

## STOCKMANN'S FINANCIAL STATEMENT BULLETIN 2007

### A MAJOR ACQUISITION SUPPORTS STOCKMANN'S GROWTH STRATEGY

The Stockmann Group's sales from continuing operations were up 13 per cent in 2007 to EUR 1 668.3 million (EUR 1 477.8 million in 2006). Fourth-quarter operating profit from continuing operations improved on last year and was EUR 70.8 million (EUR 50.5 million). Profit before taxes from continuing operations for the entire financial year was EUR 119.4 million (EUR 99.4 million). In December, Stockmann acquired a 98% holding in Lindex, one of Northern Europe's largest fashion chains. Stockmann's earnings per share were EUR 1.59. The Board of Directors will propose the payment of a dividend of EUR 1.35 per share.

#### Key figures

Continuing operations		1-12/2007	1-12/2006
Sales	EUR mill.	1 668.3	1 477.8
Revenue	EUR mill.	1 398.2	1 239.6
Operating profit	EUR mill.	125.2	99.9
Profit before taxes	EUR mill.	119.4	99.4
Earnings per share	EUR	1.59	1.39
Group total			
Equity per share	EUR	10.66	10.34
Cash flow from operating activities	EUR mill.	119,9	117.4
Gearing	per cent	146.9	-6.3
Equity ratio	per cent	32.6	74.5
Weighted average number of shares	thousands	55 606	54 310
Return on capital employed, rolling 12 months	per cent	12.1	22.9

#### Financial reporting

Stockmann adopted International Financial Reporting Standards (IFRS) on January 1, 2005. The financial statements have been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2006 financial statements. In the financial reporting for 2006, Stockmann Auto and the Zara business in Russia are treated as discontinued operations in accordance with IFRS 5. The acquisition of Lindex in 2007 has been treated as a business combination in accordance with IFRS 3. The figures are unaudited.

#### Lindex becomes a Stockmann Group Company

In December, the branch office in Finland of Stockmann Sverige AB, a Stockmann subsidiary, purchased 97.8 per cent of the shares in the Swedish fashion chain AB Lindex (publ) through a public tender offer. Lindex is one of the leading fashion chains in the Nordic countries. It has good profitability and a strong market position, particularly in Sweden, Norway and Finland. Furthermore, the company already has operations in all the Baltic countries and, since 2007, also in the Czech Republic, with purchasing offices in six countries. At the close of the financial year, Lindex had 346 stores and a payroll of 4 644 employees.

Lindex is in a similar strategic position to Stockmann, because both companies are seeking to achieve a large part of their growth outside their domestic markets. Lindex rounds out the Stockmann Group's operations and thereby improves the potential of all Stockmann's divisions to achieve profitable growth rapidly, above all in the countries of Eastern Europe and in Russia. Stockmann has set in motion a project to integrate Lindex into the Stockmann Group. The project involves a thorough revision of all functions to ensure that the best ways of operating and advantages of scale can be utilized stage by stage across the entire Group.

The cost of acquiring Lindex's entire shares outstanding is EUR 850.9 million. Lindex's balance sheet items have been measured at fair value at the time of the acquisition. According to preliminary calculations, the balance sheet value of trademarks, customer and supplier agreements as well as inventories was a total of EUR 89.1 million greater than the carrying amount at the time of the purchase, EUR 91.0 million. EUR 721.7 million of the acquisition cost has been allocated to goodwill. The acquisition cost is presented in the tabular section of the financial statement bulletin in accordance with IFRS 3.

Lindex was included in Stockmann's consolidated financial statements as from December 5, 2007. During the financial year, Lindex increased the Stockmann Group's sales by EUR 68.1 million, revenue by EUR 54.7 million and operating profit by EUR 15.0 million.

According to the pro forma calculation drawn up to illustrate the situation, Lindex's sales from continuing operations during the calendar year 2007 were EUR 704.9 million, revenue 566.2 million and operating profit EUR 70.9 million. If Lindex had been consolidated within the Stockmann Group from the beginning of the calendar year, the Group's sales for the 2007 financial year, according to the pro forma calculation, would have been EUR 2 305.1 million, revenue EUR 1 909.7 million and net profit EUR 93,7 million.

Lindex's shares were delisted from the OMX Nordic Exchange Stockholm on January 18, 2008. At the balance sheet date, 2.2 per cent of the shares in Lindex were not owned by Stockmann. The acquisition cost of these shares will be EUR 18.4 million, for which a corresponding non-current non-interest bearing liability has been recorded in the balance sheet. In January 2008, Stockmann acquired an additional 0.6 per cent of the shares in Lindex. In order to obtain the remaining 1.6 per cent of the shares, redemption proceedings have been initiated and on the basis of this Lindex has been consolidated within the Stockmann Group as a wholly owned subsidiary in accordance with IAS 32.

## Sales and result

Consolidated operating profit from continuing operations in the fourth quarter improved on the previous year and was EUR 70.8 million (EUR 50.5 million). The result includes Lindex's operating profit after the acquisition date, EUR 15.0 million.

Operating profit from continuing operations for the financial year grew by EUR 25.3 million to EUR 125.2 million (EUR 99.9 million). Operating profit from continuing operations includes non-recurring capital gains of EUR 9.7 million, whereas these amounted to EUR 5.1 million a year ago. Earnings

improved in Finland and the Baltic countries and decreased in Russia. Consolidated earnings were burdened by the costs of starting up a new department store in Moscow as well as by the energetic establishment of new Bestseller stores and Seppälä stores in Russia and the certificate problems encountered in goods transports in the first part of the year.

The Stockmann Group's sales from continuing operations in 2007 grew to EUR 1 668.3 million, up 13 per cent. The Group's sales abroad amounted to EUR 496.8 million, an increase of 40 per cent. Sales from continuing operations in Finland grew by 4 per cent to EUR 1 171.5 million. International operations accounted for an increased share of consolidated sales, rising from 24 per cent to 30 per cent. The Group's revenue was EUR 1 398.2 million, as against EUR 1 300.7 million in the comparative period. Other operating income amounted to EUR 9.7 million. In the comparative period, other operating income totalled EUR 34.4 million, consisting mainly of capital gains on asset sales.

The Group's operating gross margin increased by EUR 79.9 million to EUR 607.0 million during the financial year. The relative gross margin was 43.4 per cent (40.5 per cent). The relative gross margin on operations of the Department Store Division, Hobby Hall and Seppälä improved. The Group's relative gross margin was furthermore lifted by the acquisition of Lindex and by the discontinuance of low-margin vehicle sales as from the beginning of March 2006. Operating costs increased by EUR 54.8 million and depreciation by EUR 4.8 million. Primarily owing to the impact of the EUR 34.4 million of other operating income during the comparative period, consolidated operating profit was down by EUR 4.4 million to EUR 125.2 million. Net financial expenses grew by EUR 5.2 million and were EUR 5.7 million (EUR 0.6 million). The increase in net financial expenses was due largely to the debt financing of the acquisition of Lindex shares.

Profit before taxes was EUR 119.4 million for the financial year, down EUR 9.5 million on the figure a year earlier. Direct taxes were EUR 31.1 million, increasing by EUR 6.8 million on the figure a year earlier. In the comparative period, earnings included EUR 29.3 million of tax-free capital gains. The Group's fourth-quarter net profit was EUR 48.6 million, compared with EUR 37.8 million a year earlier. Earnings per share in the financial year were EUR 1.59 (EUR 1.93) and diluted for options, earnings were EUR 1.58 (EUR 1.90). Equity per share was EUR 10.66 (EUR 10.34).

Stockmann's Board of Directors set new long-term financial targets in summer 2006. The targets are: to reach by 2011 a 10 per cent operating profit on revenue, a 22 per cent return on capital employed and sales growth that outpaces the market. The target set for the equity ratio was 50 per cent. During the financial year, the Group's operating profit margin from continuing operations rose and was 9 per cent of revenue. Owing to the acquisition of Lindex with debt financing, the equity ratio declined and was 32.6 per cent. In line with this, the return on capital employed diminished and was 12.1 per cent. During 2008, when the Lindex acquisition has been completed, the Board of Directors will reassess the long-term financial targets.

#### Sales and earnings trend by business segment

The Department Store Division's sales grew by 9 per cent to EUR 1 218.1 million in 2007. Sales in Finland were up 5 per cent. International Operations' sales were increased by the good like-for-like retail

performance of the department stores in Russia and the Baltic countries, a fourth department store that was opened in Moscow in mid-February as well as the new Bestseller stores. In Russia, the problems encountered in imports in the early months of the year led to a temporary shortfall of merchandise, which slowed sales growth in the early months of the year. The department stores in Estonia and Latvia reported an excellent sales trend. Sales by International Operations grew by 21 per cent and its share of the division's sales rose to 28 per cent (26 per cent). The relative gross margin improved during the financial year. The Department Store Division's operating profit improved substantially and was EUR 91.8 million (EUR 79.5 million). Net profit includes EUR 9.7 million of non-recurring capital gains, compared with EUR 4.7 million of such gains recorded in net profit a year earlier. Earnings generated by the businesses in Finland and the Baltic countries improved clearly. Earnings from International Operations were burdened by the start-up costs of the department store that was opened in Moscow in February, the start-up costs of the new Bestseller and Nike stores and the larger-than-normal discounts in the second quarter due to delays in customs clearance at the start of the year. The division's operating profit improved in the fourth quarter and was EUR 46.9 million (EUR 44.3 million).

Lindex's figures are included in the Group's figures as from December 6, 2007. Three-week sales were EUR 68.1 million, and operating profit for the same period amounted to EUR 15.0 million. According to the pro forma calculation, Lindex's sales from continuing operations during the 2007 calendar year were EUR 704.9 million, and operating profit was EUR 70.9 million.

Hobby Hall reported sales growth of 3 per cent to EUR 206.5 million (EUR 199.8 million). Sales grew in both Finland and the Baltic countries. Operations in Russia were started up in December. Hobby Hall's relative gross margin increased. Online sales continued to grow strongly, accounting for 66 per cent of Hobby Hall's distance retailing in Finland (47 per cent). Online sales also grew in Estonia, accounting for 40 per cent of Hobby Hall's distance retailing in Estonia (33 per cent). Hobby Hall placed a new ERP system in operation in April. The commissioning process burdened earnings in the report period by causing non-recurring costs and problems in customer service. After the start-up phase, the new ERP system will enhance Hobby Hall's operations and reporting as well as improve customer service. Hobby Hall's operating profit in the financial period was EUR 5.7 million (EUR 7.1 million). Fourth-quarter operating profit decreased to EUR 2.7 million (EUR 3.4 million), mainly due to start-up costs for the operations in Russia.

Seppälä's sales grew by 11 per cent to EUR 174.7 million. Sales grew strongly in Russia and the Baltic countries, where they were boosted by the new stores that were opened towards the end of 2006 and in 2007 as well as by the good like-for-like sales trend. Sales abroad grew by 49 per cent and their share of Seppälä's total sales rose to 30 per cent (22 per cent). The relative gross margin improved, but fixed costs and depreciation also increased because of the heavy investments in opening new stores, especially in Russia. Seppälä's operating profit in the financial year was EUR 20.7 million (EUR 21.1 million). Fourth-quarter operating profit amounted to EUR 8.6 million (EUR 7.3 million).

Financing and capital employed

As a consequence of the acquisition of Lindex shares, Stockmann's financial position and capital structure changed significantly. Interest-bearing liabilities at the end of the year were EUR 905.6 million (EUR 23.4 million), of which EUR 855.4 million consisted of long-term borrowings (EUR 23.4 million). Liquid assets totalled EUR 33.2 million at the end of the year, compared with EUR 59.2 million a year earlier. Capital expenditures amounted to EUR 977.4 million. Net working capital at the end of the year was EUR 193.9 million, compared with EUR 194.5 million a year earlier. Dividend payouts totalled EUR 72.1 million. Share subscriptions made by exercising the 2000 share options added EUR 3.1 million to shareholders' equity. The equity ratio was 32.6 per cent (74.5 per cent) at the end of the year.

The return on capital employed was 12.1 per cent (22.9 per cent). The Group's capital employed increased by EUR 909.7 million and was EUR 1 504.7 million (EUR 595.0 million) at the end of the year.

#### Dividends

For the financial year 2006, in accordance with the resolution of the Annual General Meeting, a dividend of EUR 1.30 per share was paid, or a total of EUR 72.1 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1,35 per share be paid for the 2007 financial year. The proposed dividend is 84.9 per cent of earnings per share.

#### Capital expenditures and current projects

Capital expenditures during 2007 totalled EUR 977.4 million (EUR 125.5 million).

The construction works for the major enlargement and transformation project for the department store in the centre of Helsinki are continuing. 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, completely 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 revised cost estimate for the enlargement is about EUR 190 million. The works are estimated to be completed phase by phase by autumn 2010. The spaces that were temporarily not available for retail sales whilst the construction works were under way have again been placed in use, and the department store's retail floor space is in the beginning of 2008 the same as it was before the project started. Henceforth, new retail space will be placed in use when it reaches completion. During 2007, the project required an investment of EUR 51.6 million. Stockmann has succeeded in carrying out the extensive project without disrupting the department store's profitability. The department store's sales grew in 2007.

In 2007, a Stockmann Beauty store was opened in Joensuu, Rovaniemi and Lappeenranta. The Stockmann Beauty chain now has sixteen stores.

In February 2007, the Department Store Division opened a fourth department store in Moscow, in the Mega shopping centre on the southeast side of town. The department store has just over 10 000 square metres of retail space. Stockmann's portion of the total costs of the department store,

which was built in leased premises, was EUR 16.5 million, of which EUR 5.8 million was an outlay in 2007. Operations have started up according to plan.

Seven new Bestseller stores were opened in Russia during 2007: two in St Petersburg and one store each in Moscow, Kazan, Samara, Rostov-on-Don and Novosibirsk. Stockmann now has a total of 18 Bestseller stores in Russia.

The first two Stockmann Nike stores were opened in St Petersburg in February. During 2007, Stockmann established yet a third store in St Petersburg as well as stores in Nizhny Novgorod, Novosibirsk and Rostov-on-Don.

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 Nevsky Centre, a shopping centre with 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 carpark. The investment outlay for the department store and shopping centre has grown in step with a rise in construction costs, project delays and a change in the structure of the contract agreement. The total investment is estimated to be about EUR 170 million. The foundation works for the building are under way. Stockmann's objective is to open the department store and commercial centre by the end of 2009. During 2007, the project required an investment of EUR 24.0 million.

Stockmann has signed a preliminary agreement on opening Moscow's fifth Stockmann department store in leased premises in the Metropolis shopping centre that is being built near the city's centre. The department store will have a total of about 8 000 square metres of retail space, and Stockmann's investment in the project will be about EUR 12 million. Stockmann's objective is to open the department store by the end of 2008.

Stockmann has also 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 in 2009.

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.

The Department Store Division's capital expenditures came to EUR 111.5 million.

At the turn of the year, Lindex placed in use a new distribution centre that is located in Gothenburg, Sweden. The facility will boost the

efficiency of the company's operations and will be fully operational in the spring of 2008. Lindex has started a refurbishment program of stores in Norway. The program will be completed in the following two years and will improve competitiveness. Lindex aims to open business in Russia during the second half of the year and continues expansion in other markets. The objective is to open approximately 20-25 new stores in 2008.

Hobby Hall's capital expenditures amounted to EUR 3.5 million, which went mainly for the upgrade of the ERP system. Hobby Hall launched distance retailing in Lithuania in February and in Russia at the end of the year. Hobby Hall is also starting up online sales in Sweden during 2008.

Seppälä's capital expenditures came to EUR 9.3 million. In 2007, Seppälä opened a store in Tampere and Kerava, Finland, in Pärnu, Estonia, and in the cities of Vilnius and Kaunas in Lithuania. Seppälä opened 11 stores in Russia: four in St Petersburg as well as one each in Moscow, Samara, Nizhny Novgorod, Yaroslavl, Voronezh, Rostov-on-Don and Novosibirsk. In Finland and Estonia, a total of 15 stores were refurbished, some of them having moved into new premises. During 2007, an upgrade of the cash register system was carried out at the stores in Finland and Estonia, and it was completed in October. Seppälä is continuing to explore the possibility of starting up operations in Ukraine.

Other capital expenditures came to EUR 853.1 million, of which the acquisition of the Lindex shares accounted for EUR 850.9 million.

Capital expenditures in 2008 are estimated to amount to about EUR 195 million. The biggest investment items are the enlargement and transformation project for the department store in the centre of Helsinki and the construction works on the department store and shopping centre in St Petersburg.

On September 27, 2007, Stockmann made an agreement with Nordea on transferring its financing of Loyal Customer accounts to Nordea. The consideration paid for the transfer under the agreement contributed to improving Stockmann's earnings. This transfer of accounts will lighten Stockmann's balance sheet in 2008 by about EUR 65 million. The credit facilities of Stockmann's credit line Loyal Customer Cards will converge with those of the international MasterCard during 2008 in Finland, Estonia and Latvia, where Stockmann has previously not offered a Loyal Customer Card with a credit facility. In respect of Russia, Stockmann, acting in co-operation with Citibank, has agreed on bringing to market a MasterCard Loyal Customer Card with a credit facility in spring 2008.

#### Shares and shareholders

The company's market capitalization diminished by EUR 368.8 million during the year and stood at EUR 1 659.8 million at the end of the year (EUR 2 028.6 million).

Stockmann's share price underperformed both the OMX Helsinki index and the OMX Helsinki Cap index during the report period. At the end of the year, the stock exchange price of the Series A share was EUR 29.50, compared with EUR 36.40 at the end of 2006, and the Series B share was selling at EUR 29.66, as against EUR 36.48 at the end of 2006.

The 192 865 Stockmann shares subscribed for in December 2006 with the share options for the year 2000 were entered in the Trade Register on February 28, 2007, and they were admitted to public trading on the OMX Nordic Exchange Helsinki together with existing shares on March 1, 2007.

Share options for the year 2000 were exercised in March to subscribe for 238 709 shares. Of these, 18 000 shares were entered in the Trade Register on April 10, 2007, and 220 709 shares on May 14, 2007. They were accepted for public trading on the OMX Nordic Exchange Helsinki together with the old shares on April 11, 2007 and May 15, 2007. As a consequence of the subscriptions, the share capital was increased by EUR 477 418. Following the increases the share capital is EUR 112 187 224.

A total of 2 500 000 new Series B shares were eligible for subscription on the basis of the share options for 2000. During the subscription period, a total of 2 499 800 Stockmann Series B shares were subscribed for with the share options. The subscription period ended on April 1, 2007.

At December 31, 2007, Stockmann had 24 564 243 Series A shares and 31 529 369 Series B shares.

Stockmann held 369 560 of its own Series B shares (treasury shares) at the end of 2007, and they represented 0.7 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 5.6 million.

The Annual General Meeting in 2006 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 valid for five years. The company's Board of Directors does not have valid authorizations to increase the share capital, to float issues of convertible bonds or bonds with warrants, or to buy back its own shares.

#### Board of Directors' proposals to the Annual General Meeting

The Board of Directors proposes to the Annual General Meeting that the Board be authorized to resolve on the issuance of shares and/or of special rights entitling holders to shares referred to in chapter 10, section 1 of the Companies Act in one or more instalments. The Board will be authorized to decide on the number of the Series A and Series B shares to be issued. Under the authorization, the total number of shares to be issued may not exceed the total maximum of 15 000 000 shares. The equity issue or the issuance of special rights can be carried out either in line with the pre-emptive subscription rights of existing shareholders, or in disapplication of the pre-emptive rights (rights issue). Under the authorization, the Board is entitled to decide on all terms and conditions of the equity issue and the issuance of special rights pursuant to chapter 10, section 1 of the Limited Liability Companies Act. The authorization remains in force for a maximum of three years as from the date of the Annual General Meeting. The purpose of the equity issue and/or issuance of special rights entitling to shares is to strengthen the company's capital structure by repayment of the borrowed capital raised for the acquisition of Lindex.

Up to now, Stockmann has twice carried out a share option programme directed at its Loyal Customers. They have proved beneficial, both from the company's standpoint and for Loyal Customers. Accordingly, the Board of Directors will propose to the Annual General Meeting that the programme

be continued by granting a total maximum of 2.5 million share options without consideration to Stockmann's Loyal Customers in disapplication of shareholders' pre-emptive subscription rights. The purpose of granting the share options is to offer Loyal Customers a significant benefit that rewards them for patronage and at the same time improves Stockmann's competitive position. Share options will be granted to Loyal Customers whose purchases during January 1, 2008 – December 31, 2009, together with purchases made on parallel cards for the same account, are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. Each share option entitles its holder to subscribe for one of the company's Series B shares. It will be proposed that the subscription price per share be the volume-weighted average price of the Series B share on the OMX Nordic Exchange Helsinki during the period February 1 – February 29, 2008. The subscription price of a share subscribed for with the share options will be lowered, by the amount of the dividends declared prior to the share subscription, on the record date for each dividend payout. The subscription period for the shares is in May in the years 2011–2012. As a consequence of the subscriptions, the company's share capital can be increased by a maximum of EUR 5.0 million.

#### Number of employees in 2007

The Group had an average payroll of 11 161 employees in 2007, or 1 092 more than in the comparative period (10 069 employees in 2006 and 10 558 in 2005). The increase in the number of employees was attributable to the opening of a new department store in Russia, new Bestseller, Nike and Seppälä stores abroad and the acquisition of Lindex in December. Converted to full-time staff, Stockmann's average number of employees grew by 942 and was 8 979 employees (8 037 in 2006 and 8 537 in 2005). The Group's total wages and salaries grew by EUR 14.0 million from the comparative period and was EUR 181.9 million (EUR 167.9 million in 2006 and EUR 178.3 million in 2005).

At the end of December 2007, Stockmann had 8 294 employees working abroad. At the end of December of last year Stockmann had 3 477 people working abroad. The proportion of employees working abroad was 50 per cent of the total personnel (32 per cent).

#### Corporate social responsibility

Corporate social responsibility is part of the company's normal long-term operations. The focuses of Stockmann's corporate social responsibility are our own staff, the environment and far-reaching integrity in overseas sourcing.

#### Risk factors

With the acquisition of Lindex, the Stockmann Group's areas of operations expanded. Whereas the Group previously had operations in Finland, Russia and the Baltic countries, it now also operates in the well-established markets of Sweden and Norway as well as in the Czech Republic, where operations are in the start-up stage. The risk level of the business environment in the Stockmann Group's areas of operations varies. The level of business risk in the Baltic countries has diminished significantly

after these countries became members of the European Union, nor do the risks, apart from the present risks of an overheating of the economy, differ in any material respect from business risks in Finland.

Business risks in Russia are higher than in the Nordic countries and the Baltic area, and the operating environment is less stable owing to factors such as the business culture and the undeveloped state of the infrastructure in the country concerned. The pervasiveness of the grey economy, particularly in the importation of consumer goods, is still large and plays a part in distorting properly functioning competition. Over the past years, the operating environment and legislation pertaining to business activities have nevertheless evolved favourably. The country's economic growth has been robust thanks to the strong impetus from export revenues in the energy sector. Stockmann has over 18 years of experience of operating in Russia's continually changing operating environment. Accordingly, even large changes in the operating environment in Russia are not estimated to result in a material increase in the Group's business risk.

Fashion accounts for about 53 per cent of the Group's sales. An inherent aspect of the fashion trade is the short life cycle of products and their dependence on trends, the seasonality of sales and their susceptibility to abnormal weather conditions. The Group responds to these factors as part of its day-to-day management of operations. Except for significant exceptional situations, these factors are not estimated to have a material effect on the Group's sales or earnings.

The Group's operations are based on flexibly run logistics and efficient goods flows. Delays or disturbances in flows of goods and information can have a temporarily detrimental effect on operations. Every effort is made to control these operational risks by developing appropriate back-up systems and alternative ways of operating as well as by investing in information systems that run in a snag-free manner. Operational risks are also met by taking out insurance cover. Operational risks are not estimated to have a material impact on Stockmann's business activities.

The Group's revenue and earnings are affected by changes in foreign exchange rates between the Group's reporting currency, the euro, and the Swedish krona, the Norwegian krone, the Russian rouble, the United States dollar as well as 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 they are not estimated to have a material effect on the Group's business operations.

AB Lindex is involved in ongoing legal proceedings concerning the eligibility for deduction in Swedish taxation of losses of about EUR 70 million made by the Lindex Group's company in Germany. Lindex has won the previous legal proceedings in the matter in 2004/2005 and 2005/2006, but the Swedish tax authorities have appealed the decisions, and hearing of the case is continuing. Lindex has recorded against the losses a tax deduction of about EUR 21 million, including interest, which is recorded in earnings.

Lindex has also demanded a rectification of an assessment on the basis of the estimated earnings from operations in Germany during 2004–2006. The value of this rectification demand is about EUR 32 million, which has not been recorded in earnings.

The Group is engaged in legal proceedings concerning the validity of the leasehold on the Smolenskaya department store, which is located in the centre of Moscow, after April 1, 2008. The litigation concerns exercise of a 10-year continuation lease period under the lease agreement.

The Stockmann Group is not involved in other major pending litigation.

#### Full-year outlook

Of late, uncertainty has increased greatly in the world economy as well as in the financial and equity markets. In the Stockmann Group's market areas in the Nordic countries, the Baltic area and Russia, this has nevertheless not been reflected in consumer demand. According to estimates, there will be further growth in consumption demand. The growth will be stronger in the Baltic countries and Russia than in the Nordic countries.

Lindex will be part of the Stockmann Group for all of 2008. Because sales by all the divisions are expected to be on a favourable trend, this means a strong increase in the Group's sales. Stockmann's consolidated sales are estimated to come in at approximately EUR 2.4 - 2.5 billion in 2008.

Operating profit from continuing operations is expected to improve and all the divisions are set to generate higher operating profit. The operating result for the first quarter of 2008 will be lower than in the previous year and in the red owing to the timing of a campaign and a non-recurring imputed IFRS expense item recorded on the Lindex transaction. Correspondingly, second-quarter earnings will improve substantially on the figure a year earlier. Although the Group's financial expenses following the Lindex acquisition will increase clearly, the objective is to post higher profit in 2008 than in the previous year.

Balance sheet, Group EUR millions	31.12.07	31.12.06
<b>ASSETS</b>		
Non-current assets		
Intangible assets	844.5	6.3
Property, plant and equipment	476.8	352.2
Available-for-sale investments	6.5	6.5
Non-current receivables	1.7	
Deferred tax assets	5.3	2.5
Non-current assets, total	1 334.8	367.5
Current assets		
Inventories	244.4	155.0
Receivables, interest-bearing	98.8	98.9
Receivables, non interest-bearing	112.5	87.0
Cash and cash equivalents	33.2	59.2
Current assets, total	488.9	400.1
Assets, total	1 823.7	767.6
<b>EQUITY AND LIABILITIES</b>		
Equity	593.8	571.6
Minority interest	0.0	0.0
Equity, total	593.8	571.6
Non-current liabilities, interest-bearing		
Reserves	5.3	
Non-current liabilities, total	860.7	23.4
Deferred taxes liabilities	57.3	26.2
Current liabilities		
Current liabilities, interest-bearing	50.1	
Current liabilities, non interest-bearing	261.7	146.4
Current liabilities, total	311.8	146.4
Equity and liabilities, total	1 823.7	767.6
Equity ratio, per cent	32.6	74.5
Gearing, per cent	146.9	-6.3
Cash flow from operations per share, EUR	2.16	2.15
Interest-bearing net debt, EUR mill.	773.6	-134.7
Number of shares at September 30, thousands	56 094	55 662
Weighted average number of shares, thousands	55 606	54 310
Weighted average number of shares, diluted, thousands	55 815	55 178
Market capitalization, EUR mill.	1 659.8	2 028.6
Equity ratio, per cent = 100 x (Equity + minority interest) / Total assets less advance payments received		
Gearing, per cent = 100 x Interest-bearing liabilities less cash and cash equivalents / Equity total		
Interest-bearing net debt = Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities		
Market capitalization, EUR mill. = Number of shares multiplied by the quotation for the respective share series on the balance sheet date		

Cash flow statement, Group EUR millions	1-12/2007	1-12/2006
Cash flows from operating activities		
Net profit for the financial year	88.4	104.7
Adjustments:		
Depreciation	36.9	32.1
Profit (-) and loss (+) from sales of non-current assets		-34.4
Financial expenses	7.0	2.3
Financial income	-1.3	-1.8
Taxes paid	31.1	24.3
Other adjustments	1.2	1.7
Changes in working capital:		
Change in trade and other receivables	-11.0	1.7
Change in inventories	-12.5	5.2
Change in trade payables and other liabilities	8.8	11.2
Interest paid	-6.5	-2.5
Interest received	1.3	1.1
Taxes paid	-23.5	-28.2
Net cash from operating activities	119.9	117.4
Cash flows from investing activities		
Investments in tangible and intangible assets	-113.2	-112.2
Acquisition of subsidiary net cash acquired	-852.5	-12.7
Disposal of subsidiaries less cash at date of disposal		105.0
Capital expenditures on other investments		-0.5
Cash from tangible assets		8.4
Cash from other investments		0.9
Dividends received	0.1	0.1
Net cash used in investing activities	-965.6	-11.0
Cash flows from financing activities		
Proceeds from issue of share capital	5.8	17.2
Change in short-term loans, increase (+), decrease (-)	35.5	-33.3
Long-term loans, increase (+), decrease (-)	835.6	10.0
Dividends paid	-72.1	-59.5
Net cash used in financing activities	804.8	-65.6
Change in cash and cash equivalents	-40.9	40.8
Translation differences in cash and cash equivalents	0.4	
Cash and cash equivalents at start of the period	59.2	18.4
Cash and cash equivalents	33.2	59.2
Cheque account on credit	-14.6	
Cash and cash equivalents at end of the period	18.6	59.2

Income statement, Group, EUR millions	1-12/2007		Total
	Continuing operations	Discontinued operations	
Revenue	1 398.2		1 398.2
Other operating income	9.683		9.7
Materials and consumables	-791.2		-791.2

Wages, salaries and employee benefits expenses	-224.1	-224.1
Depreciation	-36.9	-36.9
Other operating expenses	-230.6	-230.6
Operating profit	125.2	125.2
Finance income and expenses	-5.7	-5.7
Profit before tax	119.4	119.4
Income taxes	-31.1	-31.1
Profit for the period	88.4	88.4
Earnings per share, EUR	1.59	1.59
Earnings per share, diluted, EUR	1.58	1.58
Operating profit, per cent	9.0	9.0
Equity per share, EUR		10.66
Return on equity, per cent, moving 12 months		15.2
Return on capital employed, per cent, moving 12 months		12.1
Average number of employees, converted to full-time staff	8.979	8.979
Investments	977.4	977.4

Income statement, Group, EUR millions	1-12/2006		Total
	Continuing operations	Discontinued operations	
Revenue	1 239.6	61.1	1 300.7
Other operating income	5.1	29.3	34.4
Materials and consumables	-721.1	-52.5	-773.6
Wages, salaries and employee benefits expenses	-199.3	-5.4	-204.7
Depreciation	-31.8	-0.3	-32.1
Other operating expenses	-192.6	-2.6	-195.1
Operating profit	99.9	29.6	129.5
Finance income and expenses	-0.5	0.0	-0.6
Profit before tax	99.4	29.6	128.9
Income taxes	-24.2	-0.1	-24.3
Profit for the period	75.2	29.5	104.7
Earnings per share, EUR	1.39	0.54	1.93
Earnings per share, diluted, EUR	1.37	0.53	1.90
Operating profit, per cent	8.1	48.4	10.0
Equity per share, EUR			10.34
Return on equity, per cent, moving 12 months			19.4
Return on capital employed, per cent, moving 12 months			22.9
Average number of employees, converted to full-time staff	7.923	114	8.037
Investments	125.5		125.5

Earnings per share, EUR = (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	1-12/2007	1-12/2006	Change per cent
Department Store Division	1 218.1	1 119.0	9
Lindex	68.1		
Hobby Hall	206.5	199.8	3
Seppälä	174.7	158.1	11
Shared	0.8	0.9	-12
Continuing operations, total	1 668.3	1 477.8	13
Discontinued operations		74.8	
Group	1 668.3	1 552.6	7

Revenue, EUR millions	1-12/2007	1-12/2006	Change per cent
Department Store Division	1 025.0	941.3	9
Lindex	54.7		
Hobby Hall	171.7	165.9	4
Seppälä	145.1	130.8	11
Shared	1.7	1.7	4
Continuing operations, total	1 398.2	1 239.6	13
Discontinued operations		61.1	
Group	1 398.2	1 300.7	7

Operating profit, EUR millions	1-12/2007	1-12/2006	Change per cent
Department Store Division	91.8	79.5	16
Lindex	15.0		
Hobby Hall	5.7	7.1	-19
Seppälä	20.7	21.1	-2
Shared	-7.5	-8.0	-7
Eliminations	-0.7	0.2	
Continuing operations, total	125.2	99.9	25
Discontinued operations		29.6	
Group	125.2	129.5	-3

Investments, gross, EUR millions	31.12.07	31.12.06	Change per cent
Department Store Division	111.5	115.3	-3
Lindex	853.1		
Hobby Hall	3.5	3.2	7
Seppälä	9.3	6.1	52
Shared		0.9	-100
Continuing operations, total	977.4	125.5	679
Discontinued operations			
Group	977.4	125.5	679

Assets, EUR millions	31.12.07	31.12/06	Change per cent
Department Store Division	652.4	557.9	17

Lindex	992.9		
Hobby Hall	102.7	104.0	-1
Seppälä	44.7	38.0	18
Shared	30.9	67.7	-54
Continuing operations, total	1 823.7	767.6	138
Discontinued operations			
Group	1 823.7	767.6	138

Non-interest-bearing liabilities, EUR millions	31.12.07	31.12.06	Change per cent
Department Store Division	125.9	122.0	3
Lindex	100.8		
Hobby Hall	14.5	13.9	5
Seppälä	11.5	10.9	5
Shared	71.7	25.8	178
Continuing operations, total	324.3	172.6	88
Discontinued operations			
Group	324.3	172.6	88

Market areas		1-12/2007	
	Continuing operations	Discontinued operations	Total
Sales, EUR millions			
Finland 1)	1 171.5		1 171.5
Sweden and Norway 2)	59.5		59.5
Baltic states and Czech Republic 3)	194.1		194.1
Russia 4)	243.2		243.2
Group	1 668.3		1 668.3
Finland, per cent	70.2		70.2
International operations, per cent	29.8		29.8

	Continuing operations	Discontinued operations	Total
Revenue, EUR millions			
Finland 1)	977.6		977.6
Sweden and Norway 2)	47.5		47.5
Baltic states and Czech Republic 3)	165.0		165.0
Russia 4)	208.0		208.0
Group	1 398.2		1 398.2
Finland, per cent	69.9		69.9
International operations, per cent	30.1		30.1

	Continuing operations	Discontinued operations	Total
Operating profit, EUR millions			
Finland 1)	96.8		96.8
Sweden and Norway 2)	13.9		13.9
Baltic states and Czech Republic 3)	21.1		21.1
Russia 4)	-6.6		-6.6
Group	125.2		125.2
Finland, per cent	77.3		77.3
International operations, per cent	22.7		22.7

Investments, gross, EUR millions		31.12.2007	
	Continuing operations	Discontinued operations	Total
Finland 1)	80.2		80.2

Sweden and Norway 2)	847.0	847.0
Baltic states and Czech Republic 3)	5.1	5.1
Russia 4)	45.0	45.0
Group	977.4	977.4
Finland, per cent	8.2	8.2
International operations, per cent	91.8	91.8

	Continuing operations	Discontinued operations	Total
Assets, EUR millions			
Finland 1)	585.2		585.2
Sweden and Norway 2)	975.7		975.7
Baltic states and Czech Republic 3)	75.8		75.8
Russia 4)	187.0		187.0
Group	1 823.7		1 823.7
Finland, per cent	32.1		32.1
International operations, per cent	67.9		67.9
1) Department Store Division, Lindex, Hobby Hall and Seppälä			
2) Department Store Division, Lindex, Hobby Hall and Seppälä			
3) Department Store Division, Hobby Hall and Seppälä			

	1-12/2006		Total
	Continuing operations	Discontinued operations	
Market areas			
Sales, EUR millions			
Finland 1)	1 123.7	74.8	1 198.6
Sweden and Norway 2)			
Baltic states and Czech Republic 3)	165.3		165.3
Russia 4)	188.8		188.8
Group	1 477.8	74.8	1 552.6
Finland, per cent	76.0	100.0	77.2
International operations, per cent	24.0		22.8

	Continuing operations	Discontinued operations	Total
Revenue, EUR millions			
Finland 1)	937.5	61.1	998.5
Sweden and Norway 2)			
Baltic states and Czech Republic 3)	140.6		140.6
Russia 4)	161.6		161.6
Group	1 239.6	61.1	1 300.7
Finland, per cent	75.6	100.0	76.8
International operations, per cent	24.4		23.2

	Continuing operations	Discontinued operations	Total
Operating profit, EUR millions			
Finland 1)	75.2	7.7	82.9
Sweden and Norway 2)			
Baltic states and Czech Republic 3)	21.0		21.0
Russia 4)	3.8	21.9	25.6
Group	99.9	29.6	129.5
Finland, per cent	75.2	26.0	64.0
International operations, per cent	24.8	74.0	36.0

Investments, 31.12.2006

gross, EUR millions	Continuing operations	Discontinued operations	Total
Finland 1)	64.0		64.0
Sweden and Norway 2)			
Baltic states and Czech Republic 3)	1.8		1.8
Russia 4)	59.7		59.7
Group	125.5		125.5
Finland, per cent	51.0		51.0
International operations, per cent	49.0		49.0

Assets, EUR millions	Continuing operations	Discontinued operations	Total
Finland 1)	594.8		594.8
Sweden and Norway 2)			
Baltic states and Czech Republic 3)	69.7		69.7
Russia 4)	103.1		103.1
Group	767.6		767.6
Finland, per cent	77.5		77.5
International operations, per cent	22.5		22.5

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

Statement of changes in equity	Equity*	Share premium fund	Other funds
Group, EUR millions			
Equity December 31, 2005	109.0	166.5	44.1
Options exercised	2.7	16.7	
Share bonus		0.2	
Transfer to other funds			0.0
Dividends			
Translation differences			
Profit for the period			
Equity December 31, 2006	111.7	183.4	44.1
Options exercised	0.5	2.6	
Share bonus			
Transfer to other funds			0.0
Cash flow hedges			
Cost of share issue			
Dividends			
Translation differences			
Profit for the period			
Equity December 31, 2007	112.2	186.0	44.1
* including share issue			

Statement of changes in equity	Fair value reserve**	Translation reserve	Retained earnings
Group, EUR millions			
Equity December 31, 2005		0.0	185.7
Options exercised			
Share bonus			0.2
Transfer to other funds			1.3

Dividends			-59.5
Translation differences		0.0	0.0
Profit for the period			104.7
Equity December 31, 2006		0.0	232.3
Options exercised			
Share bonus			0.4
Transfer to other funds			
Cash flow hedges	0.5		
Cost of share issue			1.9
Dividends			-72.1
Translation differences		0.0	0.0
Profit for the period			88.4
Equity December 31, 2007	0.5	0.0	250.9
** excluding deferred tax liability			

Statement of changes			
in equity			
Group, EUR millions	Total	Minority interest	Total
Equity December 31, 2005	505.3	0.0	505.3
Options exercised	19.5		19.5
Share bonus	0.4		0.4
Transfer to other funds	1.3		1.3
Dividends	-59.5		-59.5
Translation differences	0.0		0.0
Profit for the period	104.7	0.0	104.7
Equity December 31, 2006	571.6	0.0	571.6
Options exercised	3.1		3.1
Share bonus	0.4		0.4
Transfer to other funds	0.0		0.0
Cash flow hedges	0.5		0.5
Cost of share issue	1.9		1.9
Dividends	-72.1		-72.1
Translation differences	0.0		0.0
Profit for the period	88.4	0.0	88.4
Equity December 31, 2007	593.8	0.0	593.8

Contingent liabilities, Group EUR millions	31.12.07	31.12.06
Mortgages on land and buildings	1.7	1.7
Guarantees		1.5
Pledges	0.1	0.1
Total	1.8	3.2

Lease agreements on business premises, EUR millions		
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	124.6	69.6
After one year	449.3	351.5
Total	573.8	421.1

Lease payments		
Within one year	1.4	1.1
After one year	1.3	0.9
Total	2.8	2.0

Derivative instruments	
Nominal value	
Interest rate derivatives	7.4

Exchange rates			
Country	Currency	31.12.07	31.12.06
Russia	RUB	35.9860	34.6800
Estonia	EEK	15.6466	15.6466
Latvia	LVL	0.6964	0.6972
Lithuania	LTL	3.4528	3.4528
Sweden	SEK	9.4415	9.0404

Income statement				
quarterly,	Q4	Q3	Q2	Q1
Group, EUR millions	2007	2007	2007	2007
Continuing operations				
Revenue	483.9	308.6	294.2	311.4
Other operating income	0.0	9.7		
Materials and consumables	-255.8	-179.8	-164.0	-191.6
Wages, salaries and employee benefits expenses	-73.2	-47.6	-52.6	-50.8
Depreciation	-10.5	-8.9	-8.4	-9.1
Other operating expenses	-73.7	-50.0	-55.1	-51.7
Operating profit	70.8	32.1	14.1	8.2
Finance income and expenses	-4.3	-0.5	-0.8	-0.2
Profit before tax	66.5	31.6	13.3	8.0
Income taxes	-17.9	-8.1	-3.2	-1.9
Profit for the period, continuing operations	48.6	23.5	10.2	6.1
Discontinued operations				
Profit for the period, discontinued operations				
Profit for the period	48.6	23.5	10.2	6.1

Earnings per share, continuing operations, EUR				
Basic	0.87	0.43	0.18	0.11
Diluted	0.87	0.42	0.18	0.11

Earnings per share, discontinued operations, EUR	
Basic	
Diluted	

Earnings per share, total, EUR	
-----------------------------------	--

Basic	0.87	0.43	0.18	0.11
Diluted	0.87	0.42	0.18	0.11
	Q4	Q3	Q2	Q1
Sales, EUR millions	2007	2007	2007	2007
Department Store Division	400.4	275.5	261.0	281.2
Lindex	68.1			
Hobby Hall	58.9	45.9	46.0	55.6
Seppälä	51.2	45.4	43.5	34.6
Shared	0.2	0.2	0.2	0.2
Continuing operations, total	578.8	367.0	350.7	371.7
Discontinued operations Group	578.8	367.0	350.7	371.7
Revenue, EUR millions				
Department Store Division	336.9	232.2	219.6	236.3
Lindex	54.7			
Hobby Hall	49.2	38.2	38.1	46.2
Seppälä	42.5	37.8	36.1	28.7
Shared	0.7	0.5	0.4	0.1
Continuing operations, total	483.9	308.6	294.2	311.4
Discontinued operations Group	483.9	308.6	294.2	311.4
Operating profit, EUR millions				
Department Store Division	46.9	25.7	11.5	7.8
Lindex	15.0			
Hobby Hall	2.7	2.5	-0.9	1.5
Seppälä	8.6	5.5	5.8	0.8
Shared	-2.4	-1.1	-2.1	-1.8
Eliminations	0.0	-0.5	-0.1	0.0
Continuing operations, total	70.8	32.1	14.1	8.2
Discontinued operations Group	70.8	32.1	14.1	8.2
Income statement quarterly, Group, EUR millions	Q4	Q3	Q2	Q1
	2006	2006	2006	2006
Continuing operations				
Revenue	389.6	281.1	299.5	269.4
Other operating income	0.4	0.0	4.7	
Materials and consumables	-215.6	-166.1	-170.8	-168.7
Wages, salaries and employee benefits expenses	-57.9	-44.2	-48.9	-48.3
Depreciation	-7.9	-7.9	-8.1	-8.0
Other operating expenses	-58.1	-43.0	-47.7	-43.7
Operating profit	50.5	19.8	28.7	0.8
Finance income and expenses	-0.5	0.5	-0.9	0.2
Profit before tax	50.1	20.4	27.9	1.1
Income taxes	-12.3	-5.0	-6.6	-0.3
Profit for the period, continuing operations	37.8	15.4	21.2	0.8

Discontinued operations				
Profit for the period,			21.9	7.6
discontinued operations				
Profit for the period	37.8	15.4	43.1	8.4
Earnings per share,				
continuing operations, EUR				
Basic	0.70	0.29	0.39	0.01
Diluted	0.69	0.28	0.39	0.01
Earnings per share,				
discontinued operations,				
EUR				
Basic		-0.01	0.41	0.14
Diluted	-0.01		0.40	0.14
Earnings per share, total,				
EUR				
Basic	0.70	0.28		0.15
Diluted	0.68	0.28	0.79	0.15
	Q4	Q3	Q2	Q1
Sales, EUR millions	2006	2006	2006	2006
Department Store Division	363.4	249.0	270.8	235.8
Lindex				
Hobby Hall	55.5	45.5	46.2	52.6
Seppälä	45.3	40.2	40.2	32.4
Shared	0.2	0.2	0.3	0.2
Continuing operations,	464.4	334.9	357.6	320.9
total				
Discontinued operations				74.8
Group	464.4	334.9	357.6	395.7
Revenue, EUR millions				
Lindex	305.5	209.8	227.4	198.5
Department Store Division				
Hobby Hall	46.1	37.8	38.4	43.6
Seppälä	37.5	33.2	33.3	26.8
Shared	0.5	0.2	0.4	0.5
Continuing operations,	389.6	281.1	299.5	269.4
total				
Discontinued operations				61.1
Group	389.6	281.1	299.5	330.5
Operating profit, EUR				
millions				
Department Store Division	44.3	13.1	22.2	-0.1
Lindex				
Hobby Hall	3.4	2.1	0.6	1.0
Seppälä	7.3	5.4	7.6	0.8
Shared	-3.8	-0.9	-1.9	-1.4
Eliminations	-0.6	0.1	0.2	0.6
Continuing operations,	50.6	19.8	28.7	0.8
total				
Discontinued operations			21.9	7.7
Group	50.6	19.8	50.6	8.5

ASSETS

EUR mill.	2007	2006
Acquisition cost Jan. 1	551.7	500.4
Aquisitions through business combinations (investment) (+)	154.7	
Translation difference +/-	-0.2	0.0
Increases Jan. 1-Dec. 31	125.9	124.3
Decreases Jan. 1-Dec. 31	-18.4	-72.9
Acquisition cost Dec. 31	813.8	551.7
Accumulated depreciation Jan. 1	193.2	190.2
Depreciation on reductions	-17.6	-29.1
Depreciation for the financial year	36.9	32.1
Accumulated depreciation Dec. 31	218.5	193.2
Book value Jan. 1	310.2	358.5
Book value Dec. 31	601.4	310.2

Goodwill

EUR mill.	2007	2006
Acquisition cost Jan. 1		0.5
Aquisitions through business combinations (investment) (+)	721.7	
Translation difference +/-	-1.7	-0.5
Acquisition cost Dec. 31	720.0	
Book value Jan 1.		0.5
Book value Dec. 31	720.0	

Total 1 321.3 358.5

ACQUIRED OPERATIONS

	2007		
EUR mill.	Carrying amounts before business combination	Fair values recorded in business combination	Carrying amounts after business combination
Acquired companies			
Intangible assets			
Trademarks	18.4	78.2	96.6
Leasehold interest	0.0		0.0
Customer agreements		2.4	2.4
Supplier agreements		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 fiancial assets	2.6		2.6
Tax assets	3.0		3.0
Inventories	72.6	4.2	76.8
Trade and other receivables	14.6		14.6
Nettovarat			
Cash and cash equivalentents	9.0		9.0
Assets, total	179.2	81.5	260.8

Deferred taxes	1.7	25.0	26.7
Pension liabilities (defined benefit)	3.4		3.4
Other provisions	2.5		2.5
Current account with overdraft facility	29.0		29.0
Other liabilities	69.9		69.9
Liabilities, total	106.5	25.0	131.5
Net assets	72.7	56.6	129.3
Acquisition cost			850.9
Goodwill		721.7	721.7
Purchase price paid in cash			832.5
Unpaid part of purchase price			18.4
Cash assets of subsidiary acquired			20.0
+Current account with overdraft facility			
Cash flow effect			852.5

STOCKMANN plc

Hannu Penttilä  
CEO

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A press and analyst conference will be held today, February 7, 2008, at 14.00 at the World Trade Center, Aleksanterinkatu 17, Helsinki.