

Financial Statements Bulletin 2011

STOCKMANN

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All-time high revenue; Q4 operating profit up 22.1 per cent on 2010

October - December 2011:
Consolidated revenue grew by 8.5 per cent to EUR 626.1 million (EUR 576.9 million).
Operating profit was EUR 59.3 million (EUR 48.5 million).

January - December 2011:
Consolidated revenue grew by 10.1 per cent to EUR 2 005.3 million (EUR 1 821.9 million).
Operating profit was EUR 70.1 million (EUR 88.8 million).
Profit for the year was EUR 30.8 million (EUR 78.3 million)
Earnings per share came to EUR 0.43 (EUR 1.10).
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

CEO Hannu Penttilä:
"For the Stockmann Group 2011 was a year of strong revenue growth. A significant share of the growth came from the Russian market as a result of the new department store and shopping centre in St Petersburg in particular, but also thanks to the new department store in Ekaterinburg and the favourable performance of the Moscow department stores. The expansion and success of the Lindex fashion chain, increased sales at the enlarged Helsinki flagship department store, and the good performance of all divisions in the Baltic countries also contributed to the year's revenue growth.

During 2011, and in particular during its first quarter, revenue growth was unable to cover the higher costs and depreciation resulting from the expansion. The situation improved after the summer and fourth-quarter operating profit was clearly higher than the previous year. In 2011, earnings per share were down by more than the operating profit due to positive one-off items in financial expenses and taxes in 2010. Our ambition level goes significantly beyond that what we achieved in 2011, and our aim is to significantly improve earnings in the long run.

Christmas sales developed as we had expected but the retail market conditions are continuously difficult to forecast. The European debt crisis is still unresolved and could cause uncertainty and unexpected volatility in the market. Provided that market sentiment does not worsen and the economic situation stays in balance, we are well positioned for sales growth and positive earnings performance. Stockmann expects to increase both its revenue and operating profit in 2012."

KEY FIGURES

	10–12/2011	10–12/2010	1–12/2011	1–12/2010
Revenue, EUR mill.	**626.1**	576.9	2 005.3	1 821.9
Revenue growth, per cent	**8.5**	9.6	10.1	7.3
Relative gross margin, per cent	**48.6**	49.4	48.7	49.9
Operating profit, EUR mill.	**59.3**	48.5	70.1	88.8
Net financial costs, EUR mill.	**8.1**	4.2	34.4	14.6
Profit before tax, EUR mill.	**51.1**	44.3	35.7	74.2
Profit for the period, EUR mill.	**45.2**	37.1	30.8	78.3
Earnings per share, undiluted, EUR	**0.63**	0.52	0.43	1.10
Equity per share, EUR			12.11	12.45
Cash flow from operating activities, EUR mill.	**179.8**	108.2	66.2	91.8
Capital expenditure, EUR mill.	**15.7**	58.2	66.0	165.4
Net gearing, per cent			95.3	87.7
Equity ratio, per cent			42.2	43.1
Number of shares, undiluted, weighted average, 1 000 pc			71 496	71 120
Return on capital employed, rolling 12 months			4.1	5.8
Personnel, average	**16 183**	16 220	15 964	15 165

REVENUE AND EARNINGS

General market development was positive at the start of 2011. Uncertainty in the market increased after the second quarter of the year, mainly due to the unresolved European debt crisis. This weakened consumer confidence in Finland towards the end of the year. Demand for affordable fashion remained weak throughout the whole year in Sweden. Positive market development continued in Russia and the Baltic countries.

The Stockmann Group's revenue for the financial year was up by 10.1 per cent to EUR 2 005.3 million (2010: EUR 1 821.9 million). Revenue in Finland was up by 3.9 per cent to EUR 1 026.2 million. Revenue in other countries amounted to EUR 979.1 million, an increase of 17.4 per cent. The Swedish krona and the Norwegian krone strengthened against the euro where as the Russian rouble weakened slightly during the year. If like-for-like exchange rates are used, the Group's revenue abroad has grown 15.1 per cent. Revenue abroad accounted for 48.8 per cent (45.8 per cent) of the Group's total revenue. Growth was strongest in Russia, in particular due to the St Petersburg department store which was opened in November 2010 in the Nevsky Centre shopping centre.

Other operating income amounted to EUR 0.2 million (EUR 0.0 million) as a result of the sale of shares of a real estate property located in Espoo, Finland in September.

The Group's gross margin for the financial year increased by EUR 68.1 million, to EUR 976.9 million. The relative gross margin was 48.7 per cent (49.9 per cent) due to the decline in the gross margin of the affordable fashion businesses. Operating costs increased by EUR 71.1 million, mainly due to expansion and high inflation. Depreciation increased by EUR 15.9 million. The Group's operating profit for the financial year was EUR 70.1 million (EUR 88.8 million).

The Stockmann Group's fourth-quarter revenue grew by 8.5 per cent to EUR 626.1 million (EUR 576.9 million). Growth was strong in Russia and the Baltic countries in all business areas. The fourth-quarter gross margin amounted to EUR 304.2 million (EUR 285.1 million) and the relative gross margin was 48.6 per cent (49.4 per cent). Operating costs increased EUR 4.6 million, or by 2.1 per cent, to EUR 224.1 million and the share of operating costs was 35.8 per cent (38.1 per cent) of revenue. Depreciation increased by EUR 3.7 million. Operating profit increased 22.1 per cent to EUR 59.3 million (EUR 48.5 million).

Net financial expenses were up by EUR 19.8 million, to EUR 34.4 million (EUR 14.6 million) for the financial year. The growth was due to increased interest-bearing liabilities and higher market interest rates than in 2010. In addition, net financial expenses were increased by non-recurring foreign exchange losses of EUR 1.1 million. A year earlier, net financial expenses were reduced by non-recurring foreign exchange gains of EUR 7.2 million.

Profit before taxes for the financial year amounted to EUR 35.7 million (EUR 74.2 million). The taxes burdening the result totalled EUR 4.9 million. In 2010, the positive effect of taxes on earnings was EUR 4.2 million which includes a tax credit due to an unrealised exchange rate loss. Profit for the year was EUR 30.8 million (EUR 78.3 million).

Earnings per share for the financial year came to EUR 0.43 (EUR 1.10), and, diluted for share options, EUR 0.43 (EUR 1.09). Equity per share was EUR 12.11 (EUR 12.45).

REVENUE AND EARNINGS PERFORMANCE BY OPERATING SEGMENT

Department Store Division

The Department Store Division's revenue was up by 12.5 per cent. Revenue was EUR 1 236.9 million (EUR 1 099.9 million). Revenue in Finland was up by 4.2 per cent to EUR 861.4 million (EUR 826.4 million). The revenue growth was boosted by the good performance in the enlarged Helsinki city centre department store and success of the Crazy Days campaigns in April and October.

The euro-denominated revenue of international operations increased by 37.3 per cent. Revenue abroad accounted for 30.4 per cent (24.9 per cent) of the Division's total revenue. The Department Store Division's revenue in the Baltic countries increased by 11.5 per cent to EUR 91.3 million and in Russia by 48.3 per cent to EUR 284.3 million. Revenue in Russia was up significantly thanks to the new department stores in St Petersburg and Ekaterinburg as well as good performance in Moscow.

The relative gross margin for the financial year remained on a good level, at 41.2 per cent (41.7 per cent). The Department Store Division's operating profit increased to EUR 35.2 million (EUR 32.9 million) due to good performance in the fourth quarter of the year. Recently opened department stores raised operating costs and depreciation whereas in 2010 pre-opening costs negatively affected the operating profit.

Revenue of Bestseller franchising stores in Russia amounted to EUR 22.5 million (EUR 25.5. million) and made an operating result of EUR -5.7 million (EUR -1.3 million). The business has made loss for
Stockmann every year since it started in 2005. As announced earlier, Stockmann and Bestseller A/S have agreed to end the franchising co-operation in Russia by the end of 2012.

The Department Store Division's fourth-quarter revenue was up by 9.4 per cent to EUR 408.5 million (EUR 373.4 million). Growth was a result of strong performance in all department stores in Russia and the Baltic countries, in particular in St Petersburg. In Finland the online business developed very well. The relative gross margin in the quarter was 42.1 per cent (42.9 per cent). Operating profit was up EUR 8.7 million to EUR 39.6 million, compared with EUR 30.9 million for the same period a year earlier.

Lindex

Lindex's full-year revenue totalled EUR 624.1 million, which was 7.8 per cent more than a year earlier (EUR 578.7 million). Revenue in Finland was up by 5.9 per cent and in other countries by 8.1 per cent. In local currencies, revenue was up by 3.4 per cent.

The revenue growth was due to good performance in all markets except Sweden, especially in new markets in Central Europe and Russia. In Sweden, Lindex increased its market share during 2011 although the revenue in the local currency was down 2.1 per cent on the previous year.

The relative gross margin for the financial year was down due to increased purchasing prices and actions to boost sales, but was still good at 61.3 per cent (63.1 per cent). Slow sales in Sweden, expansion costs and increases in store rental costs decreased the operating profit to EUR 41.2 million (EUR 54.8 million).

Fourth-quarter revenue was up by 7.1 per cent to EUR 177.4 million (EUR 165.6 million). Revenue in local currencies was up by 5.2 per cent. All markets except Sweden increased their revenue during the quarter. The relative gross margin was 61.3 per cent (62.2 per cent). Operating profit was up EUR 3.3 million to EUR 20.4 million.

Seppälä

Seppälä's revenue increased by 0.4 per cent year on year, to a total of EUR 143.8 million (EUR 143.2 million). Revenue in Finland was down 0.8 per cent and up 2.9 per cent abroad. Revenue abroad accounted for 34.9 per cent (34.1 per cent) of total revenue, with the strongest growth in the Baltic countries.

The relative gross margin for the financial year was 58.5 per cent (59.8 per cent). The decrease was due to higher purchasing prices and actions to boost sales. Seppälä's operating profit was down to EUR 1.4 million (EUR 9.0 million). Earnings performance improved in the Baltic countries but declined in Finland and in particular Russia where the gross margin was down and store rental costs were on the rise.

In the fourth quarter, Seppälä's revenue was up by 5.5 per cent and amounted to EUR 40.0 million (EUR 37.9 million). Revenue improved in Finland after the poor first half of the year. The relative gross margin was 58.9 per cent (61.1 per cent). Operating profit was down EUR 0.6 million to EUR 2.2 million (EUR 2.8 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 33.2 million at the close of the year, as against EUR 36.7 million a year earlier. Cash flow from operating activities came to EUR 66.2 million (EUR 91.8 million) in the financial year and EUR 179.8 million (EUR 108.2 million) in the fourth quarter.

Net working capital amounted to EUR 137.9 million at the close of the year, as against EUR 79.5 million a year earlier. The stock level was higher than the previous year, primarily as a result of the newly opened stores and the strengthening of the Swedish krona. Non-interest-bearing liabilities decreased by EUR 28.9 million compared with the previous year and amounted to EUR 262.2 million (EUR 291.1 million).

At the end of the year, interest-bearing liabilities stood at EUR 862.5 million (EUR 813.3 million), of which EUR 533.9 million (EUR 521.3 million) was long-term debt. A significant proportion of the long-term debt is tied to the Swedish krona and its strengthened at the end of 2011 increased the amount of loan capital presented in euros. Most of the short-term debt has been acquired in the commercial paper market. In addition, the Group has EUR 332 million in undrawn, long-term committed credit facilities.

The equity ratio at the close of the year was 42.2 per cent (43.1 per cent), and net gearing was 95.3 per cent (87.7 per cent).

The return on capital employed over the past 12 months was 4.1 per cent (5.8 per cent). The Group's capital employed increased by EUR 33.8 million and stood at EUR 1 732.9 million (EUR 1 699.1 million) at the end of the financial year.

DIVIDENDS

In accordance with the resolution of the Annual General Meeting, a dividend of EUR 0.82 per share was paid on the 2010 financial year, which came to a total of EUR 58.3 million.

At the end of the financial year, on 31 December 2011, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 426.4 million, of which EUR 33.3 million was net profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid on the 2011 financial year. The proposed dividend is 116.2 per cent of earnings per share. Under this proposal, a total of EUR 35.9 million would be paid in dividends. EUR 390.5 million will remain in unrestricted equity.

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 66.0 million (EUR 165.4 million) which was clearly lower than depreciation at EUR 77.7 million (61.8 million). In the fourth quarter capital expenditure was EUR 15.7 million (EUR 58.2 million).

The Department Store Division's capital expenditure totalled EUR 35.4 million (EUR 131.1 million) in 2011. Stockmann opened a new department store in Ekaterinburg in Russia on 30 March 2011. Stockmann invested EUR 14.7 million in the project, of which EUR 8.4 million was recognised in 2011. The Department Store Division's new Russian logistics centre in Moscow was opened in early 2011. The capital expenditure on the new centre totalled EUR 4.7 million.

In March, an enterprise resource planning (ERP) system project was launched in the Department Store Division. This extensive project will last several years. A total of EUR 7.2 million was spent on the project in 2011.

In August, a new Stockmann concept store focusing on fashion and home products was opened in St Petersburg in leased premises where the company previously had a store before opening the St Petersburg department store. In December Stockmann closed down one Stockmann Beauty store in Finland and two Bestseller stores in Russia. In total there were 16 department stores and 40 stores, including 13 Stockmann Beauty stores, 4 Zara stores, 18 Bestseller stores, 3 outlets and 2 other stores in the Department Store Division in 4 countries at the end of 2011 (2010: 15 department stores and 43 stores).

Lindex's capital expenditure totalled EUR 23.7 million (28.2 million) in 2011. Lindex opened 30 stores in 2011. In the fourth quarter 12 store were opened, one of which in Iceland which was a new market for the Stockmann Group. One store was closed down in Norway and another in Finland during the fourth quarter. Lindex opened in 2011 its online store in the entire area of the EU and Norway. In total there were 447 Lindex stores in 14 countries at the end of 2011 (2010: 428 stores).

Seppälä's capital expenditure totalled EUR 4.3 million (4.7 million) in 2011. Seppälä opened 7 new stores during 2011, three of which in the fourth quarter. One store in Estonia was closed in the fourth quarter. In November, Seppälä opened its online store in Finland. In total there were 229 Seppälä stores in 6 countries at the end of 2011 (2010: 225 stores).

The Group's other capital expenditure came to a total of EUR 2.6 million (EUR 1.4 million). The Group's financial management systems will be replaced gradually in connection with the renewal of the Department Store Division's ERP system.

NEW PROJECTS

The capital expenditure for 2012 is estimated to be approximately EUR 50 million which is less than depreciation that is estimated to amount to approx. EUR 75 million.

Lindex will expand its store network by approximately 15 - 20 new stores in 2012, excluding franchising stores. Seppälä will open and close some stores in 2012. The approximate total number of Seppälä stores will remain the same as in 2011. Stockmann will close down its Bestseller franchising stores in Russia by the end of 2012. Some of the Bestseller stores will be converted into Lindex stores.

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

In June 2011 Stockmann signed a preliminary agreement on the renewal of the Stockmann department store in Tapiola. The objective of the agreement is to open an enlarged and completely renewed department store in 2016 in a new building owned by the Tapiola Group, close by the existing department store property. The project is a part of a larger renewal plan for the Tapiola area and is taken further together with the owner of the property. The plans will be finalized 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. As of the end of the year, Stockmann had 30 627 563 Series A shares and 41 213 266 Series B shares, or a total of 71 840 829 shares.

The Board of Directors of Stockmann approved 694 829 Series B share subscriptions with the 2008 Loyal Customer share options in 2011. The subscription right was used by 17 812 Stockmann loyal customers. As a consequence, Stockmann's share capital was increased by approximately EUR 1.4 million. The share capital totalled EUR 143 681 658 at the end of 2011.

The company's market capitalization at the end of 2011 was EUR 911.8 million (2010: EUR 2 047.1 million).

Stockmann's share prices during 2011 declined more than the OMX Helsinki Cap index and the OMX Helsinki index. At the close of 2011, the price of the Series A shares was EUR 13.65, compared with EUR 29.40 at the end of 2010, and the Series B shares were selling at EUR 11.98, as against EUR 28.30 at the end of 2010. A total of 0.5 million (1.0 million) Series A shares and 15.4 million (14.6 million) Series B shares were traded during the year. This corresponds to 1.6 per cent of the average number of Series A shares and 37.4 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.

At the end of 2011, Stockmann had 56 116 shareholders, compared with 44 596 a year earlier. The increase in the number of shareholders was mainly due to exercise of Loyal Customer share options. Stockmann did not receive any flagging announcements due to changes in major shareholdings in 2011.

PERSONNEL

The Group's personnel totalled an average of 15 964 in 2011, which was 799 more than the previous year (15 165 in average in 2010 and 14 656 in 2009). The increase in personnel was attributable in particular to the opening of department stores in Ekaterinburg in March 2011 and in St Petersburg in November 2010.

Converted to full-time equivalents, Stockmann's average number of employees grew by 669, to 12 172 employees (11 503 in 2010 and 11 133 in 2009). The Group's wages and salaries amounted to EUR 307.7 million, compared with EUR 287.6 million a year earlier and 261.2 million in 2009. The employee benefits expenses totalled EUR 390.0 million (EUR 361.9 million) which accounted for 19.4 per cent (19.9 per cent) of revenue.

At the end of 2011, the Group had 15 960 employees (16 184) of which 7 237 were working in Finland. The number of employees working outside of Finland was 8 723 (8 754) which was 55 per cent (54 per cent) of the total. At the end of 2011, 9 672 employees were employed by the Department Store Division (9 806), 4 653 by Lindex (4 709), 1 506 by Seppälä (1 513) and 129 in Corporate Administration (156).

CHANGES IN MANAGEMENT

Seppälä's Managing Director, Terhi Okkonen transferred to the Stockmann Department Store Division and left the Group's Management Committee on 1 January 2012. Director of Seppälä Store Operations, Nina Laine-Haaja, EMBA (born 1961), was appointed the new Managing Director of Seppälä and became a member of the Group's Management Committee as of 1 January 2012. Nina Laine-Haaja has worked for the company in various positions since 1986 and has been a member of Seppälä's management team since 2001.

RISK FACTORS

The Stockmann Group has own business operations in the Nordic countries, Russia, the Baltic countries, and eastern Central Europe. The general economic development is influencing consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets and the recent world events may influence the behaviour of both financial markets and consumers. In addition, increasing prices of necessity goods such as food and energy will increase inflation and can decrease the consumers' purchasing power.

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

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 2012

The unstable state of the world economy and the unsolved European debt crisis create a challenging basis for assessing the future outlook. The retail market conditions are continuously difficult to forecast. The Russian market is likely to continue to perform better than the Nordic countries, provided that the price of oil does not significantly drop from its current level. The growth of the consumer markets in the Baltic countries is expected to continue. However, high uncertainty and low consumer confidence may continue to affect consumers' willingness to purchase in all markets.

The market for affordable fashion developed poorly in 2011, in particular in Sweden. The development is expected to improve in 2012 compared with 2011. The production capacity problems in the Far East procurement market have eased. Raw material and purchasing prices have also stabilised.

Stockmann's decision to discontinue the loss-making Bestseller franchising operation during 2012 will slightly affect the revenue in Russia but improve the operating profit in the future. Stockmann is targeting to achieve a positive operating result excluding Bestseller operations in Russia in 2012.

During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed capital expenditure projects and 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 remain clearly below depreciation and to total approximately EUR 50 million in 2012.

Stockmann expects the Group's revenue and operating profit to be above the figures for 2011, provided that market sentiment does not significantly worsen. The first-quarter operating result will be negative due to normal seasonal variation.

ACCOUNTING POLICIES

This financial statements bulletin has been prepared in compliance with IAS 34. The figures are unaudited. The accounting policies and calculation methods applied are the same as those in the 2010 financial statements.

Helsinki, 9 February 2012

STOCKMANN plc

Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1.1–31.12.2011	1.1–31.12.2010
REVENUE	**2 005.3**	1 821.9
Other operating income	**0.2**	0.0
Materials and consumables	**-1 028.4**	-913.0
Wages, salaries and employee benefits expenses	**-390.0**	-361.9
Deprecation, amortisation and impairment losses	**-77.7**	-61.8
Other operating expenses	**-439.4**	-396.4
Total expenses	**-1 935.5**	-1 733.1
OPERATING PROFIT	**70.1**	88.8
Finance income	**0.5**	8.2
Finance expenses	**-34.9**	-22.8
Total finance income and expenses	**-34.4**	-14.6
PROFIT BEFORE TAX	**35.7**	74.2
Income taxes	**-4.9**	4.2
PROFIT FOR THE PERIOD	**30.8**	78.3
Profit for the period attributable to:		
Equity holders of the parent company	**30.8**	78.3
Non-controlling interest	**0.0**	0.0
EPS, undiluted, adjusted for share issue, EUR	**0.43**	1.10
EPS, diluted, adjusted for share issue, EUR	**0.43**	1.09

EUR mill.	1.1.–31.12.2011	1.1.–31.12.2010
PROFIT FOR THE PERIOD	**30.8**	78.3
Other comprehensive income		
Exchange differences on translating foreign operations	**2.1**	8.5
Available-for-sale financial assets		
Cash flow hedges	**2.4**	-0.7
Revaluation		
Actuarian gains (losses) on defined benefit pension plans		
Share of associates' other comprehensive income		
Other comprehensive income for the period, net of tax	**4.4**	7.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**35.2**	86.1
Total comprehensive income attributable to:		
Equity holders of the parent company	**35.2**	86.1
Non-controlling interest	**0.0**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	**102.3**	101.6
Intangible rights	**19.9**	19.7
Other intangible assets	**0.4**	1.0
Advance payments and construction in progress	**10.5**	
Goodwill	**788.5**	783.8
Intangible assets, total	**921.5**	906.1
Property, plant and equipment		
Land and water	**42.2**	43.8
Buildings and constructions	**470.3**	485.4
Machinery and equipment	**125.0**	123.8
Modification and renovation expenses for leased premises	**45.7**	49.8
Advance payments and construction in progress	**8.1**	23.2
Property, plant and equipment, total	**691.2**	726.0
Non-current receivables	**0.5**	0.8
Available-for-sale investments	**5.0**	5.0
Deferred tax asset	**11.6**	8.7
NON-CURRENT ASSETS, TOTAL	**1 629.9**	1 646.7
CURRENT ASSETS		
Inventories	**264.7**	240.3
Current receivables		
Interest-bearing receivables	**45.6**	41.4
Income tax receivables	**13.6**	15.5
Non-interest-bearing receivables	**75.6**	73.2
Current receivables, total	**134.8**	130.1
Cash and cash equivalents	**33.2**	36.7
CURRENT ASSETS, TOTAL	**432.8**	407.1
ASSETS, TOTAL	**2 062.7**	2 053.8

EUR mill.	31.12.2011	31.12.2010
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**143.7**	142.3
Share premium fund	**186.1**	186.1
Other funds	**294.9**	287.8
Translation reserve	**5.6**	3.5
Retained earnings	**239.7**	266.0
Equity attributable to equity holders of the parent company	**869.9**	885.7
Non-controlling interest	**0.0**	0.0
EQUITY, TOTAL	**869.9**	885.7
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**68.1**	63.8
Non-current interest-bearing liabilities	**533.9**	521.3
Provisions for pensions	**0.4**	0.2
Non-current non-interest-bearing liabilities and provisions	**0.1**	0.0
NON-CURRENT LIABILITIES, TOTAL	**602.5**	585.2
CURRENT LIABILITIES		
Current interest-bearing liabilities	**328.6**	292.0
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**259.5**	289.2
Income tax liabilities	**2.2**	1.7
Current provisions		
Current non-interest-bearing liabilities, total	**261.7**	290.9
CURRENT LIABILITIES, TOTAL	**590.3**	582.9
LIABILITIES, TOTAL	**1 192.8**	1 168.1
EQUITY AND LIABILITIES, TOTAL	**2 062.7**	2 053.8

CONSOLIDATED CASHFLOW STATEMENT

EUR mill.	1.1–31.12.2011	1.1–31.12.2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**30.8**	78.3
Adjustments for:		
Depreciation, amortisation & impairment losses	**77.7**	61.8
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.3**	0.1
Interest and other financial expenses	**34.9**	22.8
Interest income	**-0.5**	-8.2
Income taxes	**4.9**	-4.2
Other adjustments	**1.5**	-1.1
Working capital changes:		
Increase (-) /decrease (+) in inventories	**-23.8**	-34.3
Increase (-) / decrease (+) in trade and other current receivables	**1.6**	-1.1
Increase (+) / decrease (-) in current liabilities	**-27.1**	15.7
Interest and other financial expenses paid	**-32.5**	-22.5
Interest received from operating activities	**0.3**	0.8
Other financing items from operating activities	**0.0**	0.0
Income taxes paid from operating activities	**-2.0**	-16.4
Net cash from operating activities	**66.2**	91.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intagible assets	**-63.9**	-166.7
Proceeds from sale of tangible and intangible assets	**5.2**	0.7
Acquisition of subsidiaries, net of cash acquired	**0.0**	0.0
Disposal of subsidiaries, net of cash disposed	**0.0**	0.0
Purchase of investments	**0.0**	0.1
Addition (+) / deduction (-) of current assets	**0.0**	0.0
Dividends received from investing activities	**0.1**	0.3
Net cash used in investing activities	**-58.6**	-165.7
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	**6.0**	1.5
Proceeds from current liabilities	**263.7**	236.8
Repayment of current liabilities	**-284.7**	-50.3
Proceeds from non-current liabilities	**90.4**	518.8
Repayment of non-current liabilities	**-25.5**	-721.8
Payment of finance lease liabilities	**-2.5**	-1.5
Dividends paid	**-58.3**	-51.2
Net cash used in financing activities	**-10.9**	-67.7
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-3.4**	-141.6
Cash and cash equivalents at the beginning of the period	**36.7**	176.4
Cheque account with overdraft facility	**-0.3**	-0.5
Cash and cash equivalents at the beginning of the period	**36.4**	175.9
Net increase/decrease in cash and cash equivalents	**-3.4**	-141.6
Effects of exchange rate fluctuations on cash held	**0.1**	2.1
Cash and cash equivalents at the end of the period	**33.2**	36.7
Cheque account with overdraft facility	**-0.1**	-0.3
Cash and cash equivalents at the end of the period	**33.2**	36.4

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 1.1.2010	142.2	186.1	0.0	243.3	44.1	-5.0	238.1	**848.8**	0.0	**848.8**
Dividend distribution							-51.1	**-51.1**		**-51.1**
Share issue	0.1							**0.1**		**0.1**
Options exercised							0.3	**0.3**		**0.3**
Share premium				1.3				**1.3**		**1.3**
Total comprehensive income for the period**			-0.7			8.5	78.3	**86.1**		**86.1**
Other changes					-0.2		0.2	**-0.0**		**-0.0**
SHAREHOLDERS' EQUITY 31.12.2010	142.3	186.1	-0.6	244.6	43.8	3.5	266.0	**885.7**	0.0	**885.7**

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

* Including share issue
** Adjusted with deferred tax liability

GROUP OPERATING SEGMENTS

Revenue, EUR mill.	**1.1–31.12.2011**	1.1–31.12.2010
Department Store Division	**1 236.9**	1 099.9
Lindex	**624.1**	578.7
Seppälä	**143.8**	143.2
Segments, total	**2 004.8**	1 821.8
Unallocated	**0.5**	0.0
Group total	**2005.3**	1 821.9

Operating profit, EUR mill.	**1.1–31.12.2011**	1.1–31.12.2010
Department Store Division	**35.2**	32.9
Lindex	**41.2**	54.8
Seppälä	**1.4**	9.0
Segments, total	**77.9**	96.7
Unallocated	**-7.8**	-7.9
Group total	**70.1**	88.8
Reconciliation to the item profit before tax:		
Financial income	**0.5**	8.2
Financial expenses	**-34.9**	-22.8
Consolidated profit before taxes	**35.7**	74.2

Depreciation, amortisation and impairment losses , EUR mill.	**1.1–31.12.2011**	1.1–31.12.2010
Department Store Division	**44.5**	32.9
Lindex	**25.9**	22.5
Seppälä	**6.2**	5.8
Segments, total	**76.6**	61.3
Unallocated	**1.1**	0.5
Eliminations		
Group total	**77.7**	61.8

Investments, gross, EUR mill.	**1.1–31.12.2011**	1.1–31.12.2010
Department Store Division	**35.4**	131.1
Lindex	**23.7**	28.2
Seppälä	**4.3**	4.7
Segments, total	**63.4**	164.0
Unallocated	**2.6**	1.4
Group total	**66.0**	165.4

Assets, EUR mill.	**1.1–31.12.2011**	1.1–31.12.2010
Department Store Division	**892.6**	904.4
Lindex	**1 027.9**	1 005.9
Seppälä	**111.7**	108.3
Segments, total	**2 032.2**	2 018.6
Unallocated	**30.5**	35.2
Group total	**2 062.7**	2 053.8

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	**Q4 2011**	Q4 2010	**1.1–31.12.2011**	1.1–31.12.2010
Finland 1)	**329.8**	318.5	**1 026.2**	987.8
Sweden and Norway 2)	**144.3**	138.8	**509.3**	480.6
Baltic countries and Central Europe 1) *	**44.4**	37.9	**141.3**	123.7
Russia and Ukraine 1)	**107.6**	81.7	**328.5**	229.8
Group total	**626.1**	576.9	**2 005.3**	1 821.9
Finland %	**52.7**	55.2	**51.2**	54.2
International operations %	**47.3**	44.8	**48.8**	45.8

Operating profit, EUR mill.	**Q4 2011**	Q4 2010	**1.1–31.12.2011**	1.1–31.12.2010
Finland 1)	**30.7**	27.5	**37.8**	44.9
Sweden and Norway 2)	**19.9**	18.7	**47.9**	57.1
Baltic countries and Central Europe 1) *	**4.3**	2.3	**3.3**	1.0
Russia and Ukraine 1)	**4.3**	0.1	**-19.0**	-14.2
Group total	**59.3**	48.5	**70.1**	88.8
Finland %	**51.8**	56.7	**53.9**	50.6
International operations %	**48.2**	43.3	**46.1**	49.4

Non-current assets, EUR mill.			**1.1–31.12.2011**	1.1–31.12.2010
Finland 1)			**463.8**	466.7
Sweden and Norway 2)			**851.8**	850.4
Baltic countries and Central Europe 1) *			**46.8**	48.1
Russia and Ukraine 1)			**256.1**	272.8
Group total			**1 618.3**	1 637.9
Finland %			**28.7**	28.5
International operations %			**71.3**	71.5

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

KEY FIGURES OF THE GROUP

	31.12.2011	31.12.2010
Equity ratio, per cent	**42.2**	43.1
Net gearing, per cent	**95.3**	87.7
Cash flow from operating activities per share, EUR	**0.93**	1.29
Interest-bearing net debt, EUR mill.	**783.7**	735.1
Number of shares at the end of the period, thousands	**71 841**	71 146
Weighted average number of shares, thousands	**71 496**	71 120
Weighted average number of shares, diluted, thousands	**71 789**	71 897
Market capitalization, EUR mill.	**911.8**	2 047.1
Operating profit, per cent of turnover	**3.5**	4.9
Equity per share, EUR	**12.11**	12.45
Return on equity, rolling 12 months, per cent	**3.5**	9.0
Return on capital employed, rolling 12 months, per cent	**4.1**	5.8
Average number of employees, converted to full-time equivalents	**12 172**	11 503
Investments, EUR mill.	**66.0**	165.4

DEFINITIONS OF KEY FIGURES:

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

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

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

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

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

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

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

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR mill.	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue	**626.1**	461.3	510.2	407.7	**576.9**	420.7	451.7	372.6
Other operating income	**0.1**	0.2	0.0	0.0	**0.0**	0.0	0.0	0.0
Materials and consumables	**-321.9**	-234.6	-257.5	-214.3	**-291.7**	-210.2	-220.2	-190.9
Wages, salaries and employee benefits expenses	**-104.4**	-88.7	-98.9	-98.0	**-102.9**	-82.7	-90.4	-85.8
Depreciation, amortisation and impairment losses	**-20.8**	-18.9	-18.9	-19.1	**-17.1**	-15.3	-15.2	-14.2
Other operating expenses	**-119.7**	-104.1	-109.4	-106.2	**-116.6**	-94.0	-95.0	-90.8
Operating profit	**59.3**	15.2	25.6	-29.9	**48.5**	18.4	30.9	-9.2
Finance income	**0.3**	0.0	0.9	-0.7	**2.9**	0.3	1.3	3.7
Finance expenses	**-8.5**	-8.8	-10.0	-7.7	**-7.1**	-6.9	-4.5	-4.3
Total financial income and expenses	**-8.1**	-8.8	-9.2	-8.3	**-4.2**	-6.6	-3.2	-0.6
Profit before tax	**51.1**	6.4	16.4	-38.3	**44.3**	11.9	27.8	-9.8
Income taxes	**-5.9**	-0.7	-1.7	3.5	**-7.3**	1.5	-2.1	12.0
Profit for the period	**45.2**	5.7	14.7	-34.8	**37.1**	13.4	25.7	2.2

Earnings per share per quarter

EUR	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Undiluted	**0.63**	0.08	0.21	-0.49	**0.52**	0.19	0.36	0.03
Diluted	**0.63**	0.08	0.20	-0.48	**0.51**	0.19	0.36	0.03

Segment information per quarter

EUR mill.	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue								
Department Store Division	**408.5**	266.0	306.0	256.4	**373.4**	235.0	265.5	226.0
Lindex	**177.4**	157.8	165.6	123.3	**165.6**	149.4	148.1	115.7
Seppälä	**40.0**	37.6	38.3	27.9	**37.9**	36.8	37.7	30.8
Unallocated	**0.3**	-0.2	0.3	0.1	**0.0**	-0.5	0.5	0.1
Group total	**626.1**	461.3	510.2	407.7	**576.9**	420.7	451.7	372.6
Operating profit								
Department Store Division	**39.6**	2.9	7.6	-14.8	**30.9**	1.4	8.8	-8.2
Lindex	**20.4**	11.4	17.3	-7.9	**17.1**	16.2	19.5	2.1
Seppälä	**2.2**	1.5	2.6	-4.9	**2.8**	2.2	4.8	-0.9
Unallocated	**-2.9**	-0.6	-1.9	-2.3	**-2.3**	-1.4	-2.2	-2.1
Group total	**59.3**	15.2	25.6	-29.9	**48.5**	18.4	30.9	-9.2

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2011**	31.12.2010
Acquisition cost at the beginning of the period	**1 909.3**	1 650.2
Translation difference +/-	**6.3**	117.6
Increases during the period	**66.0**	165.4
Decreases during the period	**-17.9**	-23.9
Transfers between items during the period	**0.0**	0.0
Acquisition cost at the end of the period	**1 953.2**	1 909.3
Accumulated depreciation at the beginning of the period	**-277.2**	-237.0
Translation difference +/-	**-0.6**	-1.5
Depreciation on reductions during the period	**4.6**	23.1
Depreciation ans amortisation during the period	**-77.7**	-61.8
Accumulated depreciation at the end of the period	**-350.9**	-277.2
Carrying amount at the beginning of the period	**1 632.1**	1 413.2
Carrying amount at the end of the period	**1 602.3**	1 632.1
The calculation of consolidated assets includes following changes in consolidated goodwill:		
Goodwill, EUR mill.	**31.12.2011**	31.12.2010
Acquisition cost at the beginning of the period	**783.8**	685.4
Translation difference +/-	**4.7**	98.4
Acquisition cost at the end of the period	**788.5**	783.8
Carrying amount at the beginning of the period	**783.8**	685.4
Carrying amount at the end of the period	**788.5**	783.8

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

Contingent liabilites, EUR mill.	**31.12.2011**	31.12.2010
Mortages on land and buildings	**201.7**	201.7
Pledges	**0.4**	0.5
Liabilities of adjustments of VAT deductions made on investments to immovable property	**35.0**	41.4
Total	**237.0**	243.5
Lease agreements on the Groups' business premises, EUR mill.	**31.12.2011**	31.12.2010
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	**180.1**	174.2
After one year	**669.2**	651.9
Total	**849.3**	826.0
The Groups' lease payments, EUR mill.	**31.12.2011**	31.12.2010
Within one year	**7.3**	7.3
After one year	**6.4**	12.8
Total	**13.7**	20.2
The Groups' derivate contracts, EUR mill.	**31.12.2011**	31.12.2010
Nominal value		
Currency derivatives	**495.9**	517.8
Electricity derivates	**2.2**	3.2
Total	**498.0**	521.0

LEGAL PROCEEDINGS

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

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

EXCHANGE RATES OF EURO

	31.12.2011	31.12.2010
RUB	**41.7650**	40.8200
LVL	**0.6995**	0.7094
LTL	**3.4528**	3.4528
NOK	**7.7540**	7.8000
SEK	**8.9120**	8.9655



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