



Interim Report
Q3/2012

STOCKMANN

STOCKMANN plc, Interim Report 31.10.2012 at 8.00 EET

Steady growth in operating profit in the third quarter

July - September 2012:

Consolidated revenue was up 5.2 per cent to EUR 485.1 million (EUR 461.3 million).
Operating profit was up 12.5 per cent to EUR 17.1 million (EUR 15.2 million).

January - September 2012:

Consolidated revenue was up 6.8 per cent to EUR 1 472.6 million (EUR 1 379.2 million).
Operating profit increased by EUR 19.7 million to EUR 30.5 million (EUR 10.8 million).
Profit for the period was 5.8 EUR million (EUR -14.4 million).
Earnings per share came to EUR 0.08 (EUR -0.20).

Full-year outlook unchanged: Revenue and operating profit expected to be above the figures for 2011, provided that the market sentiment does not significantly worsen.

CEO Hannu Penttilä:

"The Stockmann Group's revenue and operating profit continued to grow steadily in the third quarter of 2012. The strongest sales growth was achieved by Lindex, which gained market share in all markets except Norway. The growth was mainly due to the successful campaign against breast cancer that was carried out in September together with Missoni. As a result, Lindex posted a clear improvement in its earnings.

Seppälä was not as successful as it was in the third quarter of 2011. We are confident that the new organisational structure and the Fashion Chain Division that was established in June will help Seppälä's operations become more profitable again. The brand renewal project which was started during the quarter is expected to have a positive impact on Seppälä's operations in the coming years.

Stockmann's department stores in Russia continued to perform well, with the St Petersburg flagship store leading the way. Operating profit improved again in Russia, despite the loss-making Bestseller operations which will be closed by the end of the year. The Baltic department stores also continued their good performance. Operating profit was lower than the previous year in Finland where there are signs of weakening consumer purchasing behaviour.

The Crazy Days campaign after the quarter continued to boost the Department Store Division's revenue. We achieved a revenue growth of 8 per cent in total in the campaign, with 21 per cent growth in Russia and 3 per cent in the Baltic countries. In Finland the campaign was also launched online and this contributed to the growth in Finland reaching 3 per cent. The Group's sales development in September and the Crazy Days campaign provide us with confidence for the important final months of the year. We are well positioned to achieve the targeted revenue and operating profit growth for the full year.

Stockmann is currently investigating two important projects in order to strengthen its financial position and implement its long-term strategy. Firstly, the company will investigate opportunities to issue a corporate bond on the credit market. With bond financing the company would diversify its sources of finance and maturity profile by replacing a part of its existing bank loans and credit facilities.

Secondly, Stockmann has successfully completed the construction of the Nevsky Centre shopping centre in St Petersburg, the operation of which is in full swing. The positive development of the Russian real estate market has encouraged Stockmann to evaluate the commercial value of the shopping centre and potentially strengthen the company's 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."

KEY FIGURES

	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
Revenue, EUR mill.	485.1	461.3	1 472.6	1 379.2	2 005.3
Revenue growth, %	5.2	9.6	6.8	10.8	10.1
Relative gross margin, %	50.6	49.1	49.5	48.8	48.7
Operating profit, EUR mill.	17.1	15.2	30.5	10.8	70.1
Net financial costs, EUR mill.	7.5	8.8	23.8	26.3	34.4
Profit before tax, EUR mill.	9.6	6.4	6.8	-15.5	35.7
Profit for the period, EUR mill.	8.1	5.7	5.8	-14.4	30.8
Earnings per share, undiluted, EUR	0.11	0.08	0.08	-0.20	0.43
Equity per share, EUR			11.75	11.42	12.11
Cash flow from operating activities, EUR mill.	-32.4	-39.1	-17.5	-113.7	66.2
Capital expenditure, EUR mill.	17.6	11.4	40.9	50.4	66.0
Net gearing, %			111.0	119.2	95.3
Equity ratio, %			39.1	38.6	42.2
Number of shares, undiluted, weighted average, 1 000 pc			71 911	71 380	71 496
Return on capital employed, rolling 12 months			5.1	3.6	4.1
Personnel, average			15 437	15 879	15 964

REVENUE AND EARNINGS

The uncertain market development continued in the third quarter of 2012. Consumers' confidence in their own economy declined in Finland during the summer and this had some negative effects on purchasing behaviour during the quarter. The market for affordable fashion started to grow in Sweden in September, though the year-to-date market development is still negative. The general market environment in Russia and the Baltic countries remained relatively good, despite the rising inflation.

The Stockmann Group's January-September revenue was up 6.8 per cent, to EUR 1 472.6 million (1-9/2011: EUR 1 379.2 million). Revenue improved in both divisions and in all market areas. In Finland, revenue was up 3.1 per cent, to EUR 718.3 million (EUR 696.4 million). Revenue in other countries amounted to EUR 754.3 million (EUR 682.8 million), an increase of 10.5 per cent. The Russian rouble, the Swedish krona and the Norwegian krone strengthened against the euro during the reporting period. If like-for-like exchange rates are used, the Group's revenue abroad grew by 8.0 per cent. Growth was strong, in particular in Russia, the Baltic countries and eastern Central Europe. Revenue abroad accounted for 51.2 per cent (49.5 per cent) of the Group's total revenue.

The Group's January-September gross profit grew by EUR 55.9 million, to a total of EUR 728.7 million (EUR 672.7 million). The gross margin was 49.5 per cent (48.8 per cent) and improved both in the Department Store Division and the Fashion Chain Division. Operating costs were up by 6.2 per cent, or EUR 37.4 million, and amounted to EUR 642.6 million (EUR 605.2 million). Changes in the presentation of the income statement somewhat increased the reported gross margin and correspondingly the reported other operating costs in the Department Store Division. Depreciation was EUR 55.5 million (EUR 56.9 million).

The consolidated operating profit for January-September was up EUR 19.7 million, to EUR 30.5 million (EUR 10.8 million). The Department Store Division and Lindex significantly improved their operating profit while Seppälä's operating result was weaker than in 2011. The total operating profit improved in particular in Russia, Sweden and Norway, but declined in Finland.

The Stockmann Group's third-quarter revenue grew by 5.2 per cent, to EUR 485.1 million (7-9/2011: EUR 461.3 million). The Department Store Division's and Lindex's revenue improved, but Seppälä's revenue was down on 2011. Revenue in Finland was up by 1.2 per cent, to EUR 228.2 million (EUR 225.4 million). Revenue abroad was up 8.9 per cent and amounted to EUR 257.0 million (EUR 235.9 million).

The gross margin during the quarter was 50.6 per cent (49.1 per cent). Operating costs increased by 8.7 per cent, or EUR 16.7 million, to EUR 209.5 million (EUR 192.8 million). Depreciation was EUR 19.0 million (EUR 18.9 million). The operating profit for the quarter was EUR 17.1 million (EUR 15.2 million) thanks to a clear improvement in Lindex's operating profit.

Net financial expenses during the reporting period went down by EUR 2.5 million to EUR 23.8 million (1-9/2011: EUR 26.3 million). Non-recurring exchange gains in the period were EUR 1.4 million (EUR -1.9 million).

The profit before taxes for the period was 6.8 EUR million (EUR -15.5 million). The tax for the period was EUR 1.0 million (EUR -1.1 million). The profit for the period was EUR 5.8 million (EUR -14.4 million).

Earnings per share for January-September amounted to EUR 0.08 (EUR -0.20) and, diluted for options, EUR 0.08 (EUR -0.20). Equity per share was EUR 11.75 (EUR 11.42).

REVENUE AND EARNINGS BY BUSINESS DIVISION

Department Store Division

The Department Store Division's revenue in January-September was up by 6.1 per cent to EUR 879.2 million (EUR 828.4 million).

Revenue in Finland was up by 2.7 per cent to EUR 594.4 million (EUR 579.0 million) and in international operations it was up by 14.2 per cent, to EUR 284.7 million (EUR 249.3 million). Revenue of the Bestseller franchising stores, which will be closed by the end of 2012, was down by 42.1 per cent to EUR 9.5 million (EUR 16.4 million). Revenue in international operations accounted for 32.4 per cent (30.1 per cent) of the division's total revenue.

The gross margin for January-September was 41.5 per cent (40.8 per cent). The Department Store Division's operating profit increased by EUR 10.8 million, to EUR 6.5 million (EUR -4.4 million). Operations in Russia improved clearly, though the Bestseller franchising operations made an operating result of EUR -4.9 million (EUR -3.6 million) in the period.

Revenue in the third quarter grew by 2.5 per cent, to 272.7 EUR million (EUR 266.0 million). Revenue was up by 1.2 per cent, to EUR 185.1 million (EUR 182.9 million) in Finland, where there are signs of weakening consumer purchasing behaviour. Euro-denominated revenue of international operations grew by 5.7 per cent, to EUR 87.7 million (EUR 83.0 million). Growth continued to be the strongest in the newest department stores in Russia.

The gross margin during the quarter was 42.4 per cent (41.2 per cent). Operating profit was EUR 2.8 million, compared with EUR 2.9 million a year earlier. Operations in Russia and the Baltic countries developed well in all department stores, while operating profit did not reach the previous year's level in Finland, where operating costs grew faster than revenue. The costs are, however, not fully comparable with 2011 due to changes in the presentation of the income statement which somewhat increased the reported gross margin and correspondingly the reported other operating costs.

In October, after the reporting period, the Crazy Days campaign in department stores 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, where the campaign was successfully launched online.

Fashion Chain Division

The Lindex and Seppälä fashion chains were combined into a Fashion Chain Division in June. The division's revenue was up by 7.7 per cent, to EUR 593.0 million (EUR 550.5 million) in the reporting period.

Revenue grew by 5.4 per cent, to EUR 123.4 million (EUR 117.1 million) in Finland and by 8.3 per cent in international operations, to EUR 469.6 million (EUR 433.5 million). Revenue outside of Finland accounted for 79.2 per cent (78.7 per cent) of the division's total revenue.

Lindex's January-September revenue totalled EUR 486.8 million (EUR 446.7 million), a growth of 9.0 per cent in euros, or 4.8 per cent in local currencies. Revenue grew in all countries. Seppälä's revenue increased by 2.2 per cent, to EUR 106.1 million (EUR 103.8 million). Revenue grew in all market areas except in Russia and in Ukraine. The stores in Ukraine were closed down after the reporting period in October.

The division's gross margin for the period was 61.3 per cent (60.8 per cent). Lindex improved its gross margin to 62.3 per cent (61.3 per cent), thanks to fewer price reductions and lower purchasing prices. Seppälä's gross margin was 56.6 per cent (58.3 per cent). The decline was mainly due to price-driven campaigns.

The Fashion Chain Division's operating profit for the period was up by EUR 10.7 million, to EUR 30.7 million (EUR 20.0 million). Profitability was up due to Lindex's good performance in the Nordic countries. Lindex's operating profit in the period was EUR 33.5 million (EUR 20.8 million) and Seppälä's was EUR -2.8 million (EUR -0.8 million). Seppälä's operating result includes EUR 0.5 million for non-recurring expenses due to the closure of the Ukrainian business.

Revenue in the third quarter grew by 8.6 per cent, to EUR 212.3 million (EUR 195.5 million). Lindex's revenue grew by 11.4 per cent to EUR 175.8 million (EUR 157.8 million). In local currencies growth was 4.2 per cent. Revenue grew in all countries apart from Norway. In particular the campaign against breast cancer, together with Missoni, boosted sales in September. Seppälä's revenue was EUR 36.5 million (EUR 37.6 million) and was weaker than in 2011 in Finland and in Russia, but grew in the Baltic countries. Visitor numbers have decreased in Seppälä's stores in 2012. Seppälä started a brand renewal project in the quarter, as part of establishing the Fashion Chain Division, with the aim of improving operations in the coming years.

The division's gross margin was 60.6 per cent (59.9 per cent) in the quarter. Lindex improved its gross margin to 62.1 per cent (60.4 per cent). Seppälä's gross margin was 56.6 per cent (57.7 per cent). Operating profit for the quarter was EUR 16.1 million, compared with EUR 12.9 million a year earlier. Lindex made an operating profit of EUR 15.6 million (EUR 11.4 million) and performed strongly, in particular in Sweden and Norway, thanks to successful campaigns. Seppälä's operating profit totalled EUR 0.5 million (EUR 1.5 million). Declined revenue and price-driven campaigns to boost sales negatively affected Seppälä's operating profit.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 30.4 million at the end of September, as against EUR 23.1 million a year earlier. Cash flow from operating activities came to EUR -17.5 million (EUR -113.7 million) in January-September and EUR -32.4 million (EUR -39.1 million) in the third quarter.

Net working capital excluding cash and cash equivalents amounted to EUR 192.6 million at the end of September, as against EUR 265.8 million a year earlier and EUR 137.9 million at the close of 2011. Inventories increased on the year-end by EUR 71.4 million due to normal seasonal fluctuations in the business, and were EUR 336.1 million (EUR 333.2 million) at the end of September, including the merchandise for the Crazy Days campaign. Non-interest-bearing liabilities increased by EUR 45.5 million from the end of September 2011, mostly due to an increase in trade payables. At the end of September non-interest-bearing current receivables were EUR 16.9 million less and interest-bearing current receivables were EUR 13.7 million less than a year earlier.

The exchange rate of the Swedish krona against the euro has a direct impact on the euro-denominated amount of debt, because most of the Group's long-term debt and assets are in the Swedish krona. At the end of September, the Swedish krona was 9 per cent stronger than a year earlier and 5 per cent stronger than at the close of 2011. Despite the strengthening Swedish krona, interest-bearing liabilities at the end of September decreased to EUR 969.6 million (EUR 1 000.6 million). Of this EUR 477.4 million (EUR 544.7 million) was long-term debt and EUR 492.2 million (EUR 455.9 million) was short-term debt which consists of committed short-term credit facilities as well as commercial papers. In addition, the Group has EUR 288.1 million in undrawn, long-term committed credit facilities and EUR 243.3 million in uncommitted credit facilities. At the close of 2011, interest-bearing liabilities amounted to EUR 862.5 million, of which EUR 533.9 million was long-term debt.

The Group's interest-bearing net debt at the end of September was EUR 895.9 million, which is EUR 24.5 million less than at the end of September 2011. At the close of 2011 the interest-bearing net debt was EUR 783.7 million.

The equity ratio was 39.1 per cent (38.6 per cent) and net gearing was 111.0 per cent (119.2 per cent) at the close of the period.

The return on capital employed over the past 12 months was 5.1 per cent (4.1 per cent in 2011). The Group's capital employed decreased by EUR 4.9 million from September 2011, standing at EUR 1 815.9 million at the close of September (EUR 1 820.8 million).

CAPITAL EXPENDITURE

Capital expenditure in the first nine months of the year totalled EUR 40.9 million (EUR 50.4 million) and EUR 17.6 million (EUR 11.4 million) in the third quarter. Depreciation was EUR 55.5 million (EUR 56.9 million) in the period and EUR 19.0 million (EUR 18.9 million) in the third quarter.

In the Department Store Division, the project to introduce a new enterprise resource planning (ERP) system continued in the third quarter. A total of EUR 8.6 million was spent on the project during the first nine months of the year. A project to enlarge the Tampere department store has started. The target for completing the enlargement is 2014. Stockmann's total investment in the project will be approximately EUR 6 million. Eight Bestseller franchising stores have been closed down in Russia in January-September, and three of these stores were closed down during the third quarter.

The Department Store Division's total capital expenditure during January-September was EUR 19.1 million (EUR 29.0 million).

Lindex opened 19 stores during January-September, five of them in the third quarter: one in Norway, one in Estonia, one in the Czech Republic, one franchising store in Serbia and one franchising store in Croatia. Both Croatia and Serbia are new franchising countries for Lindex. Four stores have been closed down in 2012; one of them in Finland in the third quarter.

Seppälä opened four new stores during January-September, one of them in the third quarter in Finland. Ten stores have been closed down in 2012; one of them in Latvia and two in Russia in the third quarter. After the reporting period two stores in Ukraine have been closed down.

The Fashion Chain Division's capital expenditure totalled EUR 16.3 million (EUR 19.8 million) in January-September.

The Group's other capital expenditure came to a total of EUR 5.6 million (EUR 1.6 million) in the reporting period. 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 30.6.2012	New stores in Q3 2012	Closed stores in Q3 2012	Total 30.9.2012
Department stores*	16	16			16
Bestseller stores	18	13		3	10
Stockmann Beauty stores	13	12			12
Other stores in Department Store Division**	9	9			9
Lindex stores	446	457	5	1	461
<i>of which franchising</i>	23	28	2		30
<i>of which own stores</i>	423	429	3	1	431
Seppälä stores	229	225	1	3	223

* Academic Bookstores are part of the department stores in Finland

** 4 Zara franchising stores, 1 Hobby Hall store, 3 outlets, 1 concept store

NEW PROJECTS

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

Lindex will expand its store network by approximately 20 new stores in 2012, excluding franchising stores. The total number of own and franchising stores at the end of 2012 is estimated to be approximately 470. At the end of 2012, the total number of Seppälä stores will be approximately 10 stores less than at the end of 2011.

Stockmann will close its Bestseller franchising stores in Russia by the end of 2012. Four of the Bestseller stores have been converted into Lindex stores.

The Stockmann Department Store in Itäkeskus, Helsinki will move to a new location in the Itis shopping centre by the end of 2013. The store's retail space will remain as before but the premises and store concept will be completely renewed. Stockmann's investment in the project will be minor.

Stockmann will open an enlarged and completely renewed department store in Tapiola, Espoo, in 2016. The store will be located in a new building owned by the Tapiola Group, close by the existing department store property. The project is part of a larger renewal of the Tapiola area, and the plans will be finalised during the city planning and building permit process.

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.

The Board of Directors approved in August 2012 additional share subscriptions as a result of exercise of Stockmann's Loyal Customer share options 2008. A total of 3 166 Series B shares were subscribed for, and the subscription right was used by 77 of Stockmann's Loyal Customers. Consequently, the Company's share capital was increased by EUR 6 332 on 23 August 2012. The new shares became subject to trade on Nasdaq OMX Helsinki together with old shares on 28 August 2012. In total 902 683 Series B shares were subscribed for with Loyal Customer share options 2008.

As of the end of September 2012, Stockmann had 30 627 563 Series A shares and 41 421 120 Series B shares, or a total of 72 048 683 shares. The share capital totalled EUR 144.1 million at the end of the period (EUR 143.7 million).

The company's market capitalization at the end of September was EUR 1 070.6 million (EUR 948.1 million). At the end of 2011 the market capitalization stood at EUR 911.8 million.

At the end of the reporting period, the price of Stockmann's Series A shares was EUR 14.90, compared with EUR 13.65 at the end of 2011, and the Series B shares were selling at EUR 14.83, as against EUR 11.98 at the end of 2011. A total of 0.4 million (0.3 million) Series A shares and 9.2 million (11.9 million) Series B shares were traded in Nasdaq OMX Helsinki during January-September. This corresponds to 1.2 per cent of the average number of Series A shares and 22.2 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 September, Stockmann had 59 060 shareholders, compared with 55 104 a year earlier. The increase was due to exercise of the Loyal Customer share options.

Stockmann received on 14 August 2012 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 Stockmann Group's average number of personnel in January-September was 15 437, which is 442 less than in the same period in 2011. The average number of employees in terms of full-time equivalents decreased by 284, to 11 775. The decline took place mainly in department stores and Bestseller franchising stores in Russia.

The Group's wages and salaries amounted to EUR 230.9 million, compared with EUR 223.4 million a year earlier. The employee benefits expenses totalled EUR 294.1 million (EUR 285.6 million) which accounted for 20.0 per cent (20.7 per cent) of revenue.

At the end of September, the Group had 15 421 employees (16 544). The comparison figure for 2011 included around 700 fixed-term seasonal workers due to the timing of the Crazy Days campaign. The number of personnel working outside of Finland was 8 742 (9 053) which was 57 per cent (55 per cent) of the total.

EVENTS AFTER THE REPORTING PERIOD

On 30 October 2012 Stockmann's Board of Directors authorised the company management to investigate opportunities to issue a corporate bond on the credit market. With bond financing the company would diversify its sources of finance and the maturity profile by replacing a part of its existing bank loans and credit facilities.

Stockmann has successfully completed the construction of the Nevsky Centre shopping centre in St Petersburg, the operation of which is in full swing. The positive development of the Russian real estate market has encouraged Stockmann to evaluate the commercial value of the shopping centre and potentially strengthen the company's 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. The real estate properties which are fully utilised by the company's department stores in Helsinki city centre, Tallinn and Riga will continue under the current operating model as before.

RISK FACTORS

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

Business risks in Russia are greater than in the Nordic countries or the Baltic countries, and the operating environment is less stable owing to factors such as the undeveloped state of business culture and the country's infrastructure. The role of the grey economy is still considerable and plays a part in distorting competition. Russia's membership in the World Trade Organisation (WTO) took place in August 2012 and 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. The Group addresses these factors as part of its day-to-day management of operations. With the exclusion of major exceptional situations, these factors are not expected to have a significant effect on the Group's revenue or earnings.

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

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

OUTLOOK FOR THE REST OF 2012

The unstable state of the world economy and the unresolved European debt crisis create a challenging basis for assessing the future outlook, especially the long-term retail market development. There are indications of weakening consumer behaviour in particular in Finland, where consumers' confidence in their own economy declined in the summer.

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

The market for affordable fashion developed poorly in 2011 and in the first half of 2012, particularly in Sweden. The market started to grow in September but the outlook for the rest of the year is still uncertain.

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

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

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

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. Finance income from Loyal Customer cards has been reported as revenue since the start of 2012. Earlier it was recognised as a reduction in other operating expenses. In the first nine months of 2012 the income was EUR 8.1 million, as against EUR 8.7 million in the first nine months of 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 income improves the gross margin and correspondingly increases other operating expenses compared with 2011. The Fashion Chain Division's January-September figures include Lindex and Seppälä, and the previous year's figures used for comparison have been adjusted accordingly. The accounting policies and calculation methods applied are the same as those in the 2011 financial statements. The figures are unaudited.

Helsinki, Finland, 30 October 2012

STOCKMANN plc
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
REVENUE	1 472.6	1 379.2	2 005.3
Other operating income	0.0	0.2	0.2
Materials and consumables	-743.9	-706.5	-1 028.4
Wages, salaries and employee benefits expenses	-294.1	-285.6	-390.0
Depreciation, amortisation and impairment losses	-55.5	-56.9	-77.7
Other operating expenses	-348.5	-319.7	-439.4
Total expenses	-1 442.1	-1 368.6	-1 935.5
OPERATING PROFIT	30.5	10.8	70.1
Finance income	2.3	0.2	0.5
Finance expenses	-26.0	-26.5	-34.9
Total finance income and expenses	-23.8	-26.3	-34.4
PROFIT BEFORE TAX	6.8	-15.5	35.7
Income taxes	-1.0	1.1	-4.9
PROFIT FOR THE PERIOD	5.8	-14.4	30.8
Profit for the period attributable to:			
Equity holders of the parent company	5.8	-14.4	30.8
Non-controlling interest	0.0	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	0.08	-0.20	0.43
EPS, diluted, adjusted for share issue, EUR	0.08	-0.20	0.43
EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
PROFIT FOR THE PERIOD	5.8	-14.4	30.8
Other comprehensive income			
Exchange differences on translating foreign operations	6.2	-2.5	2.1
Available-for-sale financial assets			
Cash flow hedges	-3.1	2.9	2.4
Other comprehensive income for the period, net of tax	3.1	0.3	4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8.9	-14.1	35.2
Total comprehensive income attributable to:			
Equity holders of the parent company	8.9	-14.1	35.2
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.9.2012	30.9.2011	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	107.8	98.4	102.3
Intangible rights	22.4	19.3	19.9
Other intangible assets	0.5	0.5	0.4
Advance payments and construction in progress	22.1	4.3	10.5
Goodwill	831.6	759.0	788.5
Intangible assets, total	984.5	881.6	921.5
Property, plant and equipment			
Land and water	42.2	42.1	42.2
Buildings and constructions	461.2	473.4	470.3
Machinery and equipment	111.3	124.4	125.0
Modification and renovation expenses for leased premises	40.2	48.9	45.7
Advance payments and construction in progress	8.3	13.2	8.1
Property, plant and equipment, total	663.1	702.0	691.2
Non-current receivables	0.5	0.7	0.5
Available-for-sale investments	5.0	5.0	5.0
Deferred tax asset	11.4	10.8	11.6
NON-CURRENT ASSETS, TOTAL	1 664.5	1 600.1	1 629.9
CURRENT ASSETS			
Inventories	336.1	333.2	264.7
Current receivables			
Interest-bearing receivables	43.3	57.0	45.6
Income tax receivables	18.9	39.6	13.6
Non-interest-bearing receivables	75.2	71.4	75.6
Current receivables, total	137.4	168.0	134.8
Cash and cash equivalents	30.4	23.1	33.2
CURRENT ASSETS, TOTAL	503.9	524.4	432.8
ASSETS, TOTAL	2 168.4	2 124.5	2 062.7
EQUITY AND LIABILITIES			
EQUITY			
Share capital	144.1	143.7	143.7
Share premium fund	186.1	186.1	186.1
Other funds	293.0	295.3	294.9
Translation reserve	11.8	1.0	5.6
Retained earnings	211.3	194.1	239.7
Equity attributable to equity holders of the parent company	846.3	820.2	869.9
Non-controlling interest	0.0	-0.0	0.0
EQUITY, TOTAL	846.3	820.2	869.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	71.0	67.6	68.1
Non-current interest-bearing liabilities	477.4	544.7	533.9
Provisions for pensions	0.5	0.6	0.4
Non-current non-interest-bearing liabilities and provisions	0.2	0.1	0.1
NON-CURRENT LIABILITIES, TOTAL	549.0	613.0	602.5
CURRENT LIABILITIES			
Current interest-bearing liabilities	492.2	455.9	328.6
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	267.8	222.2	259.5
Income tax liabilities	12.7	13.3	2.2
Current provisions	0.4		
Current non-interest-bearing liabilities, total	280.9	235.4	261.7
CURRENT LIABILITIES, TOTAL	773.1	691.3	590.3
LIABILITIES, TOTAL	1 322.2	1 304.3	1 192.8
EQUITY AND LIABILITIES, TOTAL	2 168.4	2 124.5	2 062.7

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	5.8	-14.4	30.8
Adjustments for:			
Depreciation, amortisation & impairment losses	55.5	56.9	77.7
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	0.1	-0.2	0.3
Interest and other financial expenses	26.0	26.5	34.9
Interest income	-2.3	-0.2	-0.5
Income taxes	1.0	-1.1	4.9
Other adjustments	2.2	1.4	1.5
Working capital changes:			
Increase (-) / decrease (+) in inventories	-65.1	-94.9	-23.8
Increase (-) / decrease (+) in trade and other current receivables	-31.7	-8.6	1.6
Increase (+) / decrease (-) in current liabilities	8.1	-46.2	-27.1
Interest and other financial expenses paid	-24.8	-22.8	-32.5
Interest received from operating activities	0.3	0.1	0.3
Other financing items from operating activities			0.0
Income taxes paid from operating activities	7.5	-10.1	-2.0
Net cash from operating activities	-17.5	-113.7	66.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	-36.2	-48.4	-63.9
Proceeds from sale of tangible and intangible assets	0.4	5.2	5.2
Proceeds from repayments of loans	0.0		
Dividends received from investing activities	0.2	0.1	0.1
Net cash used in investing activities	-35.6	-43.1	-58.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	1.7	6.0	6.0
Proceeds from current liabilities	373.8	202.6	263.7
Repayment of current liabilities	-263.8	-76.7	-284.7
Proceeds from non-current liabilities	98.0	90.4	90.4
Repayment of non-current liabilities	-126.0	-20.2	-25.5
Payment of finance lease liabilities	-1.8	-1.7	-2.5
Dividends paid	-35.9	-58.3	-58.3
Net cash used in financing activities	46.0	142.1	-10.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-7.0	-14.7	-3.4
Cash and cash equivalents at the beginning of the period	33.2	36.7	36.7
Cheque account with overdraft facility	-0.1	-0.3	-0.3
Cash and cash equivalents at the beginning of the period	33.2	36.4	36.4
Net increase/decrease in cash and cash equivalents	-7.0	-14.7	-3.4
Effects of exchange rate fluctuations on cash held	1.1	-0.4	0.1
Cash and cash equivalents at the end of the period	30.4	23.1	33.2
Cheque account with overdraft facility	-3.1	-1.8	-0.1
Cash and cash equivalents at the end of the period	27.2	21.3	33.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital*	Share premium 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							0.9	0.9		0.9
Share premium				4.6				4.6		4.6
Total comprehensive income for the period**			2.9			-2.5	-14.4	-14.1		-14.1
Other changes					0.1		-0.0	0.1		0.1
SHAREHOLDERS' EQUITY 30.9.2011	143.7	186.1	2.2	249.2	43.9	1.0	194.1	820.2	-0.0	820.2

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

EUR mill.	Share capital*	Share premium 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							1.7	1.7		1.7
Share premium				1.2				1.2		1.2
Total comprehensive income for the period**			-3.1	0.0		6.2	5.8	8.9		8.9
Other changes							-0.0	-0.0		-0.0
SHAREHOLDERS' EQUITY 30.9.2012	144.1	186.1	-1.4	250.4	43.9	11.8	211.3	846.3	0.0	846.3

* Including share issue

** Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Department Store Division	879.2	828.4	1 236.9
Fashion Chain Division	593.0	550.5	767.9
Segments, total	1 472.2	1 379.0	2 004.8
Unallocated	0.4	0.2	0.5
Group total	1 472.6	1 379.2	2 005.3
Operating profit, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Department Store Division	6.5	-4.4	35.2
Fashion Chain Division	30.7	20.0	42.6
Segments, total	37.2	15.7	77.9
Unallocated	-6.6	-4.9	-7.8
Group total	30.5	10.8	70.1
Reconciliation to the item profit before tax:			
Financial income	2.3	0.2	0.5
Financial expenses	-26.0	-26.5	-34.9
Consolidated profit before taxes	6.8	-15.5	35.7
Depreciation, amortisation and impairment losses , EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Department Store Division	31.2	32.7	44.5
Fashion Chain Division	23.4	23.4	32.1
Segments, total	54.6	56.1	76.6
Unallocated	0.9	0.8	1.1
Group total	55.5	56.9	77.7
Investments, gross, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Department Store Division	19.1	29.0	35.4
Fashion Chain Division	16.3	19.8	28.0
Segments, total	35.3	48.8	63.4
Unallocated	5.6	1.6	2.6
Group total	40.9	50.4	66.0
Assets, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Department Store Division	936.6	952.1	892.6
Fashion Chain Division	1 180.6	1 115.9	1 139.6
Segments, total	2 117.2	2 068.0	2 032.2
Unallocated	51.3	56.5	30.5
Group total	2 168.4	2 124.5	2 062.7

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Finland 1)	718.3	696.4	1 026.2
Sweden and Norway 2)	389.0	365.0	509.3
Baltic countries and Central Europe 1) *	110.1	96.9	141.3
Russia and Ukraine 1)	255.2	220.9	328.5
Group total	1 472.6	1 379.2	2 005.3
Finland %	48.8%	50.5%	51.2%
International operations %	51.2%	49.5%	48.8%
Operating profit, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Finland 1)	-0.1	7.1	37.8
Sweden and Norway 2)	38.6	28.0	47.9
Baltic countries and Central Europe 1) *	1.2	-0.9	3.3
Russia and Ukraine 1)	-9.2	-23.3	-19.0
Group total	30.5	10.8	70.1
Finland %	-0.4%	65.5%	53.9%
International operations %	100.4%	34.5%	46.1%
Non-current assets, EUR mill.	1.1.–30.9.2012	1.1.–30.9.2011	1.1.–31.12.2011
Finland 1)	469.0	462.5	463.8
Sweden and Norway 2)	898.3	817.1	851.8
Baltic countries and Central Europe 1) *	44.4	47.2	46.8
Russia and Ukraine 1)	241.6	262.4	256.1
Group total	1 653.2	1 589.3	1 618.3
Finland %	28.4%	29.1%	28.7%
International operations %	71.6%	70.9%	71.3%

1) Department Store Division, Lindex, Seppälä

2) Lindex

* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland

KEY FIGURES OF THE GROUP

	30.9.2012	30.9.2011	31.12.2011
Equity ratio, per cent	39.1	38.6	42.2
Net gearing, per cent	111.0	119.2	95.3
Cash flow from operating activities per share, EUR	-0.24	-1.59	0.93
Interest-bearing net debt, EUR mill.	895.9	920.4	783.7
Number of shares at the end of the period, thousands	72 049	71 839	71 841
Weighted average number of shares, thousands	71 911	71 380	71 496
Weighted average number of shares, diluted, thousands	71 911	71 699	71 789
Market capitalization, EUR mill.	1 070.6	948.1	911.8
Operating profit, per cent of turnover	2.1	0.8	3.5
Equity per share, EUR	11.75	11.42	12.11
Return on equity, rolling 12 months, per cent	6.1	2.7	3.5
Return on capital employed, rolling 12 months, per cent	5.1	3.6	4.1
Average number of employees, converted to full-time equivalents	11 775	12 059	12 172
Investments, EUR mill.	40.9	50.4	66.0

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent	= 100 x $\frac{\text{Equity} + \text{minority interest}}{\text{Total assets less advance payments received}}$
Net gearing, per cent	= 100 x $\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity total}}$
Interest-bearing net debt	= Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables
Market capitalization	= Number of shares multiplied by the quotation for the respective share series on the balance sheet day
Earnings per share, adjusted for share issues	= $\frac{\text{Profit before taxes} - \text{minority interest} - \text{income taxes}}{\text{Average number of shares, adjusted for share issues}}$
Return on equity, per cent, moving 12 months	= $\frac{100 \times \text{Profit for the period (12 months)}}{\text{Equity} + \text{minority interest (average over 12 months)}}$
Return on capital employed, per cent, moving 12 months	= $\frac{100 \times \text{Profit before taxes} + \text{interest and other financial expenses (12 months)}}{\text{Capital employed (average over 12 months)}}$

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR mill.	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Revenue	485.1	537.2	450.3	626.1	461.3	510.2	407.7	576.9
Other operating income	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0
Materials and consumables	-239.5	-270.2	-234.2	-321.9	-234.6	-257.5	-214.3	-291.7
Wages, salaries and employee benefits expenses	-94.5	-101.0	-98.6	-104.4	-88.7	-98.9	-98.0	-102.9
Depreciation, amortisation and impairment losses	-19.0	-18.1	-18.4	-20.8	-18.9	-18.9	-19.1	-17.1
Other operating expenses	-115.0	-118.3	-115.3	-119.7	-104.1	-109.4	-106.2	-116.6
Operating profit	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9	48.5
Finance income	1.0	0.9	0.4	0.3	0.0	0.9	-0.7	2.9
Finance expenses	-8.5	-8.4	-9.1	-8.5	-8.8	-10.0	-7.7	-7.1
Total financial income and expenses	-7.5	-7.5	-8.7	-8.1	-8.8	-9.2	-8.3	-4.2
Profit before tax	9.6	22.2	-24.9	51.1	6.4	16.4	-38.3	44.3
Income taxes	-1.4	-3.6	4.0	-5.9	-0.7	-1.7	3.5	-7.3
Profit for the period	8.1	18.6	-20.9	45.2	5.7	14.7	-34.8	37.1
Earnings per share per quarter								
EUR	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Undiluted	0.11	0.26	-0.29	0.63	0.08	0.21	-0.49	0.52
Diluted	0.11	0.26	-0.29	0.63	0.08	0.20	-0.48	0.51
Segment information per quarter								
EUR mill.	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Revenue								
Department Store Division	272.7	326.0	280.5	408.5	266.0	306.0	256.4	373.4
Fashion Chain Division	212.3	211.1	169.6	217.4	195.5	203.9	151.2	203.5
Unallocated	0.1	0.2	0.1	0.3	-0.2	0.3	0.1	0.0
Group total	485.1	537.2	450.3	626.1	461.3	510.2	407.7	576.9
Operating profit								
Department Store Division	2.8	10.2	-6.5	39.6	2.9	7.6	-14.8	30.9
Fashion Chain Division	16.1	21.8	-7.2	22.6	12.9	19.9	-12.8	19.9
Unallocated	-1.8	-2.3	-2.5	-2.9	-0.6	-1.9	-2.3	-2.3
Group total	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9	48.5
Information on market areas								
EUR mill.	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Revenue								
Finland 1)	228.2	266.1	224.0	329.8	225.4	258.8	212.2	318.5
Sweden and Norway 2)	139.8	137.6	111.6	144.3	127.2	135.3	102.5	138.8
Baltic countries and Central Europe 1) *	37.5	39.6	33.0	44.4	34.0	34.4	28.5	37.9
Russia and Ukraine 1)	79.7	93.9	81.6	107.6	74.7	81.7	64.5	81.7
Group total	485.1	537.2	450.3	626.1	461.3	510.2	407.7	576.9
Finland %	47.0%	49.5%	49.8%	52.7%	48.9%	50.7%	52.0%	55.2%
International operations %	53.0%	50.5%	50.2%	47.3%	51.1%	49.3%	48.0%	44.8%
Operating profit								
Finland 1)	2.1	6.5	-8.8	30.7	8.0	9.8	-10.7	27.5
Sweden and Norway 2)	16.4	20.3	1.9	19.9	13.0	18.1	-3.1	18.7
Baltic countries and Central Europe 1) *	1.8	1.4	-2.0	4.3	0.5	1.1	-2.5	2.3
Russia and Ukraine 1)	-3.3	1.4	-7.3	4.3	-6.3	-3.4	-13.6	0.1
Group total	17.1	29.7	-16.2	59.3	15.2	25.6	-29.9	48.5
Finland %	12.5%	21.9%	54.0%	51.8%	52.4%	38.4%	35.7%	56.7%
International operations %	87.5%	78.1%	46.0%	48.2%	47.6%	61.6%	64.3%	43.3%

EXCHANGE RATES OF EURO

Closing rate for the period	30.9.2012	30.9.2011	31.12.2011
RUB	40.1400	43.3500	41.7650
LVL	0.6962	0.7093	0.6995
LTL	3.4528	3.4528	3.4528
NOK	7.3695	7.8880	7.7540
SEK	8.4498	9.2580	8.9120
Average rate for the period	1.1.-30.9.2012	1.1.-30.9.2011	1.1.-31.12.2011
RUB	39.7955	40.4800	40.8835
LVL	0.6976	0.7078	0.7062
LTL	3.4528	3.4528	3.4528
NOK	7.5121	7.8041	7.7929
SEK	8.7334	9.0084	9.0289

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Acquisition cost at the beginning of the period	1 963.6	1 909.3	1 909.3
Translation difference +/-	53.9	-29.6	6.3
Increases during the period	40.8	50.4	66.0
Decreases during the period	-3.1	-14.3	-17.9
Transfers between items during the period	0.0	0.0	0.0
Acquisition cost at the end of the period	2 055.4	1 915.8	1 963.6
Accumulated depreciation at the beginning of the period	-350.9	-277.2	-277.2
Translation difference +/-	-2.5	0.6	-0.6
Depreciation on reductions during the period	1.2	1.3	4.6
Depreciation and amortisation during the period	-55.5	-56.9	-77.7
Accumulated depreciation at the end of the period	-407.7	-332.2	-350.9
Carrying amount at the beginning of the period	1 612.8	1 632.1	1 632.1
Carrying amount at the end of the period	1 647.7	1 583.6	1 612.8
The calculation of consolidated assets includes following changes in consolidated goodwill:			
Goodwill, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Acquisition cost at the beginning of the period	788.5	783.8	783.8
Translation difference +/-	43.1	-24.8	4.7
Acquisition cost at the end of the period	831.6	759.0	788.5
Carrying amount at the beginning of the period	788.5	783.8	783.8
Carrying amount at the end of the period	831.6	759.0	788.5

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

Contingent liabilities, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Mortgages on land and buildings	201.7	201.7	201.7
Pledges	0.5	0.1	0.4
Liabilities of adjustments of VAT deductions made on investments to immovable property	28.1	34.7	35.0
Total	230.3	236.5	237.0
Lease agreements on the Groups' business premises, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	178.9	167.9	180.1
After one year	624.7	597.0	669.2
Total	803.6	764.9	849.3
The Groups' lease payments, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Within one year	6.2	7.3	7.3
After one year	2.7	8.0	6.4
Total	8.9	15.2	13.7
The Groups' derivative contracts, EUR mill.	30.9.2012	30.9.2011	31.12.2011
Nominal value			
Currency derivatives	501.2	534.6	495.9
Electricity derivatives	2.0	2.4	2.2
Total	503.2	537.0	498.0

LEGAL PROCEEDINGS

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

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



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