki. The division's new telephone system and upgraded store cash register system contribute to improving Hobby Hall's customer service. Hobby Hall's capital expenditures totalled EUR 1.9 million.

Seppälä

In the report period, Seppälä opened five stores in Russia, two each in Finland and Estonia, and one in Lithuania. In addition, fourteen stores in Finland were refurbished according to the new store concept. One store in Finland was closed.

The Stockmann Group expanded into Ukraine at the end of October, when it opened the first Ukrainian Seppälä store in Kharkov. In October, Seppälä also opened one new store each in Russia and Estonia.

Seppälä's capital expenditures totalled EUR 4.8 million.

Other capital expenditures

The Group's other capital expenditures came to EUR 0.7 million.

NEW PROJECTS

Department Store Division

Stockmann has made an agreement on opening a full-scale department store in leased premises located in a shopping centre that is currently being built in Ekaterinburg, Russia. The department store will have a total of more than 8 000 square metres of retail space, and Stockmann's investment in the project will be about EUR 12 million. According to plans, the department store will be opened at the turn of 2009-2010.

At the beginning of 2008, Stockmann signed a preliminary agreement on opening a sixth Stockmann department store in Moscow in leased premises. The department store, which will be located in the Rostokino shopping centre that is under construction on the north side of Moscow, will have

about 10 000 square metres of retail space, and Stockmann's investment in it will be about EUR 16 million. According to preliminary plans, the shopping centre will be completed at the end of 2009.

In March, Stockmann signed a preliminary lease agreement for a department store in a shopping centre that will be located in a new multifunctional centre near the centre of Vilnius, Lithuania's capital city. The shopping centre will be completed towards the end of 2010. The Stockmann department store, with a total floor area of about 13 000 square metres, will be one of the shopping centre's anchor tenants.

The Department Store Division is continuing to establish new Stockmann Beauty stores in Finland and to build out the chain of Nike and Bestseller stores in Russia.

Lindex

Lindex has made agreements to open two new stores in Finland towards the end of the year as well as one store each in Sweden, Norway, Lithuania and the Czech Republic.

Lindex's franchising partner will open three more Lindex stores in Saudi Arabia by the end of the year. Over a five-year period, the aim is to open a total of 50 stores in Saudi Arabia, Kuwait, the United Arab Emirates and Egypt.

Hobby Hall

Testing of Hobby Hall's revamped online store will continue for the rest of the year. The system will be up and running in 2009.

Seppälä

Seppälä will open eight new stores still within this year, three each in Finland and Russia and two in Lithuania.

SHARES AND SHARE CAPITAL

The company's market capitalization at the end of September was EUR 1 063.2 million (EUR 1 894.5 million). At the end of 2007 the market capitalization was EUR 1 659.8 million.

Stockmann's share prices underperformed the OMX Helsinki Cap index during the report period. The price of the Series A share slightly outperformed the OMX Helsinki index, while the trend in the Series B share price was weaker. At the end of September the stock exchange price of the Series A share was EUR 18.00, compared with EUR 29.50 at the end of 2007, and the Series B share was selling at EUR 16.65, as against EUR 29.66 at the end of 2007.

A total of 364 Stockmann plc Series B shares were subscribed for with Stockmann Loyal Customer share options in May. The shares were entered in the Trade Register on June 26, 2008, and they became available for public trading, together with the existing shares, on OMX Nordic Exchange Helsinki on June 27, 2008. As a consequence of the subscriptions, the share capital was increased by EUR 728.

The 2008 Annual General Meeting authorized the Board of Directors of the company to decide on the issuance of shares and special rights entitling holders to shares, as referred to in Chapter 10, Section 1, of the Limited Liability Companies Act, in one or more instalments. The Board of Directors was authorized to decide on the amount of Series A and Series B shares to be issued. However, the aggregate number of shares issued on the basis of the authorization may not exceed 15 000 000 shares. Issuance of shares and special rights entitling holders to shares can be carried out in accordance with or in disapplication of the shareholders' pre-emptive rights (directed issue). The Board of Directors is authorized to decide on all the terms and conditions concerning the issue of shares and special rights referred to in Chapter 10, Section 1, of the Limited Liability Companies Act. The authorization will be valid for up to three years.

In accordance with the authorization granted by the Annual General Meeting, the Board of Directors decided on a directed share issue of 5 609 360 new shares, which was carried out on June 23, 2008. In the share issue, subscriptions were made for 2 456 424 Stockmann plc Series A shares and 3 152 936 Stockmann plc Series B shares. Of the Series A shares subscribed for, 438 618 were converted to Series B shares. As a consequence of the share subscriptions and conversions, 2 017 806 Series A shares and 3 591 554 Series B shares were entered in the Trade Register on June 27, 2008, and they were made available for public trading on the OMX Nordic Exchange in Helsinki, together with old shares, on June 27, 2008.

Following the above-mentioned registrations, Stockmann's share capital increased to EUR 123 406 672. At September 30, 2008, Stockmann had 26 582 049 Series A shares and 35 121 287 Series B shares.

Stockmann held 364 321 of its own Series B shares (treasury shares) at the end of September 2008. They comprised 0.6 per cent of all the shares outstanding and 0.1 per cent of all the votes. The shares were bought back at a total price of EUR 5.5 million.

The Annual General Meeting in 2007 authorized the Board of Directors to decide on the transfer of the company's own Series B shares in one or more instalments. The authorization will be in force for five years. The company's Board of Directors does not have valid authorizations to buy back treasury shares.

NUMBER OF EMPLOYEES

During the report period, the Stockmann Group had an average payroll of 15 613 employees, or 5 088 more than in the comparison period. The increase in the number of employees was attributable in large part to the acquisition of Lindex in December. In addition, there was steady growth in the number of staff employed at the department stores in Finland and stores abroad. Stockmann's average number of employees, converted to full-time staff, increased by 3 324 and was 11 843.

At the end of September 2008 the number of staff working abroad was 8 358 people. At the end of September of last year Stockmann had 4 004 people working abroad. The proportion of the total personnel who were working abroad was 54 per cent (38 per cent).

RISK FACTORS

The quarterly report released on April 24, 2008, outlined the risks relating to the dispute regarding the validity of the leasehold on the Smolenskaya department store and the appeals that have been lodged concerning the tax deductibility of the loss made by the Lindex Group's company in Germany, and the present stage of these issues has been discussed in this interim report. The uncertainty prevailing in the international financial markets might have an impact on changes in the interest rate and consumer purchasing behaviour in Stockmann's main territories. In other respects, there has been no change in risk factors after the publication on February 7, 2008, of the discussion presented in the Board Report on Operations.

Lindex has pending legal proceedings in Germany concerning taxation there in 2004-2006. The value of the rectification claim made by Lindex concerning the assessment on the basis of estimated net income is about EUR 32 million. The tax effect of this claim has not been recorded in earnings.

Stockmann has initiated legal proceedings against the landlords of the Smolenskaya department store in the International Commercial Arbitration Court (ICAC) in Moscow, whereby it is claiming damages of about USD 75 million due to the unlawful closure of the department store.

FULL-YEAR OUTLOOK

Of late, uncertainty has increased greatly in the world economy as well as in the financial and equity markets. Of the Stockmann Group's market areas, the weakening in consumer confidence in the Nordic countries and the Baltic area has been reflected to some degree as a slowdown in the growth of consumer demand. By contrast, the growth of Russia's economy and consumer demand has so far continued ahead. According to estimates, the slowing down of consumer demand will continue in the Nordic countries and the Baltic area. Growth in Russia will outpace the Group's other market areas.

Lindex is part of the Stockmann Group for all of 2008. This means a strong increase in the Group's sales. Consolidated sales are estimated to be approximately EUR 2.3 billion in 2008.

Earnings trend forecasts are complicated by the uncertainty prevailing in the international financial markets. Fourth-quarter operating profit is expected to be higher than in the previous year, but lower than earlier expectations. The operating profit for 2008 will improve. Stockmann's financial expenses following the Lindex acquisition will increase as expected. As the general economic trend in the Nordic and Baltic market areas will slowdown consumer demand in the last quarter of the year, it is likely that the profit for 2008 will not reach last year's level.

ACCOUNTING POLICIES

The quarterly report has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2007 financial statements. The figures are unaudited.

Balance sheet, Group EUR millions	30.9.08	30.9.07	31.12.07
ASSETS			
Non-current assets			
Intangible assets (Ref. 1.2)	838.4	10.7	844.5
Property, plant and equipment (Ref.1.2)	550.4	409.7	476.8
Available-for-sale investments	6.6	6.6	6.5
Non-current receivables	1.7		1.7
Deferred tax assets	6.0	2.5	5.3
Non-current assets, total	1 403.1	429.5	1 334.8
Current assets			
Inventories	281.4	202.7	244.4
Receivables, interest-bearing	51.2	97.2	98.8
Receivables, non interest-bearing	108.5	75.4	112.5
Cash and cash equivalents	23.0	21.2	33.2
Current assets, total	464.1	396.5	488.9
Assets, total	1 867.3	826.0	1 823.7
EQUITY AND LIABILITIES			
Equity			
Minority interest	0.0	0.0	0.0
Equity, total	676.2	544.2	593.8
Non-current liabilities, interest-bearing			
Reserves	2.5		5.3
Non-current liabilities, total	115.9	30.2	860.7
Deferred taxes liabilities	56.5	26.2	57.3
Current liabilities			
Current liabilities, interest-bearing	793.7	88.0	50.1
Current liabilities, non interest-bearing	225.1	137.3	261.7
Current liabilities, total	1 018.8	225.4	311.8
Equity and liabilities, total	1 867.3	826.0	1 823.7
Equity ratio, per cent	36.2	65.9	32.6
Net gearing, per cent	130.7	17.8	146.9
Cash flow from operations per share, EUR	0.66	0.39	2.16
Interest-bearing net debt, EUR mill.	832.9	-0.1	773.6
Number of shares at Sep. 30, thousands	61 703	56 094	56 094
Weighted average number of shares, thousands	57 693	55 566	55 606
Weighted average number of shares, diluted, thousands	57 693	55 790	55 815
Market capitalization, EUR mill.	1 063.2	1 894.5	1 659.8

Equity ratio, per cent = $100 \times (\text{Equity} + \text{minority interest}) / \text{Total assets less advance payments received}$

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

Interest-bearing net debt = Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities

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

Cash flow statement, Group EUR millions	1-9/2008	1-9/2007	1-12/2007
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Cash flows from operating activities			
Net profit for the financial year	19.2	39.8	88.4
Adjustments:			
Deprecation	47.2	26.4	36.9
Profit (-) and loss (+) from sales of non-current assets	-4.0		
Financial expenses	39.6	2.5	7.0
Financial income	-2.2	-1.0	-1.3
Taxes paid	6.9	13.1	31.1
Other adjustments	3.3	1.8	1.2
Changes in working capital:			
Change in trade and other receivables	72.1	17.5	-11.0
Change in inventories	-39.8	-47.7	-12.5
Change in trade payables and other liabilities	-22.0	-11.9	8.8
Interest paid	-34.1	-1.7	-6.5
Interest received	0.6	0.8	1.3
Income taxes paid	-48.6	-17.8	-23.5
Net cash from operating activities	38.1	21.8	119.9
Cash flows from investing activities			
Investments in tangible and intangible assets	-127.7	-88.5	-113.2
Acquisition of subsidiary net cash acquired	-18.9		-852.5
Capital expenditures on other investments	0.1		
Cash from tangible assets	5.0		
Dividends received	0.1	0.1	0.1
Net cash used in investing activities	-141.3	-88.4	-965.6
Cash flows from financing activities			
Proceeds from issue of share capital	135.4	5.8	5.8
Change in short-term loans, increase (+), decrease (-)	111.1	74.9	35.5
Long-term loans, increase (+), decrease (-)	-80.2	20.0	835.6
Dividends paid	-75.2	-72.1	-72.1
Net cash used in financing activities	91.1	28.6	804.8
Change in cash and cash equivalents	-12.1	-37.9	-40.9
Cash and cash equivalents at start of the period	33.2	59.2	59.2
Translation differences in cash and cash equivalents	0.2		0.4
Cheque account on credit at start of the period	-14.6		
Cash and cash equivalents	23.0	59.2	33.2
Cheque account on credit at the end of the period	-16.2		-14.6
Cash and cash equivalents at end of the period	6.8	21.2	18.6

Income statement, Group, EUR millions	1-9/2008	1-9/2007	Change per cent	1-12/2007
Revenue	1 337.4	914.3	46	1 398.2
Other operating income	4.0	9.7		9.7

Materials and consumables	-698.2	-535.4	30	-791.2
Wages, salaries and employee benefits expenses	-257.6	-150.9	71	-224.1
Depreciation	-47.2	-26.4	79	-36.9
Other operating expenses	-275.0	-156.9	75	-230.6
Operating profit (loss)	63.5	54.3	17	125.2
Finance income and expenses	-37.4	-1.5		-5.7
Profit (loss) before tax	26.1	52.9	-51	119.4
Income taxes	-6.9	-13.1		-31.1
Profit (loss) for the period	19.2	39.8	-52	88.4
Earnings per share, EUR	0.33	0.72		1.59
Earnings per share, diluted, EUR	0.33	0.71		1.58
Operating profit, per cent	4.7	5.9		9.0
Equity per share, EUR	11.02	9.77	13	10.66
Return on equity, per cent, moving 12 months	11.1	14.6	-24	15.2
Return on capital employed, per cent, moving 12 months	12.2	17.2	-29	12.1
Average number of employees, converted to full-time staff	11 843	8 519	39	8 979
Investments	126.0	89.1	41	977.4

Earnings per share = (Profit before taxes - minority interest - income taxes) / Average number of shares, adjusted for share issues

Return on equity, per cent, moving 12 months = 100 x Profit for the period (12 months) / (Equity + minority interest) (average over 12 months)

Return on capital employed, per cent, moving 12 months = 100 x (Profit before taxes + interest and other financial expenses) (12 months) / Capital employed (average over 12 months)

SEGMENT INFORMATION

Segments

Sales, EUR millions	1-9/2008	1-9/2007	Change per cent	1-12/2007
Department Store Division	847.1	817.7	4	1 218.1
Lindex	496.9			68.1
Hobby Hall	137.3	147.5	-7	206.5
Seppälä	131.1	123.6	6	174.7
Shared	0.6	0.6	-10	0.8
Group	1 613.0	1 089.5	48	1 668.3
Revenue, EUR millions	1-9/2008	1-9/2007	Change per cent	1-12/2007
Department Store Division	713.0	688.1	4	1.025.0
Lindex	399.2			54.7
Hobby Hall	114.7	122.5	-6	171.7
Seppälä	109.1	102.6	6	145.1
Shared	1.4	1.0		1.7
Group	1 337.4	914.3	46	1 398.2
Operating profit (loss), EUR	1-9/2008	1-9/2007	Change	1-12/2007

millions			per cent	
Department Store Division	19.0	44.9	-58	91.8
Lindex	38.4			15.0
Hobby Hall	-0.8	3.0	-125	5.7
Seppälä	10.4	12.1	-14	20.7
Shared	-2.8	-5.1	-45	-7.5
Eliminations	-0.8	-0.6		-0.7
Group	63.5	54.3	17	125.2

Investments, gross, EUR millions	30.9.2008	30.9.2007	Change per cent	31.12.2007
Department Store Division	98.2	78.4	25	111.5
Lindex	20.5			853.1
Hobby Hall	1.9	2.0	-5	3.5
Seppälä	4.8	7.6	-37	9.3
Shared	0.7	1.1	-40	
Group	126.0	89.1	41	977.4

Assets, EUR millions	30.9.2008	30.9.2007	Change per cent	31.12.2007
Department Store Division	682.1	641.2	6	652.4
Lindex	987.4			992.9
Hobby Hall	96.5	108.1	-11	102.7
Seppälä	49.0	40.0	23	44.7
Shared	52.4	36.8	42	30.9
Group	1 867.3	826.0	126	1 823.7

Non-interest-bearing liabilities, EUR millions	30.9.2008	30.9.2007	Change per cent	31.12.2007
Department Store Division	101.5	105.2	-4	125.9
Lindex	86.9			100.8
Hobby Hall	20.8	21.8	-5	14.5
Seppälä	7.6	7.3	5	11.5
Shared	67.2	29.3		71.7
Group	284.1	163.6	74	324.3

Market areas

Sales, EUR millions	1-9/2008	1-9/2007	Change per cent	1-12/2007
Finland 1)	852.3	793.8	7	1 171.5
Sweden and Norway 2)	426.1			59.5
Baltic states and Czech Republic 1)	152.2	133.5	14	194.1
Russia 3)	182.3	162.2	12	243.2
Group	1 613.0	1 089.5	48	1 668.3
Finland, per cent	52.8	72.9		70.2
International operations, per cent	47.2	27.1		29.8

Revenue, EUR millions	1-9/2008	1-9/2007	Change per cent	1-12/2007
Finland 1)	711.4	662.0	7	977.6
Sweden and Norway 2)	340.9			47.5
Baltic states and Czech Republic 1)	129.4	113.5	14	165.0

Russia 3)	155.8	138.7	12	208.0
Group	1 337.4	914.3	46	1 398.2
Finland, per cent	53.2	72.4		69.9
International operations, per cent	46.8	27.6		30.1

	1-9/2008	1-9/2007	Change per cent	1-12/2007
Operating profit (loss), EUR millions				
Finland 1)	40.3	53.8	-25	96.3
Sweden and Norway 2)	37.4			14.4
Baltic states and Czech Republic 1)	6.7	11.8	-43	21.1
Russia 3)	-21.0	-11.3	86	-6.6
Group	63.5	54.3	17	125.2
Finland, per cent	63.5	99.0		76.9
International operations, per cent	36.5	1.0		23.1

	30.9.2008	30.9.2007	Change per cent	31.12.2007
Investments, gross, EUR millions				
Finland 1)	73.4	53.3	38	80.2
Sweden and Norway 2)	16.5			847.0
Baltic states and Czech Republic 1)	4.7	1.5	210	5.1
Russia 3)	31.5	34.3	-8	45.0
Group	126.0	89.1	41	977.4
Finland, per cent	58.2	59.8		8.2
International operations, per cent	41.8	40.2		91.8

	30.9.2008	30.9.2007	Change per cent	31.12.2007
Assets, EUR millions				
Finland 1)	624.2	568.4	10	585.2
Sweden and Norway 2)	967.8			975.7
Baltic states and Czech Republic 1)	75.6	74.3	2	75.8
Russia 3)	199.7	183.3	9	187.0
Group	1 867.3	826.0	126	1 823.7
Finland, per cent	33.4	68.8		32.1
International operations, per cent	66.6	31.2		67.9

1) Department Store
Division, Lindex, Hobby Hall
and Seppälä
2) Lindex
3) Department Store
Division, Lindex, Hobby Hall
and Seppälä

Statement of changes in equity	Equity*	Share premium fund	Legal reserve
Group, EUR millions			
Equity December 31, 2006	111.7	183.4	44.1
Options exercised	0.5	2.6	

Share bonus		0.2	
Transfer to other funds			0.0
Cost of share issue			
Dividends			
Translation differences			
Profit for the period			
Equity September 30, 2007	112.2	186.2	44.1
Equity December 31, 2007	112.2	186.0	44.1
Options exercised	0.0		
Rights issue	11.2		
Share bonus			
Cost of share issue			
Cash flow hedges			
Cost of share issue			
Dividends			
Translation differences			
Profit for the period			
Equity September 30, 2008	123.4	186.0	44.1
* including share issue			

Statement of changes	Fair	Reserve for	
in equity	value	invested	Translation
Group, EUR millions	reserve**	unrestricted	reserve
Equity December 31, 2006	0.0	equity	0.0
Options exercised			
Share bonus			
Transfer to other funds			
Cost of share issue			
Dividends			
Translation differences			0.0
Profit for the period			
Equity September 30, 2007	0.0	0.0	0.0
Equity December 31, 2007	0.5	0.0	0.0
Options exercised			
Rights issue		126.2	
Share bonus			
Cost of share issue		-2.0	
Cash flow hedges	1.3		
Cost of share issue			
Dividends			
Translation differences	0.0		0.1
Profit for the period			
Equity September 30, 2008	1.8	124.2	0.1
** excluding deferred tax liability			

Statement of changes	Retained	Total	Minority	Total
in equity	earnings		interest	
Group, EUR millions				
Equity December 31, 2006	232.3	571.6	0.0	571.6
Options exercised		3.1		3.1
Share bonus	0.2	0.4		0.4
Transfer to other funds		0.0		0.0
Cost of share issue	1.4	1.4		1.4
Dividends	-72.1	-72.1		-72.1
Translation differences	0.0	0.0		0.0

Profit for the period	39.8	39.8	0.0	39.8
Equity September 30, 2007	201.6	544.2	0.0	544.2
Equity December 31, 2007	250.9	593.8	0.0	593.8
Options exercised		0.0		0.0
Rights issue		137.4		137.4
Share bonus	0.1	0.1		0.1
Cost of share issue		-2.0		-2.0
Cash flow hedges		1.3		1.3
Cost of share issue	1.4	1.4		1.4
Dividends	-75.2	-75.2		-75.2
Translation differences	0.0	0.1		0.1
Profit for the period	19.2	19.2	0.0	19.2
Equity September 30, 2008	196.5	676.2	0.0	676.2

Contingent liabilities, Group EUR millions	30.9.2008	30.9.2007	31.12.2007
Mortgages on land and buildings	1.7	1.7	1.7
Guarantees		0.1	
Pledges	0.2		0.1
Total	1.9	1.8	1.8

Lease agreements on business premises, EUR millions	30.9.2008	30.9.2007	31.12.2007
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	85.5	67.7	124.6
After one year	455.7	323.4	449.3
Total	541.2	391.1	573.8

Lease payments	30.9.2008	30.9.2007	31.12.2007
Within one year	1.3	1.0	1.4
After one year	1.1	1.0	1.3
Total	2.4	2.1	2.8

Derivative contracts	30.9.2008	30.9.2007	31.12.2007
Nominal value			
Currency derivatives	224.4		67.8
Electricity derivatives	3		1.5
Total	227.4		69.3

Exchange rates				
Country	Currency	30.9.2008	30.9.2007	31.12.2007
Russia	RUB	36.4095	35.3490	35.9860
Estonia	EEK	15.6466	15.6466	15.6466
Latvia	LVL	0.7086	0.7038	0.6964
Lithuania	LTL	3.4528	3.4528	3.4528
Sweden	SEK	9.7943	9.2147	9.4415

Income statement quarterly, Group, EUR millions	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Continuing operations				
Revenue	440.8	483.3	413.4	483.9
Other operating income	0.3	-0.1	3.8	0.0
Materials and consumables	-224.7	-242.6	-231.0	-255.8
Wages, salaries and employee benefits expenses	-82.3	-90.2	-85.1	-73.2
Depreciation	-13.2	-18.7	-15.2	-10.5
Other operating expenses	-86.2	-100.3	-88.5	-73.7
Operating profit (loss)	34.6	31.4	-2.5	70.8
Finance income and expenses	-12.8	-13.3	-11.3	-4.3
Profit (loss) before tax	21.8	18.1	-13.8	66.5
Income taxes	-6.2	-2.9	2.2	-17.9
Profit (loss) for the period	15.6	15.2	-11.6	48.6

Earnings per share, continuing operations, EUR				
Basic	0.27	0.27	-0.21	0.87
Diluted	0.27	0.27	-0.21	0.87

Earnings per share,
discontinued operations,
EUR
Basic
Diluted

Earnings per share, total, EUR				
Basic	0.27	0.27	-0.21	0.87
Diluted	0.27	0.27	-0.21	0.87

	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Sales, EUR millions	2008	2008	2008	2007
Department Store Division	264.8	306.4	275.9	400.4
Lindex	174.9	183.8	138.3	68.1
Hobby Hall	41.6	48.3	47.4	58.9
Seppälä	50.1	45.2	35.7	51.2
Shared	0.2	0.2	0.2	0.2
Group	531.5	583.9	497.5	578.8

Revenue, EUR millions				
Department Store Division	223.1	257.3	232.7	336.9
Lindex	140.6	147.6	111.0	54.7
Hobby Hall	34.7	40.4	39.7	49.2
Seppälä	41.7	37.6	29.7	42.5
Shared	0.6	0.4	0.4	0.7
Group	440.7	483.3	413.4	483.9

Operating profit, EUR millions				
Department Store Division	13.5	4.1	1.5	46.9
Lindex	15.7	23.8	-1.2	15.0

Hobby Hall	0.7	0.7	-2.1	2.7
Seppälä	5.9	5.1	-0.6	8.6
Shared	-0.7	-2.2	0.2	-2.4
Eliminations	-0.5	0.0	-0.3	0.0
Group	34.6	31.4	-2.5	70.8

Income statement

quarterly, Group, EUR millions	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Continuing operations				
Revenue	308.6	294.2	311.4	389.6
Other operating income	9.7			0.4
Materials and consumables	-179.8	-164.0	-191.6	-215.6
Wages, salaries and employee benefits expenses	-47.6	-52.6	-50.8	-57.9
Depreciation	-8.9	-8.4	-9.1	-7.9
Other operating expenses	-50.0	-55.1	-51.7	-58.1
Operating profit (loss)	32.1	14.1	8.2	50.5
Finance income and expenses	-0.5	-0.8	-0.2	-0.5
Profit (loss) before tax	31.6	13.3	8.0	50.1
Income taxes	-8.1	-3.2	-1.9	-12.3
Profit (loss) for the period	23.5	10.2	6.1	37.8

Earnings per share,
continuing operations, EUR

Basic	0.43	0.18	0.11	0.70
Diluted	0.42	0.18	0.11	0.69

Earnings per share,
discontinued operations,
EUR

Basic				
Diluted				-0.01

Earnings per share, total,
EUR

Basic	0.43	0.18	0.11	0.70
Diluted	0.42	0.18	0.11	0.68

Sales, EUR millions	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Department Store Division	275.5	261.0	281.2	363.4
Lindex				
Hobby Hall	45.9	46.0	55.6	55.5
Seppälä	45.4	43.5	34.6	45.3
Shared	0.2	0.2	0.2	0.2
Group	367.0	350.7	371.7	464.4

Revenue, EUR millions

Department Store Division	232.2	219.6	236.3	305.5
Lindex				
Hobby Hall	38.2	38.1	46.2	46.1
Seppälä	37.8	36.1	28.7	37.5
Shared	0.5	0.4	0.1	0.5
Group	308.6	294.2	311.4	389.6

Operating profit, EUR millions				
Department Store Division	25.7	11.5	7.8	44.3
Lindex				
Hobby Hall	2.5	-0.9	1.5	3.4
Seppälä	5.5	5.8	0.8	7.3
Shared	-1.1	-2.1	-1.8	-3.8
Eliminations	-0.5	-0.1	0.0	-0.6
Group	32.1	14.1	8.2	50.6

1. ASSETS

EUR mill.	30.9.2008	30.9.2007	31.12.2007
Acquisition cost Jan. 1	813.8	551.7	551.7
Translation difference +/-	-6.1	-0.2	0.0
Aquisitions through business combinations (investment) (+)	0.0		154.7
Translation difference +/-			-0.2
Increases Jan. 1-Sep. 30	124.9	88.5	125.9
Decreases Jan. 1-Sep. 30	-6.8		-18.4
Acquisition cost Sep. 30/Dec. 31	925.7	640.0	813.8
Accumulated depreciation Jan. 1	212.5	193.2	193.2
Translation difference +/-	-0.8	-0.1	0.0
Depreciation on reductions	-4.5		-17.6
Depreciation for the financial year	47.2	26.4	36.9
Accumulated depreciation September 30/Dec. 31	254.3	219.6	212.5
Book value Jan. 1	601.3	358.5	358.5
Book value Sep. 30/Dec. 31	671.4	420.4	601.3

Goodwill

EUR mill.	30.9.2008	30.9.2007	31.12.2007
Acquisition cost Jan. 1	720.0		
Aquisitions through business combinations (investment) (+)			721.7
Translation difference +/-	-25.9		-1.7
Increases Jan.1-Sep. 30	23.3		
Acquisition cost Sep. 30/Dec. 31	717.4		720.0
Book value Jan 1.	720.0		
Book value Sep. 30/Dec. 31	717.4		720.0

Total	1 388.8	420.4	1 321.3
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2. ACQUIRED OPERATIONS, 2007

Lindex acquisition, precision of preliminary acquisition cost in 30.9.2008

Acquired companies

Milj. euroa	Carrying amounts before business combination	Fair values recognized in business combination	Carrying amounts after business combination
Intangible assets			
Trademarks	18.4	78.2	96.6
Rights over leased premises	0.0		0.0

Customer relationships		2.4	2.4
Supplier relationships		4.3	4.3
EDP software	10.3		10.3
Goodwill	7.6	-7.6	0.0
Property, plant and equipment	41.1		41.1
Other financial assets	2.6		2.6
Deferred tax assets	3.0		3.0
Inventories	72.6	4.2	76.8
Trade and other receivables	14.6		14.6
Cash and cash equivalents	9.0		9.0
Assets, total	179.2	81.5	260.8
Deferred taxes liabilities	1.7	25.0	26.7
Pension liabilities	3.4		3.4
Other provisions	2.5		2.5
Current account with overdraft facility	29.0		29.0
Other liabilities	69.9	23.3	93.2
Liabilities, total	106.5	48.3	154.8
Net assets	72.7	33.2	106.0
Acquisition cost			850.9
Goodwill		745.0	745.0

STOCKMANN plc

Hannu Penttilä
CEO

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A press and analyst conference will be held today, October 28, 2008, at 14.00 at the World Trade Center, Aleksanterinkatu 17, Helsinki.