Financial Statements Bulletin 2012

STOCKMANN

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Improved revenue and earnings in 2012: operating profit up EUR 17 million

October - December 2012:
Consolidated revenue grew by 2.8 per cent to EUR 643.8 million (EUR 626.1 million).
Operating profit was EUR 56.8 million (EUR 59.3 million).

January - December 2012:
Consolidated revenue grew by 5.5 per cent to EUR 2 116.4 million (EUR 2 005.3 million).
Operating profit was EUR 87.3 million (EUR 70.1 million).
Profit for the year was EUR 53.6 million (EUR 30.8 million)
Earnings per share came to EUR 0.74 (EUR 0.43).
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 per share be paid.

CEO Hannu Penttilä:
The Stockmann Group's revenue grew by 5.5 per cent in 2012 and its full-year operating profit improved by EUR 17 million. After several difficult years, I'm happy to see that we achieved a positive operating profit in our Russian operations for the first time since the start of the financial crisis in 2008. In particular our department stores in Russia made a big improvement in their profitability and all seven stores improved their revenue and earnings. Stockmann's Nevsky Centre shopping centre in St Petersburg has also achieved its targets and it made a good contribution to the improvement. Good development also continued in all our businesses in the Baltic countries, which have recovered from the financial crisis.

The European debt crisis has created a lot of uncertainty among consumers, which resulted in slow market growth in the Nordic countries in 2012. Christmas sales performance was as we had expected in department stores, but performance in Hobby Hall and in our fashion chains in all the Nordic countries was weaker. However, Lindex successfully increased its market shares and earnings in most of its markets in 2012.

Stockmann's profit for the year increased more than the operating profit, mainly due to lower net financing costs and a lowered corporate tax rate in Sweden as of 2013, which had an impact on deferred tax liability. As a result, earnings per share were up 73 per cent.

No permanent solution has been found for Europe's debt crisis and this will continue to cause uncertainty in 2013. Slow growth must be taken into account in our Finnish department stores in particular, where operating profit in 2012 fell short of expectations. Seppälä's comprehensive brand renewal creates an opportunity for the fashion chain to improve its earnings performance.

The Stockmann Group's internationalisation reached an important milestone in 2012, when the share of the international revenue exceeded the revenue in Finland for the first time. This trend will also continue in the future. Stockmann expects the Group's revenue to grow in 2013, excluding the terminated franchising operations. Operating profit is expected to be higher than in 2012.

KEY FIGURES

	10–12/2012	10–12/2011	1–12/2012	1–12/2011
Revenue, EUR mill.	**643,8**	626,1	2 116,4	2 005,3
Revenue growth, %	**2,8**	8,5	5,5	10,1
Gross margin, %	**49,5**	48,6	49,5	48,7
Operating profit, EUR mill.	**56,8**	59,3	87,3	70,1
Net financial costs, EUR mill.	**8,7**	8,1	32,4	34,4
Profit before tax, EUR mill.	**48,2**	51,1	54,9	35,7
Profit for the period, EUR mill.	**47,7**	45,2	53,6	30,8
Earnings per share, undiluted, EUR	**0,66**	0,63	0,74	0,43
Equity per share, EUR			12,40	12,11
Cash flow from operating activities, EUR mill.	**141.1**	179,8	123,7	66,2
Capital expenditure, EUR mill.	**19,4**	15,7	60,3	66,0
Net gearing, %			90,9	95,3
Equity ratio, %			42,8	42,2
Number of shares, undiluted, weighted average, 1 000 pc			71 945	71 496
Return on capital employed, rolling 12 months			5,1	4,1
Personnel, average	**16 101**	16 183	15 603	15 964

REVENUE AND EARNINGS

The unstable state of the European economy and the unresolved debt crisis created uncertainty in 2012. Consumer confidence weakened in particular in Finland where the retail market growth slowed down in the second half of 2012. The performance of the market for affordable fashion was poor during most of the year in Stockmann's main markets in Sweden, Norway and Finland. The general market environment in Russia and the Baltic countries remained relatively good and growth in the retail market continued.

The Stockmann Group's revenue for the financial year was up by 5.5 per cent to EUR 2 116.4 million (2011: EUR 2 005.3 million). Revenue improved in both divisions and in all market areas. Revenue in Finland was up by 2.1 per cent to EUR 1 048.2 million (EUR 1 026.2 million). Revenue in other countries amounted to EUR 1 068.2 million (EUR 979.1 million), an increase of 9.1 per cent. The Swedish krona, the Norwegian krone and the Russian rouble all strengthened against the euro. If like-for-like exchange rates are used, the Group's revenue abroad grew by 6.1 per cent. Revenue abroad accounted for 50.5 per cent (48.8 per cent) of the Group's total revenue. This was the first year in Stockmann's history when revenue from international operations was higher than revenue from Finland. Revenue growth was strongest in the department stores in Russia and in Lindex's new markets.

Other operating income was EUR 0.6 million (EUR 0.2 million) due to a sale of a real estate property in Helsinki in October.

The Group's gross profit for the financial year grew by EUR 70.3 million, to EUR 1 047.2 million (EUR 976.9 million). The gross margin was 49.5 per cent (48.7 per cent) and it improved in both divisions. Operating costs were up by 6.8 per cent, or by EUR 56.6 million, to EUR 886.0 million (EUR 829.4 million). The share of operating costs was 41.9 per cent (41.4 per cent) of revenue. Changes in the presentation of the income statement somewhat increased the reported gross margin and correspondingly increased the reported other operating costs. Depreciation was EUR 74.5 million (EUR 77.7 million).

The Group's operating profit for the financial year was up by EUR 17.3 million, to EUR 87.3 million (EUR 70.1 million). The Department Store Division and Lindex clearly improved their operating profit while Seppälä's operating result was weaker than in 2011. In all, operating profit improved in Sweden, the Baltic countries and in particular in Russia, but declined in Finland.

The Stockmann Group's fourth-quarter revenue grew by 2.8 per cent to EUR 643.8 million (10-12/2011: EUR 626.1 million). The Department Store Division and Lindex improved its revenue while Seppälä's revenue was down. Revenue in Finland was on a par with the previous year, at EUR 329.9 million (EUR 329.8 million). Revenue abroad was up 5.9 per cent and amounted to EUR 313.9 million (EUR 296.3 million). If like-for-like exchange rates are used, the Group's revenue abroad grew by 3.1 per cent.

The fourth-quarter gross profit amounted to EUR 318.6 million (EUR 304.2 million) and the gross margin was 49.5 per cent (48.6 per cent). Operating costs increased by 8.6 per cent to EUR 243.4 million (EUR 224.1 million). The increase is partly related to changes in the presentation of the income statement; the comparable gross margin in the quarter was 49.1 per cent and comparable growth of operating costs was 6.7 per cent. The strengthened Swedish krona also increased operating costs. Depreciation was EUR 19.0 million (EUR 20.8 million). Operating profit was EUR 56.8 million (EUR 59.3 million). The Department Store Division improved its operating profit while the Fashion Chain Division was down on 2011.

Net financial expenses for the financial year were down by EUR 2.0 million, to EUR 32.4 million (2011: EUR 34.4 million). The decline was mainly due to non-recurring foreign exchange gains that amounted to EUR 0.6 million, while in 2011 non-recurring exchange losses were EUR 1.1 million.

Profit before taxes for the financial year was EUR 54.9 million (EUR 35.7 million). Income taxes were EUR 7.0 million (EUR 4.7 million). Taxes were reduced by a tax credit following an exchange rate loss and a decline in deferred tax liability due to a lowered corporate tax rate in Sweden as of 1 January 2013. In total, taxes for the year amounted to EUR 1.4 million (EUR 4.9 million). Profit for the year was EUR 53.6 million (EUR 30.8 million).

Earnings per share for the financial year amounted to EUR 0.74 (EUR 0.43), and, diluted for share options, EUR 0.74 (EUR 0.43). Equity per share was EUR 12.40 (EUR 12.11).

REVENUE AND EARNINGS BY DIVISION

Department Store Division

The Department Store Division's full-year revenue was up by 5.3 per cent, to EUR 1 302.7 million (EUR 1 236.9 million). Revenue in Finland was up by 2.3 per cent to EUR 881.2 million (EUR 861.4 million). The revenue growth slowed down in the second half of the year but still the department stores increased their market share in most of the product categories.

The euro-denominated revenue of international operations increased by 12.2 per cent to EUR 421.5 million (EUR 375.6 million). In local currencies, revenue was up by 10.1 per cent. Revenue abroad accounted for 32.4 per cent (30.4 per cent) of the division's total revenue. Growth was a result of strong performance in all department stores in Russia and the Baltic countries, and in particular in St Petersburg. Revenue in the Baltic countries increased by 8.2 per cent to EUR 98.8 million (EUR 91.3 million). In Russia, revenue increased by 19.0 per cent in the department stores, to EUR 311.5 million (EUR 261.7 million), and by 13.5 per cent when including the revenue of Bestseller franchising stores of EUR 11.2 million (EUR 22.5 million). The Bestseller stores were closed during 2012.

The gross margin for the financial year remained on a good level, at 41.9 per cent (41.2 per cent). The Department Store Division's operating profit was up by EUR 12.8 million to EUR 48.0 million (EUR 35.2 million) thanks to good performance in the Baltic countries and in particular in Russia. The terminated Bestseller franchising operations made an operating result of EUR -7.3 million (EUR -5.7 million).The Department Store Division made a clearly positive operating profit in Russia even with the loss-making Bestseller stores included. In Finland the operating profit was down on 2011.

The Department Store Division's fourth-quarter revenue was up by 3.7 per cent to EUR 423.5 million (EUR 408.5 million). Revenue in Finland was up 1.6 per cent to EUR 286.8 million (EUR 282.2 million). Revenue abroad was up 9.3 per cent to EUR 136.7 million (EUR 126.3 million). In October the Crazy Days campaign achieved a revenue growth of 8 per cent in total. Growth was 21 per cent in Russia, 3 per cent in the Baltic countries and 3 per cent in Finland. Christmas sales developed as expected in department stores but performance by Hobby Hall was weaker.

The gross margin in the quarter was 42.9 per cent (42.1 per cent). Operating profit was up EUR 2.0 million to EUR 41.6 million (EUR 39.6 million).

Fashion Chain Division

The Lindex and Seppälä fashion chains were combined into a Fashion Chain Division in June. The division's full-year revenue was up by 6.0 per cent, to EUR 814.0 million (EUR 767.9 million) in 2012. Revenue grew by 1.8 per cent in Finland, to EUR 167.3 million (EUR 164.4 million) and by 7.2 per cent in international operations, to EUR 646.7 million (EUR 603.5 million). Revenue outside of Finland accounted for 79.5 per cent (78.6 per cent) of the division's total revenue.

Lindex's full-year revenue totalled EUR 670.9 million (EUR 624.1 million), an increase of 7.5 per cent. In local currencies, revenue was up by 2.8 per cent. All markets except Norway increased their revenue during the year. Seppälä's revenue decreased by 0.5 per cent, to a total of EUR 143.1 million (EUR 143.8 million). Revenue was slightly down in Finland and Russia but grew in the Baltic countries.

The Fashion Chain Division's gross margin for 2012 was 61.5 per cent (60.8 per cent). Lindex's gross margin improved to 62.3 per cent (61.3 per cent), thanks to fewer price reductions. Seppälä's gross margin was 57.6 per cent (58.5 per cent). The decline was mainly due to price-driven campaigns to boost sales.

The division's full-year operating profit was up by EUR 7.3 million, to EUR 50.0 million (EUR 42.6 million). Profitability was up due to Lindex's good performance in the Nordic and the Baltic countries. Lindex's operating profit was EUR 51.0 million (EUR 41.2 million) and Seppälä's was EUR -1.0 million (EUR 1.4 million). Seppälä's operating result includes EUR 0.4 million of non-recurring expenses due to the closure of the business in Ukraine. Seppälä's operating profit improved in the Baltic countries but declined in Finland and in particular in Russia. Declined revenue combined with a lower gross margin and increased store rental costs affected negatively the operating profit. Seppälä started a comprehensive brand renewal project in the autumn, with the aim of improving operations significantly in the coming years.

The division's revenue in the fourth quarter grew by 1.7 per cent, to EUR 221.0 million (EUR 217.4 million). Lindex's revenue grew by 3.8 per cent to EUR 184.0 million (EUR 177.4 million). The revenue growth was due to good performance in the new market areas. In local currencies revenue was down by 2.2 per cent. Seppälä's revenue was EUR 37.0 million (EUR 40.0 million) and was weaker than in 2011 in Finland and in Russia, but grew in the Baltic countries.

The division's gross margin was 62.0 per cent (60.8 per cent) in the fourth quarter. Lindex improved its gross margin to 62.3 per cent (61.3 per cent). and Seppälä to 60.5 per cent (58.9 per cent). Operating profit for the quarter was EUR 19.2 million, compared with EUR 22.6 million a year earlier. Lindex made an operating profit of EUR 17.5 million (EUR 20.4 million), while Seppälä's operating profit totalled EUR 1.8 million (EUR 2.2 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 36.1 million at the close of the year, compared with EUR 33.2 million a year earlier. Cash flow from operating activities came to EUR 123.7 million (EUR 66.2 million) in the financial year and EUR 141.1 million (EUR 179.8 million) in the fourth quarter.

Net working capital excluding cash and cash equivalents amounted to EUR 117.9 million at the close of the year, compared with EUR 137.9 million a year earlier. Inventories were EUR 281.4 million (EUR 264.7 million), primarily as a result of the strengthening of the Swedish krona and increased stock level of the Department Store Division in Finland. Current receivables decreased to EUR 116.2 million (134.8 million). Non-interest-bearing liabilities amounted to EUR 278.8 million (EUR 262.2 million) mostly due to an increase in trade payables.

Most of the Group's long-term debt and assets are in the Swedish krona. As a result, the exchange rate of the Swedish krona against the euro has a direct impact on the amount of debt presented in euros. Despite the strengthening Swedish krona, interest-bearing liabilities at the close of the year stood at EUR 848.5 million (EUR 862.5 million), of which EUR 502.9 million (EUR 533.9 million) was long-term debt. In addition, the Group has EUR 369.6 million in undrawn, long-term committed credit facilities. Most of the short-term debt has been acquired in the commercial paper market.

Stockmann diversified its sources of finance and issued a EUR 150 million bond on the credit market in November, which replaced part of Stockmann's bank loans and credit facilities in advance. The bond matures on 19 March 2018 and carries a fixed coupon interest rate of 3.375 per cent per annum. The bond was listed on NASDAQ OMX Helsinki on 20 November 2012.

The equity ratio at the close of the year was 42.8 per cent (42.2 per cent), and net gearing was 90.9 per cent (95.3 per cent).

The return on capital employed over the past 12 months was 5.1 per cent (4.1 per cent). The Group's capital employed increased by EUR 9.6 million and stood at EUR 1 742.5 million (EUR 1 732.9 million) at the end of the financial year.

DIVIDENDS

In accordance with the resolution of the Annual General Meeting 2012, a dividend of EUR 0.50 per share was paid on the 2011 financial year, which came to a total of EUR 35.9 million.

At the end of the financial year, on 31 December 2012, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 422.1 million, of which EUR 30.2 million was net profit for the financial year. The Board of Directors will propose to the Annual General Meeting, to be held on 21 March 2013 that a dividend of EUR 0.60 per share be paid on the 2012 financial year. The proposed dividend is 80.6 per cent of earnings per share. Under this proposal, a total of EUR 43.2 million would be paid in dividends. EUR 378.9 million would remain in unrestricted equity.

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 60.3 million (EUR 66.0 million) which was lower than depreciation at EUR 74.5 million (77.7 million). In the fourth quarter capital expenditure was EUR 19.4 million (EUR 15.7 million) and deprecation EUR 19.0 million (EUR 20.8 million).

The Department Store Division's capital expenditure for the financial year totalled EUR 30.4 million (EUR 35.4 million). In 2012 the division invested EUR 12.2 million in the project to introduce a new enterprise resource planning (ERP) system. The first implementations of the new system will take place in spring 2013. A project to enlarge the Tampere department store started in the summer 2012. The target for completing the enlargement is 2014.

Stockmann closed down its Bestseller franchising operations in Russia in 2012. In total 18 Bestseller stores were closed during the year, ten of them in the fourth quarter. Four Bestseller stores were converted into Lindex stores.

The Fashion Chain Division's capital expenditure for the financial year totalled EUR 22.0 million (EUR 28.0 million). Lindex opened 21 own stores and seven franchising stores in 2012. Eight stores were opened in the fourth quarter; one in Finland, two in Sweden, three in Norway, one in Russia and one in Czech Republic. Five stores were closed down in 2012. In total there were 469 Lindex stores in 16 countries at the end of 2012.

Seppälä opened four new stores in 2012, none of them in the fourth quarter. Three stores were closed down in the last quarter of the year and in total 13 stores were closed in 2012. There were 220 Seppälä stores in 5 countries at the end of 2012.

The Group's other capital expenditure came to a total of EUR 7.9 million (EUR 2.6 million). The Group's financial management systems are being replaced gradually in connection with the renewal of the Department Store Division's ERP system.

STORE NETWORK

Stockmann Group	Total 31.12.2011	Total 30.9.2012	New stores in Q4 2012	Closed stores in Q4 2012	**Total 31.12.2012**
Department stores*	16	16			**16**
Bestseller stores	18	10		10	**0**
Stockmann Beauty stores	13	12			**12**
Other stores in Department Store Division**	9	9			**9**
Lindex stores	446	461	8		**469**
of which franchising	23	30			**30**
of which own stores	423	431	8		**439**
Seppälä stores	229	223		3	**220**

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

NEW PROJECTS

The capital expenditure for 2013 is estimated to be approximately EUR 60 million, which is less than the estimated depreciation of approximately EUR 75 million. Most of the capital expenditure will be in department store renovations and in the expansion of the store network. Capital expenditure will also be allocated to IT projects concerning the renewals of the ERP and financial systems as well as online stores.

Lindex will expand its store network by approximately 15 - 20 new stores in 2013, excluding franchising stores. Seppälä's store number will remain around the same as in 2012.

Stockmann's department store in Itäkeskus, Helsinki will move to new premises at the Itis shopping centre in November 2013. The capital expenditure in this project is mainly being financed by the lessor. The Tampere and Tapiola department stores will gain significantly more retail space in the construction projects for these stores, which are due for completion in 2014 and 2016, respectively.

Due to the positive development of the Russian real estate market, Stockmann has decided to evaluate the commercial value of the Nevsky Centre shopping centre in St Petersburg. Based on the evaluation, Stockmann may strengthen its financial position by finding an outside investor for the real estate property. If acceptable terms can be achieved, Stockmann could consider completing this transaction during 2013.

SHARES AND SHARE CAPITAL

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share. As of the end of the year, Stockmann had 30 627 563 Series A shares and 41 421 120 Series B shares, or a total of 72 048 683 shares.

The Board of Directors of Stockmann approved 207 854 Series B share subscriptions with the 2008 Loyal Customer share options in 2012. The subscription right was used by 5 398 Stockmann loyal customers. As a consequence, Stockmann's share capital was increased by EUR 0.4 million. The share capital totalled EUR 144.1 million at the end of 2012 (2011: EUR 143.7 million).

The company's market capitalization at the end of 2012 was EUR 994.6 million (EUR 911.8 million).

Stockmann's Series B share outperformed during 2012 the OMX Helsinki Cap index and the OMX Helsinki index while the Series A share performed under the indexes. At the close of 2012, the price of the Series A shares was EUR 14.08, compared with EUR 13.65 at the end of 2011, and the Series B shares were selling at EUR 13.60, as against EUR 11.98 at the end of 2011. A total of 0.4 million (0.5 million) Series A shares and 11.3 million (15.4 million) Series B shares were traded during the year. This corresponds to 1.4 per cent of the average number of Series A shares and 27.4 per cent of the average number of Series B shares.

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

At the end of 2012, Stockmann had 59 283 shareholders, compared with 56 116 a year earlier. The increase in the number of shareholders was mainly due to exercise of the Loyal Customer share options. On 14 August 2012, Stockmann received a major shareholdings announcement concerning Konstsamfundet r.f. whose voting rights in Stockmann had increased above 15 per cent in connection with a purchase of shares.

PERSONNEL

The Group's personnel totalled an average of 15 603 in 2012, which was 361 less than in the previous year (15 964 in 2011 and 15 165 in 2010). The decline took place mainly in Russia where, for example, the Bestseller stores were closed.

Converted into full-time equivalents, Stockmann's average number of employees was down by 274, to 11 898 employees (12 172 in 2011 and 11 503 in 2010). The Group's wages and salaries amounted to EUR 319.4 million, compared with EUR 307.7 million in 2011 and 287.6 million in 2010. The employee benefits expenses totalled EUR 405.1 million (EUR 390.0 million) which accounted for 19.1 per cent (19.4 per cent) of revenue.

At the end of 2012, the Group had 16 041 employees (15 960) of which 7 553 (7 237) were working in Finland. The number of employees working outside of Finland was 8 488 (8 723) which was 53 per cent (55 per cent) of the total. At the end of 2012, 9 634 employees were employed by the Department Store Division (9 672), 4 856 by Lindex (4 653), 1 419 by Seppälä (1 506) and 132 in Corporate Administration (129).

CHANGES IN ORGANISATION AND MANAGEMENT

The Stockmann Group introduced a new organisational structure by establishing a new Fashion Chain Division in June 2012. The division includes all operations of Lindex and Seppälä and will support their strategic aim of successful international expansion and enable more cost-efficient operations for both brands. Göran Bille was appointed Director, Fashion Chain Division as of June 2012. He also continues as the CEO of Lindex. Seppälä's CEO Nina Laine-Haaja has been reporting to Göran Bille since 1 July 2012, and she left the Stockmann Group's Management Committee as of 31 December 2012.

HR Director, M.Sc. (Econ.) Heini Pirttijärvi (born 1966) started as a member of the Stockmann Group's Management Committee as of 1 January 2013. Pirttijärvi has been the Department Store Division's HR Director since 2009 and is currently responsible for both the Stockmann Group's and the Department Store Division's human resources. Heini Pirttijärvi has worked for the company since 1993 in various roles, including Director of the Tapiola department store and Sales Director of the Helsinki city centre department store.

EVENTS AFTER THE REPORTING PERIOD

Stockmann and INDITEX, S.A., the owner of the Zara store concept, agreed in January 2013 to end the franchising co-operation in Finland as of 1 March 2013. Stockmann is currently operating four Zara franchising stores in Finland. The stores will be transferred to Inditex through a sale of Stockmann's subsidiary Z-Fashion Finland Oy that is responsible for the franchising business. The divestment does not have a substantial effect on the Stockmann Group's revenue or earnings. Revenue of Z-Fashion Finland totalled EUR 22 million in 2012.

RISK FACTORS

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

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

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

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

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

OUTLOOK FOR 2013

The European economy is expected to remain unstable in 2013. No permanent solution has been found for Europe's debt crisis, and this will cause uncertainty in the retail market performance. Declining purchasing power may further weaken consumers' confidence and it seems probable that the market in Finland will experience a long period of low growth. The market for affordable fashion in the Nordic countries developed poorly both in 2011 and 2012, particularly in Sweden, but the outlook for 2013 is expected to improve slightly.

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

Stockmann's decision to discontinue the Bestseller franchising in Russia and Zara franchising in Finland will somewhat slow down the revenue growth. In Russia the discontinuation will, however, improve the operating profit. Attention will be given to improving cost efficiency in particular in Finland. The Group's capital expenditure is estimated to be lower than depreciation, and to amount to approximately EUR 60 million in 2013.

Stockmann expects the Group's revenue to increase in 2013, excluding the terminated franchising operations. Operating profit is expected to be higher than in 2012. The first-quarter operating result will be negative due to normal seasonal variation.

ACCOUNTING POLICIES

The financial statements bulletin has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2012 financial statements. The figures are unaudited.

Finance income from Loyal Customer cards has been reported as revenue since the start of 2012. Earlier it was recognised as a reduction in other operating expenses. In 2012 the income was EUR 11.2 million, compared with EUR 12.2 million in 2011. The change in reporting has not been applied to the 2011 figures. The change has no material effect on comparability on the Group level but within the income statement the change improves the gross margin and correspondingly increases other operating expenses compared with 2011. The Fashion Chain Division's figures include Lindex and Seppälä, and the previous year's figures used for comparison have been adjusted accordingly.

Helsinki, Finland, 12 February 2013

STOCKMANN plc
Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
REVENUE	**2 116.4**	2 005.3
Other operating income	**0.6**	0.2
Materials and consumables	**-1 069.2**	-1 028.4
Wages, salaries and employee benefits expenses	**-405.1**	-390.0
Deprecation, amortisation and impairment losses	**-74.5**	-77.7
Other operating expenses	**-480.9**	-439.4
Total expenses	**-2 029.7**	-1 935.5
OPERATING PROFIT	**87.3**	70.1
Finance income	**1.8**	0.5
Finance expenses	**-34.2**	-34.9
Total finance income and expenses	**-32.4**	-34.4
PROFIT BEFORE TAX	**54.9**	35.7
Income taxes	**-1.4**	-4.9
PROFIT FOR THE PERIOD	**53.6**	30.8
Profit for the period attributable to:		
Equity holders of the parent company	**53.6**	30.8
Non-controlling interest	**0.0**	0.0
EPS, undiluted, adjusted for share issue, EUR	**0.74**	0.43
EPS, diluted, adjusted for share issue, EUR	**0.74**	0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1/1–12/31/2012**	1/1–12/31/2011
PROFIT FOR THE PERIOD	**53.6**	30.8
Other comprehensive income		
Exchange differences on translating foreign operations	**4.4**	2.1
Cash flow hedges	**-2.7**	2.4
Other comprehensive income for the period, net of tax	**1.7**	4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**55.3**	35.2
Total comprehensive income attributable to:		
Equity holders of the parent company	**55.3**	35.2
Non-controlling interest	**0.0**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2012	31.12.2011
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	106.2	102.3
Intangible rights	25.3	19.9
Other intangible assets	0.4	0.4
Advance payments and construction in progress	25.4	10.5
Goodwill	818.8	788.5
Intangible assets, total	976.1	921.5
Property, plant and equipment		
Land and water	42.2	42.2
Buildings and constructions	456.9	470.3
Machinery and equipment	112.1	125.0
Modification and renovation expenses for leased premises	37.8	45.7
Advance payments and construction in progress	6.2	8.1
Property, plant and equipment, total	655.1	691.2
Non-current receivables	1.1	0.5
Available-for-sale investments	5.0	5.0
Deferred tax asset	16.1	11.6
NON-CURRENT ASSETS, TOTAL	1 653.3	1 629.9
CURRENT ASSETS		
Inventories	281.4	264.7
Current receivables		
Interest-bearing receivables	43.8	45.6
Income tax receivables	0.6	13.6
Non-interest-bearing receivables	71.8	75.6
Current receivables, total	116.2	134.8
Cash and cash equivalents	36.1	33.2
CURRENT ASSETS, TOTAL	433.7	432.8
ASSETS, TOTAL	2 087.1	2 062.7

EUR mill.	31.12.2012	31.12.2011
EQUITY AND LIABILITIES		
EQUITY		
Share capital	144.1	143.7
Share premium fund	186.1	186.1
Invested unrestricted equity fund	250.5	249.2
Other funds	42.9	45.7
Translation reserve	10.0	5.6
Retained earnings	259.8	239.7
Equity attributable to equity holders of the parent company	893.3	869.9
Non-controlling interest	0.0	0.0
EQUITY, TOTAL	893.3	869.9
NON-CURRENT LIABILITIES		
Deferred tax liabilities	66.4	68.1
Non-current interest-bearing liabilities	502.9	533.9
Provisions for pensions	0.3	0.4
Non-current non-interest-bearing liabilities and provisions	0.4	0.1
NON-CURRENT LIABILITIES, TOTAL	570.0	602.5
CURRENT LIABILITIES		
Current interest-bearing liabilities	345.6	328.6
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	275.7	259.5
Income tax liabilities	2.0	2.2
Current provisions	0.4	0.0
Current non-interest-bearing liabilities, total	278.1	261.7
CURRENT LIABILITIES, TOTAL	623.8	590.3
LIABILITIES, TOTAL	1 193.7	1 192.8
EQUITY AND LIABILITIES, TOTAL	2 087.1	2 062.7

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**53.6**	30.8
Adjustments for:		
Depreciation, amortisation & impairment losses	**74.5**	77.7
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**-0.4**	0.3
Interest and other financial expenses	**34.2**	34.9
Interest income	**-1.8**	-0.5
Income taxes	**1.4**	4.9
Other adjustments	**2.1**	1.5
Working capital changes:		
Increase (-) /decrease (+) in inventories	**-12.8**	-23.8
Increase (-) / decrease (+) in trade and other current receivables	**6.5**	1.6
Increase (+) / decrease (-) in current liabilities	**-6.2**	-27.1
Interest expenses paid	**-33.3**	-32.5
Interest received from operating activities	**0.4**	0.3
Other financing items from operating activities	**-0.5**	0.0
Income taxes paid from operating activities	**6.0**	-2.0
Net cash from operating activities	**123.7**	66.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intagible assets	**-54.1**	-63.9
Proceeds from sale of tangible and intangible assets	**1.5**	5.2
Acquisition of subsidiaries, net of cash acquired	**0.0**	0.0
Dividends received from investing activities	**0.2**	0.1
Net cash used in investing activities	**-52.4**	-58.6
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	**1.6**	6.0
Proceeds from current liabilities	**268.1**	263.7
Repayment of current liabilities	**-263.7**	-284.7
Proceeds from non-current liabilities	**248.0**	90.4
Repayment of non-current liabilities	**-287.3**	-25.5
Payment of finance lease liabilities	**-2.5**	-2.5
Dividends paid	**-35.9**	-58.3
Net cash used in financing activities	**-71.7**	-10.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-0.4**	-3.4
Cash and cash equivalents at the beginning of the period	**33.2**	36.7
Cheque account with overdraft facility	**-0.1**	-0.3
Cash and cash equivalents at the beginning of the period	**33.2**	36.4
Net increase/decrease in cash and cash equivalents	**-0.4**	-3.4
Effects of exchange rate fluctuations on cash held	**-0.6**	0.1
Cash and cash equivalents at the end of the period	**36.1**	33.2
Cheque account with overdraft facility	**-3.9**	-0.1
Cash and cash equivalents at the end of the period	**32.2**	33.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR mill.	Share capital	Share premum fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2012	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	0.0	**869.9**
Dividend distribution							-35.9	**-35.9**		**-35.9**
Share issue	0.4							**0.4**		**0.4**
Options exercised							2.4	**2.4**		**2.4**
Share premium				1.2				**1.2**		**1.2**
Other changes							-0.0	**0.0**		**-0.0**
Comprehensive income for the period										
Profit for the period							53.6	**53.6**		**53.6**
Exchange differences on translating foregin operations						4.4		**4.4**		**4.4**
Cash flow hedges			-2.7					**-2.7**		**-2.7**
Total comprehensive income for the period*			-2.7			4.4	53.6	**55.3**		**55.3**
SHAREHOLDERS' EQUITY 31.12.2012	144.1	186.1	-1.0	250.5	43.9	10.0	259.8	**893.3**	0.0	**893.3**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
Department Store Division	**1 302.7**	1 236.9
Fashion Chain Division	**814.0**	767.9
Segments, total	**2 116.7**	2 004.8
Unallocated	**-0.3**	0.5
Group total	**2 116.4**	2 005.3
Operating profit, EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
Department Store Division	**48.0**	35.2
Fashion Chain Division	**50.0**	42.6
Segments, total	**98.0**	77.9
Unallocated	**-10.6**	-7.8
Group total	**87.3**	70.1
Reconciliation to the item profit before tax:		
Financial income	**1.8**	0.5
Financial expenses	**-34.2**	-34.9
Consolidated profit before taxes	**54.9**	35.7
Depreciation, amortisation and impairment losses , EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
Department Store Division	**42.0**	44.5
Fashion Chain Division	**31.2**	32.1
Segments, total	**73.2**	76.6
Unallocated	**1.4**	1.1
Group total	**74.5**	77.7
Investments, gross, EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
Department Store Division	**30.4**	35.4
Fashion Chain Division	**22.0**	28.0
Segments, total	**52.3**	63.4
Unallocated	**7.9**	2.6
Group total	**60.3**	66.0
Assets, EUR mill.	**1.1.–31.12.2012**	1.1.–31.12.2011
Department Store Division	**898.8**	892.6
Fashion Chain Division	**1 149.2**	1 139.6
Segments, total	**2 048.0**	2 032.2
Unallocated	**39.1**	30.5
Group total	**2 087.1**	2 062.7

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.12.2012	1.1.–31.12.2011
Finland 1)	**1 048.2**	1 026.2
Sweden and Norway 2)	**537.9**	509.3
Baltic countries and Central Europe 1) *	**158.5**	141.3
Russia and Ukraine 1)	**371.8**	328.5
Group total	**2 116.4**	2 005.3
Finland %	**49.5%**	51.2%
International operations %	**50.5%**	48.8%

Operating profit, EUR mill.	1.1.–31.12.2012	1.1.–31.12.2011
Finland 1)	**22.7**	37.8
Sweden and Norway 2)	**58.4**	47.9
Baltic countries and Central Europe 1) *	**5.8**	3.3
Russia and Ukraine 1)	**0.5**	-19.0
Group total	**87.3**	70.1
Finland %	**25.9%**	53.9%
International operations %	**74.1%**	46.1%

Non-current assets, EUR mill.	1.1.–31.12.2012	1.1.–31.12.2011
Finland 1)	**475.9**	463.8
Sweden and Norway 2)	**883.3**	851.8
Baltic countries and Central Europe 1) *	**43.1**	46.8
Russia and Ukraine 1)	**235.1**	256.1
Group total	**1 637.3**	1 618.3
Finland %	**29.1%**	28.7%
International operations %	**70.9%**	71.3%

1) Department Store Division, Fashion Chain Division 2) Fashion Chain Division * Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland

KEY FIGURES OF THE GROUP

	31.12.2012	31.12.2011
Equity ratio, per cent	**42.8**	42.2
Net gearing, per cent	**90.9**	95.3
Cash flow from operating activities per share, EUR	**1.72**	0.93
Interest-bearing net debt, EUR mill.	**768.6**	783.7
Number of shares at the end of the period, thousands	**72,049**	71,841
Weighted average number of shares, thousands	**71,945**	71,496
Weighted average number of shares, diluted, thousands	**71,945**	71,789
Market capitalization, EUR mill.	**994.6**	911.8
Operating profit, per cent of turnover	**4.1**	3.5
Equity per share, EUR	**12.40**	12.11
Return on equity, rolling 12 months, per cent	**6.1**	3.5
Return on capital employed, rolling 12 months, per cent	**5.1**	4.1
Average number of employees, converted to full-time equivalents	**11,898**	12,172
Investments, EUR mill.	**60.3**	66.0

DEFINITIONS OF KEY FIGURES:

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

Net gearing, per cent = 100 x $\frac{\text{Interest-bearing liabilities less cash and cash equivalents}}{\text{Equity total}}$

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

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

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

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

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

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR mill.	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	**643.8**	485.1	537.2	450.3	626.1	461.3	510.2	407.7
Other operating income	**0.6**	0.0	0.0	0.0	0.1	0.2	0.0	0.0
Materials and consumables	**-325.3**	-239.5	-270.2	-234.2	-321.9	-234.6	-257.5	-214.3
Wages, salaries and employee benefits expenses	**-111.0**	-94.5	-101.0	-98.6	-104.4	-88.7	-98.9	-98.0
Depreciation, amortisation and impairment losses	**-19.0**	-19.0	-18.1	-18.4	-20.8	-18.9	-18.9	-19.1
Other operating expenses	**-132.4**	-115.0	-118.3	-115.3	-119.7	-104.1	-109.4	-106.2
Operating profit	**56.8**	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9
Finance income	**-0.5**	1.0	0.9	0.4	0.3	0.0	0.9	-0.7
Finance expenses	**-8.2**	-8.5	-8.4	-9.1	-8.5	-8.8	-10.0	-7.7
Total financial income and expenses	**-8.7**	-7.5	-7.5	-8.7	-8.1	-8.8	-9.2	-8.3
Profit before tax	**48.2**	9.6	22.2	-24.9	51.1	6.4	16.4	-38.3
Income taxes	**-0.4**	-1.4	-3.6	4.0	-5.9	-0.7	-1.7	3.5
Profit for the period	**47.7**	8.1	18.6	-20.9	45.2	5.7	14.7	-34.8

Earnings per share per quarter

EUR	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Undiluted	**0.66**	0.11	0.26	-0.29	0.63	0.08	0.21	-0.49
Diluted	**0.66**	0.11	0.26	-0.29	0.63	0.08	0.20	-0.48

Segment information per quarter

EUR mill.	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue								
Department Store Division	**423.5**	272.7	326.0	280.5	408.5	266.0	306.0	256.4
Fashion Chain Division	**221.0**	212.3	211.1	169.6	217.4	195.5	203.9	151.2
Unallocated	**-0.7**	0.1	0.2	0.1	0.3	-0.2	0.3	0.1
Group total	**643.8**	485.1	537.2	450.3	626.1	461.3	510.2	407.7
Operating profit								
Department Store Division	**41.6**	2.8	10.2	-6.5	39.6	2.9	7.6	-14.8
Fashion Chain Division	**19.2**	16.1	21.8	-7.2	22.6	12.9	19.9	-12.8
Unallocated	**-4.0**	-1.8	-2.3	-2.5	-2.9	-0.6	-1.9	-2.3
Group total	**56.8**	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9

Information on market areas

EUR mill.	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue								
Finland 1)	**329.9**	228.2	266.1	224.0	329.8	225.4	258.8	212.2
Sweden and Norway 2)	**149.0**	139.8	137.6	111.6	144.3	127.2	135.3	102.5
Baltic countries and Central Europe 1) *	**48.4**	37.5	39.6	33.0	44.4	34.0	34.4	28.5
Russia and Ukraine 1)	**116.6**	79.7	93.9	81.6	107.6	74.7	81.7	64.5
Group total	**643.8**	485.1	537.2	450.3	626.1	461.3	510.2	407.7
Finland %	**51.2%**	47.0%	49.5%	49.8%	52.7%	48.9%	50.7%	52.1%
International operations %	**48.8%**	53.0%	50.5%	50.3%	47.3%	51.2%	49.3%	48.0%
Operating profit								
Finland 1)	**22.8**	2.1	6.5	-8.8	30.7	8.0	9.8	-10.7
Sweden and Norway 2)	**19.7**	16.4	20.3	1.9	19.9	13.0	18.1	-3.1
Baltic countries and Central Europe 1) *	**4.6**	1.8	1.4	-2.0	4.3	0.5	1.1	-2.5
Russia and Ukraine 1)	**9.7**	-3.3	1.4	-7.3	4.3	-6.3	-3.4	-13.6
Group total	**56.8**	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9
Finland %	**40.1%**	12.5%	21.9%	54.0%	51.8%	52.4%	38.4%	35.7%
International operations %	**59.9%**	87.5%	78.1%	46.0%	48.2%	47.6%	61.6%	64.3%

EXCHANGE RATES OF EURO

Closing rate for the period	**31.12.2012**	31.12.2011
RUB	**40.3295**	41.7650
LVL	**0.6977**	0.6995
LTL	**3.4528**	3.4528
NOK	**7.3483**	7.7540
SEK	**8.5820**	8.9120
Average rate for the period	**1.1.–31.12.2012**	1.1–31.12.2011
RUB	**39.9239**	40.8835
LVL	**0.6973**	0.7062
LTL	**3.4528**	3.4528
NOK	**7.4752**	7.7929
SEK	**8.7061**	9.0289

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2012**	31.12.2011
Acquisition cost at the beginning of the period	**1 963.6**	1 909.3
Translation difference +/-	**38.6**	6.3
Increases during the period	**60.3**	66.0
Decreases during the period	**-7.8**	-17.9
Acquisition cost at the end of the period	**2 054.7**	1 963.6
Accumulated depreciation at the beginning of the period	**-350.9**	-277.2
Translation difference +/-	**-2.1**	-0.6
Depreciation on reductions during the period	**4.0**	4.6
Depreciation ans amortisation during the period	**-74.5**	-77.7
Accumulated depreciation at the end of the period	**-423.5**	-350.9
Carrying amount at the beginning of the period	**1 612.8**	1 632.1
Carrying amount at the end of the period	**1 630.8**	1 612.8
The calculation of consolidated assets includes following changes in consolidated goodwill:		
Goodwill, EUR mill.	**31.12.2012**	31.12.2011
Acquisition cost at the beginning of the period	**788.5**	783.8
Translation difference +/-	**30.3**	4.7
Acquisition cost at the end of the period	**818.8**	788.5
Carrying amount at the beginning of the period	**788.5**	783.8
Carrying amount at the end of the period	**818.8**	788.5

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

Contingent liabilities, EUR mill.	**31.12.2012**	31.12.2011
Mortages on land and buildings	**201.7**	201.7
Pledges and guarantees	**7.8**	10.5
Liabilities of adjustments of VAT deductions made on investments to immovable property	**28.2**	35.0
Total	**237.7**	247.2
Lease agreements on the Groups' business premises, EUR mill.	**31.12.2012**	31.12.2011
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	**186.3**	180.1
After one year	**716.2**	669.2
Total	**902.5**	849.3
The Groups' lease payments, EUR mill.	**31.12.2012**	31.12.2011
Within one year	**1.2**	7.3
After one year	**1.1**	6.4
Total	**2.4**	13.7
The Groups' derivate contracts, EUR mill.	**31.12.2012**	31.12.2011
Nominal value		
Currency derivatives	**608.5**	495.9
Electricity derivates	**2.6**	2.2
Total	**611.2**	498.0

LEGAL PROCEEDINGS

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

AB Lindex and its German subsidiary, Lindex GmbH, have requested the German and Swedish competent authorities to eliminate the double taxation arising from intra-Group transactions in the tax years 1997–2004 on the basis of the EC Arbitration Convention and the tax treaty between Germany and Sweden. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. The authorities continued processing the issue during 2012. Lindex estimates that a resolution on the issue will be reached in 2013. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recognized in the income statement.

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