



STOCKMANN plc

Financial statements

31.12.2012

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Report by the Board of Directors

The Stockmann Group's consolidated revenue grew by 5.5 per cent to EUR 2 116.4 million (EUR 2 005.3 million). Operating profit was up EUR 17.3 million to EUR 87.3 million (EUR 70.1 million). Profit for the year was EUR 53.6 million (EUR 30.8 million). Earnings per share came to EUR 0.74 (EUR 0.43). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 per share be paid.

REVENUE AND EARNINGS

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

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

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

The Group's gross profit for the financial year grew by EUR 70.3 million, to EUR 1 047.2 million (EUR 976.9 million). The gross margin was 49.5 per cent (48.7 per cent) and it improved in both divisions. Operating costs were up by 6.8 per cent, or by EUR 56.8 million, to EUR 886.0 million (EUR 829.4 million). The share of operating costs was 41.9 per cent (41.4 per cent) of revenue. Changes in the presentation of the income statement somewhat increased the reported gross margin and correspondingly increased the reported other operating costs. Depreciation was EUR 74.5 million (EUR 77.7 million).

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

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

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

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

REVENUE AND EARNINGS BY DIVISION

Department Store Division

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

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

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

Fashion Chain Division

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

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

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

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

FINANCING AND CAPITAL EMPLOYED

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

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

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

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

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

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

DIVIDENDS

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

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

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 60.3 million (EUR 66.0 million) which was lower than depreciation at EUR 74.5 million (77.7 million).

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

Stockmann closed down its Bestseller franchising operations in Russia in 2012. In total 18 Bestseller stores were closed during the year. Four Bestseller stores were converted into Lindex stores.

The Fashion Chain Division's capital expenditure for the financial year totalled EUR 22.0 million (EUR 28.0 million). Lindex opened 21 own stores and seven franchising stores in 2012. Five stores were closed during the year. In total there were 469 Lindex stores in 16 countries at the end of 2012. Seppälä opened four new stores and closed 13 stores in 2012. In total there were 220 Seppälä stores in 5 countries at the end of 2012.

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

STORE NETWORK

Stockmann Group	Total 31.12.2011	New stores in 2012	Closed stores in 2012	Total 31.12.2012
Department stores*	16			16
Bestseller stores	18		18	0
Stockmann Beauty stores	13		1	12
Other stores in Department Store Division**	9			9
Lindex stores	446	28	5	469
<i>of which franchising</i>	<i>23</i>	<i>7</i>		30
<i>of which own stores</i>	<i>423</i>	<i>21</i>	<i>5</i>	439
Seppälä stores	229	4	13	220

* Academic Bookstores are part of the department stores in Finland

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

NEW PROJECTS

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

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

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

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

SHARES AND SHARE CAPITAL

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

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

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

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

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

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

PERSONNEL

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

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

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

CHANGES IN ORGANISATION AND MANAGEMENT

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

been reporting to Göran Bille since 1 July 2012, and she left the Stockmann Group's Management Committee as of 31 December 2012.

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

EVENTS AFTER THE REPORTING PERIOD

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

RISK FACTORS

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

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

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

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

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

OUTLOOK FOR 2013

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

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

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

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

Helsinki, Finland, 12 February 2013

STOCKMANN plc
Board of Directors

Shares and share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The par value of both series of shares is EUR 2.00 and the shares of both series entitle their holders to an equal dividend.

The company's shares are in the book-entry system and they are listed on NASDAQ OMX Helsinki. The trading code for the Series A share is STCAS and for the Series B share STCBV. The number of registered shareholders at 31 December 2012 was 59 283 (56 116 shareholders at 31 December 2011).

The company's market capitalization at 31 December 2012 was EUR 994,6 million (EUR 911.8 million at 31 December 2011).

Share option programmes

Stockmann has two option programmes on-going; Loyal Customer share option programme 2012 for Loyal Customers and Key employee share option programme 2010 for key employees in the Stockmann Group. Two option programmes ended during 2012; Loyal Customer share option programme 2008, with which a total of 902 683 Series B shares were subscribed for, and Key employee share option programme 2006, with which no shares were subscribed for.

Price trend of shares and options

	Closing prices Dec. 31, 2012 EUR	Closing prices Dec. 31, 2011 EUR	Change %
Series A	14,08	13,65	3,2
Series B	13,60	11,98	13,5

Turnover of shares and options 2012 on the Helsinki Stock Exchange

	Number of shares	% of total shares outstanding	EUR	Average price EUR
Series A	435 858	1,4	6 789 863	15,57
Series B	11 308 020	27,3	172 238 186	15,19
Option 2006C	10 000		100	0,01
Total	11 753 878		179 028 149	

SHARE CAPITAL

Share capital, 31 December 2012

Series A	30 627 563	shares at EUR 2 each	61 255 126	EUR
Series B	41 421 120	shares at EUR 2 each	82 842 240	EUR
Total	72 048 683		144 097 366	EUR

Loyal Customer share options 2012

The Annual General Meeting held on 15 March 2012 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a maximum of 2 500 000 share options will be granted without consideration to Stockmann's Loyal Customers whose purchases in companies belonging to the Stockmann Group together with purchases originating from parallel cards directed to the same account during the time period 1 January 2012 - 31 December 2013 amounts to a total of at least EUR 6 000. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full EUR 500 by which the purchases exceed EUR 6 000, the Loyal Customer will receive two additional share options. The share subscription period for the Loyal Customer share options will be 2 - 31 May 2014 and 2 - 31 May 2015. Each share option entitles its holder to subscribe for one of Stockmann Series B shares. The subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 - 29 February 2012, or EUR 16.36. The subscription price of each share subscribed for based on the share options will be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription price after the dividend payout proposed by the Board of Directors for the 2012 financial year is EUR 15.26 per share.

Key employee share options 2010

The Annual General Meeting held on 16 March 2010 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. In accordance with the resolution of the Annual General Meeting, a total of 1 500 000 share options can be granted to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 will be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A will be 1 March 2013 - 31 March 2015, for share options 2010B 1 March 2014 - 31 March 2016 and for share options 2010C 1 March 2015 - 31 March 2017.

Each share option entitles its holder to subscribe for one Stockmann Series B share. The share subscription price relating to the share options 2010A shall be the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 28 February 2010 increased by 20 per cent or EUR 26.41, the share options 2010B the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 28 February 2011 increased by 10 per cent or EUR 25.72, and the share options 2010C the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 29 February 2012 increased by 10 per cent or EUR 18.00. The subscription price of each share subscribed for based on the share options will be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription prices after the dividend payout proposed by the Board of Directors for the 2012 financial year is EUR 23.77 per share for to the share options 2010A, EUR 23.80 per share for to the share options 2010B and EUR 16.90 per share for the share option 2010C.

Own shares

At 31 December 2012, the company did not hold any of its own shares, and the Board of Directors had no valid authorisations to purchase shares of the company.

Key figures

		2012	2011	2010	2009**	2008**
Revenue	EUR mill.	2 116,4	2 005,3	1 821,9	1 698,5	1 878,7
Change on the previous year	%	5,5	10,1	7,3	-9,6	34,4
Operating profit	EUR mill.	87,3	70,1	88,8	85,1	121,9
Change on the previous year	%	24,6	-21,0	4,4	-30,2	-2,6
Share of revenue	%	4,1	3,5	4,9	5,0	6,5
Profit before taxes	EUR mill.	54,9	35,7	74,2	61,1	71,7
Change on the previous year	%	54,0	-51,9	21,5	-14,9	-39,9
Share of revenue	%	2,6	1,8	4,1	3,6	3,8
Profit for the period		53,6	30,8	78,3	53,8	39,1
Share capital	EUR mill.	144,1	143,7	142,3	142,2	123,4
A share	EUR mill.	61,3	61,3	61,3	61,3	53,2
B share	EUR mill.	82,8	82,4	81,0	80,9	70,2
Dividends*	EUR mill.	43,2	35,9	58,3	51,2	38,0
Return on equity	%	6,1	3,5	9,0	7,0	6,1
Return on capital employed	%	5,1	4,1	5,8	5,8	8,3
Capital employed	EUR mill.	1 737,1	1 715,7	1 668,5	1 551,0	1 481,7
Capital turnover rate		1,2	1,2	1,1	1,1	1,3
Inventories rate		3,8	3,9	3,8	4,9	4,4
Equity ratio	%	42,8	42,2	43,1	44,1	39,0
Net gearing	%	90,9	95,3	87,7	72,2	107,6
Investment in fixed assets	EUR mill.	60,3	66,0	165,4	152,8	182,3
Share of net turnover	%	2,8	3,3	9,1	9,0	9,7
Interest-bearing debtors	EUR mill.	43,8	45,6	41,4	44,5	52,2
Interest-bearing liabilities	EUR mill.	848,5	862,5	813,3	789,2	775,7
Interest-bearing net debt	EUR mill.	768,6	783,7	735,1	568,3	688,2
Total assets	EUR mill.	2 087,1	2 062,7	2 053,8	1 925,7	1 764,1
Staff expenses	EUR mill.	405,1	390,0	361,9	327,4	350,5
Share of net turnover	%	19,1	19,4	19,9	19,3	18,7
Personnel, average	persons	15 603	15 964	15 165	14 656	15 669
Net turnover per person	EUR thousands	135,6	125,6	120,1	115,9	119,9
Operating profit per person	EUR thousands	5,6	4,4	5,9	5,8	7,8
Staff expenses per person	EUR thousands	26,0	24,4	23,9	22,3	22,4

*) Board's proposal to the AGM. According to the proposal, a dividend of EUR 0.60 per share will be paid.

**Financial years 2008-2009 restated due to an error.

Per-share data

		2012	2011	2010	2009****	2008****
Earnings per share***	EUR	0,74	0,43	1,10	0,82	0,65
Earnings per share, diluted***	EUR	0,74	0,43	1,09	0,81	0,65
Equity per share	EUR	12,40	12,11	12,45	11,94	11,22
Dividend per share *	EUR	0,60	0,50	0,82	0,72	0,62
Dividend per earnings */***	%	80,6	116,2	74,5	88,0	94,7
Cash flow per share***	EUR	1,72	0,93	1,29	2,23	2,85
Effective dividend yield *	%					
A share		4,3	3,7	2,8	3,5	6,1
B share		4,4	4,2	2,9	3,8	6,3
P/E ratio of shares***						
A share**		18,9	31,9	26,7	25,0	15,4
B share**		18,3	28,0	25,7	23,2	14,9
Share quotation at 31 December	EUR					
A share		14,08	13,65	29,40	20,50	10,10
B share		13,60	11,98	28,30	19,00	9,77
Highest price during the period	EUR					
A share		19,50	29,85	31,50	22,00	34,75
B share		18,68	28,48	30,50	20,00	32,00
Lowest price during the period	EUR					
A share		13,40	13,44	20,60	10,68	10,10
B share		12,12	11,60	18,85	9,63	9,33
Average price during the period	EUR					
A share		15,57	18,71	26,97	16,11	20,35
B share		15,19	18,68	25,41	14,80	20,90
Share turnover	thousands					
A share		436	476	1 022	512	859
B share		11 308	15 402	14 582	17 290	29 327
Share turnover	%					
A share		1,4	1,6	3,3	1,7	3,2
B share		27,3	37,4	36,0	42,7	83,5
Market capitalization at 31 December	EUR mill.	994,6	911,8	2 047,1	1 396,7	611,6
Number of shares at 31 December	thousands	72 049	71 841	71 146	71 094	61 703
A share		30 628	30 628	30 628	30 628	26 582
B share		41 421	41 213	40 518	40 466	35 121
Weighted average number of shares***	thousands		71 496	71 120	65 676	59 710
A share		71 945	30 628	30 628	28 373	27 103
B share		30 628	40 868	40 493	37 303	32 606
Weighted average number of shares, diluted***	thousands	41 318	71 789	71 897	65 995	59 710
The own shares owned by the company	thousands					364
A share		71 945				
B share						364
Total number of shareholders at 31 December	no		56 116	44 596	43 929	42 888

*) Board's proposal to the AGM. According to the proposal, a dividend of EUR 0.60 per share will be paid.

**) The dilution effect of options has been taken into account in the 2011 figures.

***) 2008 restated due to right issue in 2009.

****) Financial years 2008-2009 restated due to an error.

Definition of key figures

Profit before taxes	=	Operating profit + financial income less financial expenses
Return on equity, %	= 100 x	$\frac{\text{Profit for the period}}{\text{Equity} + \text{minority interest (average over the year)}}$
Return on capital employed, %	= 100 x	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Capital employed}}$
Capital employed	=	Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)
Capital turnover rate	=	$\frac{\text{Revenue}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$
Inventories rate		$\frac{365}{\text{Inventories turnover time}}$
Equity ratio, %	= 100 x	$\frac{\text{Equity} + \text{minority interest}}{\text{Total assets less advance payments received}}$
Net gearing, %	= 100 x	$\frac{\text{Interest-bearing liabilities less cash and cash equivalents}}{\text{Equity total}}$
Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities

Definition of per-share data

Earnings per share	=	$\frac{\text{Profit before taxes less minority interest less income taxes}}{\text{Average number of shares, adjusted for share issues 1)}}$
Equity per share	=	$\frac{\text{Equity less fund for own shares}}{\text{Number of shares on the balance sheet date}}$
Dividend per earnings, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Earnings per share, adjusted for share issues 1)}}$
Cash flow per share	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares, adjusted for share issues 1)}}$
Effective dividend yield, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Share quotation at 31 December, adjusted for share issues}}$
P/E ratio of shares	=	$\frac{\text{Share quotation at 31 December, adjusted for share issues}}{\text{Earnings per share, adjusted for share issues 1)}}$
Share quotation at 31 December	=	Share quotation on the balance sheet date
Highest share price during the period	=	Highest price of the company's shares during the period
Lowest share price during the period	=	Lowest price of the company's shares during the period
Average share price over the period	=	Share turnover in euro terms divided by the number of shares traded during the period
Share turnover	=	Quantitative share turnover, adjusted for share issues
Market capitalization at 31 December	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date

1) Without the own shares owned by the company

Consolidated income statement

EUR mill.	Note	1/1–12/31/2012	1/1–12/31/2011
REVENUE	2	2 116,4	2 005,3
Other operating income	3	0,6	0,2
Materials and consumables	4	-1 069,2	-1 028,4
Wages, salaries and employee benefits expenses	5,23,28	-405,1	-390,0
Deprecation, amortisation and impairment losses	2,6,11,12	-74,5	-77,7
Other operating expenses	7	-480,9	-439,4
Total expenses		-2 029,7	-1 935,5
OPERATING PROFIT	2	87,3	70,1
Finance income	8	1,8	0,5
Finance expenses	8	-34,2	-34,9
Total finance income and expenses		-32,4	-34,4
PROFIT BEFORE TAX		54,9	35,7
Income taxes	9	-1,4	-4,9
PROFIT FOR THE PERIOD		53,6	30,8
Profit for the period attributable to:			
Equity holders of the parent company		53,6	30,8
Non-controlling interest		0,0	0,0
EPS, undiluted, adjusted for share issue, EUR	10	0,74	0,43
EPS, diluted, adjusted for share issue, EUR	10	0,74	0,43

Consolidated statement of comprehensive income

EUR mill.	N	1/1–12/31/2012	1/1–12/31/2011
PROFIT FOR THE PERIOD		53,6	30,8
Other comprehensive income			
Exchange differences on translating foreign operations	9,18	4,4	2,1
Cash flow hedges	9,18	-2,7	2,4
Other comprehensive income for the period, net of tax		1,7	4,4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		55,3	35,2
Total comprehensive income attributable to:			
Equity holders of the parent company		55,3	35,2
Non-controlling interest		0,0	0,0

Consolidated statement of financial position

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EUR mill.	Note	12/31/2012	12/31/2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark		106,2	102,3
Intangible rights		25,3	19,9
Other intangible assets		0,4	0,4
Advance payments and construction in progress		25,4	10,5
Goodwill		818,8	788,5
Intangible assets, total	11	976,1	921,5
Property, plant and equipment			
Land and water		42,2	42,2
Buildings and constructions		456,9	470,3
Machinery and equipment		112,1	125,0
Modification and renovation expenses for leased premises		37,8	45,7
Advance payments and construction in progress		6,2	8,1
Property, plant and equipment, total	12	655,1	691,2
Non-current receivables	22,26	1,1	0,5
Available-for-sale investments	14	5,0	5,0
Deferred tax asset	21	16,1	11,6
NON-CURRENT ASSETS, TOTAL		1 653,3	1 629,9
CURRENT ASSETS			
Inventories	15	281,4	264,7
Current receivables			
Interest-bearing receivables		43,8	45,6
Income tax receivables		0,6	13,6
Non-interest-bearing receivables		71,8	75,6
Current receivables, total	16	116,2	134,8
Cash and cash equivalents	17	36,1	33,2
CURRENT ASSETS, TOTAL		433,7	432,8
ASSETS, TOTAL		2 087,1	2 062,7
EUR mill.	Note	12/31/2012	12/31/2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital		144,1	143,7
Share premium fund		186,1	186,1
Invested unrestricted equity fund		250,5	249,2
Other funds		42,9	45,7
Translation reserve		10,0	5,6
Retained earnings		259,8	239,7
Equity attributable to equity holders of the parent company	18	893,3	869,9
Non-controlling interest			
EQUITY, TOTAL		893,3	869,9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	66,4	68,1
Non-current interest-bearing liabilities	19	502,9	533,9
Provisions for pensions	23	0,3	0,4
Non-current non-interest-bearing liabilities and provisions	22,26	0,4	0,1
NON-CURRENT LIABILITIES, TOTAL		570,0	602,5
CURRENT LIABILITIES			
Current interest-bearing liabilities	20	345,6	328,6
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	20,26	275,7	259,5
Income tax liabilities	20	2,0	2,2
Current provisions		0,4	0,0
Current non-interest-bearing liabilities, total		278,1	261,7
CURRENT LIABILITIES, TOTAL		623,8	590,3
LIABILITIES, TOTAL		1 193,7	1 192,8
EQUITY AND LIABILITIES, TOTAL		2 087,1	2 062,7

Consolidated statement of changes in equity

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EUR mill.	Share capital	Share premium fund	Hedging reserve* for unrestricted equity	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 1)							-58,3	-58,3		-58,3
Share issue 1)	1,4							1,4		1,4
Options exercised 1)							1,2	1,2		1,2
Share premium 1)				4,6				4,6		4,6
Other changes 1)					0,1		0,1	0,1		0,1
Comprehensive income for the period										
Profit for the period							30,8	30,8		30,8
Exchange differences on translating foreign operations 2						2,1		2,1		2,1
Cash flow hedges 2)			2,4					2,4		2,4
Total comprehensive income for the period*			2,4			2,1	30,8	35,2		35,2
SHAREHOLDERS' EQUITY 12/31/2011	143,7	186,1	1,7	249,2	43,9	5,6	239,7	869,9	-0,0	869,9
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 1)							-35,9	-35,9		-35,9
Share issue 1)	0,4							0,4		0,4
Options exercised 1)							2,4	2,4		2,4
Share premium 1)				1,2				1,2		1,2
Other changes 1)							-0,0	-0,0		-0,0
Comprehensive income for the period										
Profit for the period							53,6	53,6		53,6
Exchange differences on translating foreign operations 2						4,4		4,4		4,4
Cash flow hedges 2)			-2,7					-2,7		-2,7
Total comprehensive income for the period*			-2,7			4,4	53,6	55,3		55,3
SHAREHOLDERS' EQUITY 12/31/2012	144,1	186,1	-1,0	250,5	43,9	10,0	259,8	893,3	0,0	893,3

* Adjusted with deferred tax

1) Note 18

2) Notes 9,18

Consolidated cashflow statement

EUR mill.	1/1–12/31/2012	1/1–12/31/2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	53,6	30,8
<u>Adjustments for:</u>		
Depreciation, amortisation & impairment losses	74,5	77,7
Gains (-) and losses (+) of disposals of fixed assets and other non-curr	-0,4	0,3
Interest and other financial expenses	34,2	34,9
Interest income	-1,8	-0,5
Income taxes	1,4	4,9
Other adjustments	2,1	1,5
<u>Working capital changes:</u>		
Increase (-) /decrease (+) in inventories	-12,8	-23,8
Increase (-) / decrease (+) in trade and other current receivables	6,5	1,6
Increase (+) / decrease (-) in current liabilities	-6,2	-27,1
Interest expenses paid	-33,3	-32,5
Interest received from operating activities	0,4	0,3
Other financing items from operating activities	-0,5	0,0
Income taxes paid from operating activities	6,0	-2,0
Net cash from operating activities	123,7	66,2
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-54,1	-63,9
Proceeds from sale of tangible and intangible assets	1,5	5,2
Acquisition of subsidiaries, net of cash acquired	0,0	0,0
Dividends received from investing activities	0,2	0,1
Net cash used in investing activities	-52,4	-58,6
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	1,6	6,0
Proceeds from current liabilities	268,1	263,7
Repayment of current liabilities	-263,7	-284,7
Proceeds from non-current liabilities	248,0	90,4
Repayment of non-current liabilities	-287,3	-25,5
Payment of finance lease liabilities	-2,5	-2,5
Dividends paid	-35,9	-58,3
Net cash used in financing activities	-71,7	-10,9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-0,4	-3,4
Cash and cash equivalents at the beginning of the period	33,2	36,7
Cheque account with overdraft facility	-0,1	-0,3
Cash and cash equivalents at the beginning of the period	33,2	36,4
Net increase/decrease in cash and cash equivalents	-0,4	-3,4
Effects of exchange rate fluctuations on cash held	-0,6	0,1
Cash and cash equivalents at the end of the period	36,1	33,2
Cheque account with overdraft facility	-3,9	-0,1
Cash and cash equivalents at the end of the period	17 32,2	33,2

1. Accounting policies used in the consolidated financial statements

Basic information on the company

The Group's parent company is the Finnish public listed company Stockmann plc, which is domiciled in Helsinki; its registered address is Aleksanterinkatu 52, 00100 Helsinki. The Group's primary field of business is retailing. The parent company's shares are listed on the Helsinki exchange (NASDAQ OMX Helsinki Ltd). A copy of the consolidated financial statements is available at the internet address www.stockmanngroup.fi or from the parent company.

General

Stockmann's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), complying with the IAS and IFRS standards and IFRIC and SIC interpretations in force on 31 December 2012. In the Finnish accounting legislation and the regulations issued pursuant to it, International Financial Reporting Standards (IFRS) refer to the standards and their interpretations that have been approved for application in the EU in accordance with the procedure stipulated in EU regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation that supplements IFRS regulations. The information in the financial statements is based on original acquisition costs, unless stated otherwise in the accounting policies. The financial statements are presented in millions of euros.

As from 1 January 2012, the Group has applied the following new and revised standards and interpretations:

Amendments to IFRS 7 *Financial Instruments: Disclosures*, effective for financial years beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial instruments and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendments have no significant impact on the consolidated financial statements.

Amendment to IAS 12 *Income Taxes*, effective in financial periods beginning on or after 1 January 2012. The amendments concern the background assumption applied when recognizing deferred taxes. According to the amendment, the carrying amount of investment properties measured at fair value will now be assumed to be recovered from the asset sale rather than through continual use of the asset. The amendment to the standard has no impact on the consolidated financial statements.

Changes in presentation

Finance income associated with loyal customer cards has been reported as revenue as of the beginning of 2012. This income was previously recognized as a reduction in other operating expenses. The income in 2012 was EUR 11.2 million, and in the 2011 financial year EUR 12.2 million. This change improves the income statement gross margin and correspondingly increases other operating expenses in comparison with the previous year's figures.

Lindex and Seppälä, both in the fashion trade and previously reported as separate segments, were combined to create the Fashion Chain Division in June 2012. The previous year's figures used for comparison have been adjusted accordingly.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

In preparing the consolidated financial statements in accordance with IFRS, certain estimates and assumptions concerning the future need to be made. The estimates and assumptions presented in the financial statements are based on management's best knowledge at the balance sheet date. These influence the amounts of assets and liabilities in the balance sheet, the contingent items presented and the income and expenses for the financial period. In addition, judgment has to be used in applying the accounting policies used in the financial statements and estimates have to be made concerning, for example, depreciation periods, impairment testing, deferred tax assets and provisions. The actual amounts can differ from the estimates and assumptions. The key sources of uncertainty that pose the most significant risks of

substantive changes in the carrying amounts of the Group's assets and liabilities during the next financial period are related to goodwill and Lindex trademark, as detailed in Note 11.

Material prior period errors, which relates to earlier financial years, are corrected retrospectively according to IAS 8 standard – Accounting Policies, Changes in Accounting Estimates and Errors. Materiality depends on the size and nature of the omission or misstatement of the item judged in the prevailing circumstances. The size or nature of the item, or a combination of both, could be the determining factor. The consolidated financial statements for 2012 do not include any retrospective adjustments of prior period errors.

Principles of consolidation

The consolidated financial statements include the parent company, Stockmann plc, as well as all the companies in which the parent company holds, either directly or indirectly, over 50 per cent of the number of votes conferred by the shares or over which the parent company otherwise has control.

Inter-company share ownership within the Group has been eliminated using the acquisition method, according to which the consideration transferred and all the identifiable assets and liabilities of an acquired company are measured at fair values at the date of acquisition. Goodwill is recognized as the amount by which the combined total of the consideration transferred the non-controlling interests in the acquisition and the previous ownership interest exceeds the fair value of the acquired net assets. Intra-Group transactions, receivables, liabilities, unrealized margins and internal distribution of profits are eliminated in the consolidated financial statements. The profit or the loss as well as the comprehensive income for the financial period are distributed to the parent company's owners and to non-controlling interests. Non-controlling interests are presented as an individual item in the Group's equity. Acquired subsidiaries are presented in the consolidated financial statements from the moment that the Group gains control and divested subsidiaries up to the time the control ends. Changes in the parent company's ownership interest in a subsidiary, which do not lead to loss of control, are dealt with as equity transactions.

Joint ventures over which Stockmann has joint control with another party on the basis of an agreement or Articles of Association are accounted for using the proportionate consolidation method. Participations in mutual property management companies owned by Group companies have been treated as jointly controlled assets. The consolidated financial statements include Stockmann's proportionate share of a joint venture's assets, liabilities, income and expenses from the date when joint control has been obtained until it ends. Stockmann Group does not have associates.

Segment reporting

The Stockmann Group has two reportable segments: the Department Store Division, which engages in the department store trade, specialty retailing and distance retailing, and Fashion Chain Division, which engages Seppälä and Lindex fashion retailing. The segment Unallocated includes functions serving the entire Group. The segment information presented by the Group is based on the management's internal reporting, in which the measurement principles for assets and liabilities accord with IFRS regulations. The highest level of operational decision-making is vested in the Group's CEO, who regularly examines the operational performance of the divisions.

Items denominated in foreign currency

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group's parent company.

Transactions in foreign currency are recognized in the amounts of each company's functional currency, applying the exchange rate of the date of the transaction. Receivables and liabilities at the balance sheet date are translated at the exchange rate of the balance sheet date. Exchange differences arising on translation are recognized through profit and loss.

The income statements and statements of other comprehensive income of foreign subsidiaries are translated into euro at the average rate during the financial period, and the balance sheets at the rate at the balance sheet date. The exchange difference from translating the earnings for the financial period and other comprehensive income at the average rate in the income statement and at the balance sheet date exchange rate in the balance sheet is recognized as a separate item in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation

of equity items accrued after their acquisition, and fair value changes in financial instruments designated as net investment hedges are recognized in the statement of comprehensive income. The goodwill arising from the acquisition of foreign operations and the fair value adjustments made in the carrying amounts of the assets and liabilities of such operations in connection with acquisition of foreign operations are treated as assets and liabilities of foreign operations and converted into euro using the exchange rates at the balance sheet date. When a foreign subsidiary or joint venture is divested in whole or in part, the cumulative translation difference is recognized in the income statement as part of the gain or loss on disposal.

The euro has been considered the functional currency of the Russian and Ukrainian subsidiaries and their financial statements have been translated into euros under IAS 21. The Group's management defines the Russian and Ukrainian subsidiaries' sales and margin targets in euros, their profitability is monitored in euros and their economic outlooks are drawn up in euros. The Group acquires goods sold on the Russian and Ukrainian markets mainly in euros. Furthermore, a large part of these subsidiaries' fixed costs and property, plant and equipment acquisitions are tied to the euro or the US dollar. The Russian and Ukrainian subsidiaries do not issue any equity instruments locally, they do not acquire any debt financing from the local financial markets and they do not make any independent investment or financing decisions that concern their operations.

Cumulative translation differences that accrued prior to the date of transition to IFRS are recognized in retained earnings in accordance with the exemption permitted under IFRS 1.

Income recognition principles and revenue

Revenue from the sale of goods is recognized when the significant risks and benefits of ownership have been transferred to the buyer. Most of the Group's income comes from the retail sale of goods that are paid for with cash or credit card. Income is recognized at the time of sale.

For distance sales, provision is made for returns by creating a return accrual, which is based on experience and serves to adjust the sales figures, in the financial statements. Interest on one-time consumer credits in distance retailing is included in the selling price and recognized in revenue.

Income from Loyal Customer co-operation is recognized as revenue. An amount corresponding to the fair value of unused Lindex Club points accumulated by customers is recognized, with a deduction from sales, as short-term interest-free debt for customers. An amount corresponding to the fair value of Stockmann Master Card points accumulated in Russia is recognized as short-term interest-free debt for customers and as a short-term interest-free receivable from the loyal customer partner. The debt and receivable are recognized in the same financial period as the related sale.

Income from services is recognized when the service has been rendered.

In calculating revenue, items such as indirect taxes and discounts granted as well as the expense corresponding to the fair value of Loyal Customer options have been deducted from sales.

Other operating income

Among items included in other operating income are gains on the sale of property, plant and equipment as well as income received on the sale of a business.

Other operating expenses

Other operating expenses include losses on the sale of property, plant and equipment as well as other expenses related to the actual sale of goods and services. Interest income received on interest-bearing trade receivables is recognized as a reduction in other operating expenses.

Employee benefits

Pension obligations

Pension plans are classified as defined benefit and defined contribution plans. In Finland and most of the Stockmann Group's other countries of operation, statutory and voluntary pension plans are defined contribution plans.

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

Defined benefit pension plans are based on actuarial calculations that are in turn based on assumptions about the discount rate, expected returns on plan assets, future pay increases, inflation and the personnel age structure. Estimates made on the basis of these assumptions affect the total amount of the pension obligation and the plan assets. That part of the actuarial gains and losses which exceeds the greater of either ten per cent of the existing pension obligation or ten per cent of the fair value of the plan assets is recognized in the income statement during future financial periods over the average remaining working lives of employees covered by the plan. The plan assets measured at their fair value at the balance sheet date, the share of the unrecognized actuarial gains and losses, and past service costs are deducted from the present value of the pension obligation to be recognized in the balance sheet.

Other long-term employee benefits

The Stockmann Group operates a length of service reward system, which comes under other long-term employee benefits. Employees who complete the specified years of service are entitled to extra paid leave or monetary compensation. The present value of the obligation arising from this long-term employee benefit at the close of the reporting period is recognised as a liability in the balance sheet.

Equity compensation benefits and share-based payments

Share options granted for the Group's key employees and Loyal Customers are measured at fair value at the time they are granted and recognized as an expense in the income statement in even installments during the vesting period. The expense corresponding to the fair value of share options granted is recognized in employee benefit expenses in respect of key employee options and in revenue as discount in accordance with IAS 18.10 in respect of Loyal Customer options, and a corresponding amount is recognized in equity. The fair value of options granted is determined using the Black-Scholes model, which takes into account the market conditions affecting the pricing of share options at the grant date. In addition, the number of share options to be exercised and the estimated vesting period are estimated finally at the grant date. The amount to be recorded as an expense is adjusted subsequently in line with the number of share options finally granted.

When share options are exercised, cash payments received from share subscriptions with options granted are recognized, adjusted for any transaction costs, in the share capital and the reserve for invested unrestricted equity, in accordance with the terms of each scheme.

Group management has a share bonus system, the expenses of which are recognized in the income statement as employee benefit expenses for the financial period in which the share bonus has vested on the basis of the profit earned in the period.

Income taxes

Tax expenses in the income statement comprise taxes based on taxable income for the period and deferred taxes. Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular Group company is based. The amount of tax is adjusted for any taxes concerning previous periods. Income taxes are presented in the income statement unless the transaction relating to the taxes is presented directly in equity or in the statement of comprehensive income, in which case the tax effect is also stated in equity or in the statement of comprehensive income.

Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. The largest temporary differences arise from the differences between the carrying amounts and tax bases of property, plant and equipment, unused tax losses, adjustments based on fair value of assets and liabilities in business combinations, the fair value measurement of derivative contracts and an unrealized exchange rate difference on a long-term loan. Deferred taxes are not recognized on goodwill impairment, which is nondeductible in taxation. Deferred taxes have been calculated by applying the tax rates that are laid down by law or have been accepted in practice by the balance sheet date.

Deferred tax liabilities are recognized in full, except on the profit made by the Estonian subsidiary, because the Group is able to determine when a reversal of the temporary difference will occur, and no such reversal

will occur in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that taxable profit will arise in the future against which the deferred tax asset can be utilized.

The Group deducts deferred tax assets and liabilities from each other in the event that it has a legally enforceable right to set off tax assets against liabilities, based on taxable income for the period, and the deferred tax assets and liabilities are associated with income taxes collected by the same tax authority, either from the same taxable entity or a different taxable entity, which is going to set off the tax assets against liabilities based on taxable income for the period or realize the receivables and pay the debts at the same time.

Provisions

A provision is recognized when the Group has a legal or factual obligation as a result of a past event and it is probable that a payment obligation will be realized and the amount of the obligation can be estimated reliably.

Goodwill and other intangible assets

The Group's goodwill is the difference between the consideration transferred, measured at fair value, and the identifiable net assets acquired, measured at fair value. Neither goodwill nor the Lindex brand are amortized. The brand is deemed to have an indefinite useful life due to high brand awareness.

The goodwill and brand are measured at original acquisition cost less impairment losses.

Other intangible assets include customer relationships, which are measured at fair value at the time of business combination, as well as intangible rights and software that are measured at original acquisition cost. Other intangible assets are amortized on a straight-line basis over their estimated useful lives.

The amortization periods of intangible assets are:

customer relationships	5 years
software	5–7 years
other intangible rights	5 years

Subsequent expenditure related to intangible assets is capitalized only if the economic benefits of the asset increase as a result of such expenditure. Otherwise, the costs are recorded as expenses in the income statement when they are incurred.

Property, plant and equipment

Land areas, buildings, machinery, and equipment comprise the bulk of property, plant and equipment. Revaluations included in land areas and buildings were part of the carrying amount under the previous accounting standards and have been deemed to constitute part of the acquisition cost under IFRS. Property, plant and equipment also includes modification and renovation costs of leased premises that are due, for example, to the finishing work on the interiors of commercial premises located in leased buildings.

Property, plant and equipment are measured in the balance sheet at their original acquisition cost less accumulated depreciation and any impairment losses. The acquisition cost of self-constructed assets includes materials and direct labor. If the item of property, plant and equipment is comprised of several components having useful lives of differing length, the components are treated as separate items. Subsequent costs concerning the item are recognized as a part of the acquisition cost when they increase the future useful life of the asset. Other costs, such as normal maintenance and repair measures, are recognized in the income statement as expenses when they are incurred.

Straight-line depreciation is recognized on property, plant and equipment in accordance with each item's useful life. Land areas are not depreciated.

The depreciation periods for property, plant and equipment are:

buildings and structures	20–50 years
modification and renovation costs of leased premises	5–20 years
machinery and equipment	4–10 years
IT equipment and lightweight store fixtures and equipment	3–5 years

Borrowing costs

If preparing an asset item for its intended use necessarily requires a significantly long period of time after its acquisition, construction or manufacture, any borrowing costs directly arising from the asset item are included in the acquisition cost of the asset item. Other borrowing costs are recognized as expenses.

Impairment of assets

The carrying amounts of asset items are assessed regularly to determine whether there is any indication that an asset may be impaired. If there are indications of impairment, the recoverable amount of the asset is determined. Goodwill and the brand are allocated to cash-generating units and they are tested annually to determine any impairment. An impairment loss is recognized when the balance sheet value of the asset item or cash-generating unit is greater than its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss on a cash-generating unit is allocated first as a reduction to the goodwill of the cash generating unit and thereafter it is allocated to reduce the unit's other asset items on an equal percentage basis.

The recoverable amount of intangible and tangible assets is defined as the higher of its fair value less costs to sell and its value in use. In determining value in use, the estimated future cash flows are discounted to their present value based on discount rates that reflect the average capital costs before taxes of the cash generating unit in question.

An impairment loss on property, plant and equipment as well as other intangible assets, except for goodwill, is reversed if a change has occurred in the estimates used in determining the recoverable amount of the asset item. An impairment loss is not, however, reversed beyond what the carrying amount of the asset would have been if no impairment loss had been recognized in previous years.

Leases

In accordance with IAS 17 Leases, lease agreements in which the Group assumes substantially all the risks and rewards incident to ownership of the asset are classified as finance lease agreements. Assets acquired under finance lease agreements, less accumulated depreciation, are recognized in property, plant and equipment or in intangible assets, and the obligations under the agreement are recognized in interest bearing liabilities. Lease payments under a finance lease agreement are split between interest expenses and a reduction in lease liabilities.

Finance lease agreements in accordance with IAS 17 are recognized in the balance sheet and they are measured at an amount which, at the inception of the lease, is equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Depreciation according to plan is recognized on assets obtained through a finance lease, and any impairment losses are recognized. Items of property, plant and equipment are depreciated according to the Group's depreciation periods, or, if shorter, over the lease term.

Lease agreements in which the economic risks and rewards incident to ownership remain with the lessor are treated as other leases. Lease payments received and paid on the basis of other lease agreements are recognized as income or expenses in the income statement.

Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. In normal operations the net realizable value is the estimated obtainable selling price less the estimated costs incurred in bringing the product to a finished condition and the estimated necessary selling costs.

The value of inventories is determined using the weighted average cost method or the retail method permitted under IAS 2, and it includes all the direct costs of the purchase. All the divisions use the weighted average cost method for measuring inventories. In the valuation of items with minor unit price Department Store Division in Finland also uses the retail method referred to in IAS 2.

Assets held for sale and discontinued operations

Asset items under the heading 'Non-current assets held for sale and discontinued operations' are measured, in accordance with IFRS 5, at the lower of their carrying amount and fair value less estimated selling costs. When an asset item is classified within non-current assets as held for sale or a disposal group, it is not depreciated. A non-current asset held for sale or asset items included in a disposal group are presented in the balance sheet separately from other asset items. Likewise, liabilities connected with a disposal group are presented as a separate item in the balance sheet.

A discontinued operation is a part of the Group that has been disposed of or classified as held for sale and that fulfills the criteria for classification as a discontinued operation in accordance with IFRS 5. The earnings of discontinued operations are presented as a separate item in the statement of comprehensive income.

At the balance sheet date, the Group did not have discontinued operations or non-current assets held for sale in the meaning of IFRS 5.

Financial instruments

Financial instruments are classified under IAS 39 into the following groups: loans and other receivables; financial assets and liabilities at fair value through profit or loss; available-for-sale financial assets and other liabilities.

Loans and other receivables are non-derivative financial assets whose related payments are fixed or determinable and which are not quoted in active markets. They are measured at amortized cost. They are included in either current or non-current assets in the balance sheet, as appropriate. Loans or other receivables are deemed non-current assets if they mature after more than 12 months. Trade receivables are recognized at their fair value in the balance sheet on initial recognition. The amount of doubtful accounts is estimated on the basis of experience. Doubtful accounts are recognized in the income statement as an impairment loss by recognizing the difference between the original value of each group of receivables and the discounted recoverable amount.

All investments except for shares classified as available-for-sale financial assets are included in the group 'financial assets at fair value through profit or loss'. The items in the group are measured at fair value using market prices on the balance sheet date, present value methods for cash flows or other appropriate valuation models. Changes in fair value are recognized through profit or loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for-sale or are not classified in another group. They are included in non-current assets, except those which are to be held for less than 12 months from the balance sheet date, in which case they are included in current assets. This category includes the Group's investments in shares, and they are measured at fair value. The fair value of publicly quoted shares is the market price at the balance sheet date. Changes in fair value are recognized in the fair value reserve under equity in the statement of comprehensive income. Changes in fair value are transferred from equity to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recognized on the investment. Unlisted shares are stated at cost if their fair values cannot be measured reliably. If the fair value of an investment in shares is substantially or permanently lower than the acquisition cost, an impairment loss is recognized.

Purchases and sales of financial assets are recognized at the trade date, which is the day when the company made a commitment to purchase or sell the asset item. An item belonging to financial assets is derecognized from the balance sheet when the company relinquishes the contractual rights to the item, the rights expire or the company loses control over the item.

Interest-bearing liabilities are classified as other liabilities and are measured at fair value based on the consideration originally recognized in the accounts. Transaction costs are included in the original carrying amount of interest-bearing liabilities. Subsequently, interest-bearing liabilities are measured at amortized cost using the effective interest method. Non-current liabilities fall due in 12 or more months and current liabilities have a maturity of less than 12 months.

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss, and changes in their fair value are recognized through profit or loss, except for derivatives to which

hedge accounting for cash flow hedges is applied and which meet the criteria for hedge accounting defined in IAS 39.

The fair value of interest rate swaps is defined on the basis of the present value of future cash flows, applying market prices at the balance sheet date. Changes in the fair value of interest rate swaps are recognized in financial income and expenses in the income statement. At the balance sheet date, the Group did not have any outstanding interest rate swaps.

The fair value of currency forwards and currency swaps is calculated by measuring them at their market prices at the balance sheet date. The fair value of currency options is calculated using the Black-Scholes model. The results of the measurement of currency derivatives are recognized through profit or loss, except for currency derivatives to which hedge accounting for cash flow hedges as defined in IAS 39 is applied.

Hedge accounting is applied to certain currency derivatives that are used in hedging forecast foreign currency denominated sales and purchases and which meet the hedge accounting requirements of IAS 39. The hedged cash flow must be highly probable and ultimately affect profit or loss. Changes in the fair value of derivative contracts taken out to hedge cash flows are recognized in the statement of comprehensive income and presented in the fair value reserve under equity, and any ineffective component is recognized through profit or loss. Cumulative changes in fair value in equity are recognized in items adjusting sales or purchases through profit or loss in the same period as that in which the forecast transactions covered by hedge accounting are recognized in the income statement. If a hedged cash flow is no longer expected to be realized, the related fair value change that has been recognized for the hedging instrument directly to equity is transferred to the income statement.

Hedge accounting is applied to certain foreign currency-denominated loans that hedge foreign currency denominated net investments in foreign operations. Changes in the fair value of the hedging instrument are recognized in the statement of comprehensive income and presented in the translation difference in shareholders' equity. Gains and losses from the hedging of net investments that are recognized in translation differences are transferred to the income statement when the net investment is disposed of in full or in part.

The hedging relationship between the hedged item and the hedging instrument is documented at the inception of the hedge. The documentation includes identification of the hedging instrument and the hedged item, the nature of the risk being hedged, the objectives of risk management and calculations of hedge effectiveness. The hedging relationship must be effective, and the effectiveness is reviewed both at the inception of the hedge and subsequently. Effectiveness testing is carried out at each balance sheet date.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current bank deposits as well as other current, highly liquid investments with a maturity of no more than three months at the date of acquisition. The fair values of cash and cash equivalents are assumed to approximate to their carrying amounts because of their short maturities.

The account with an overdraft facility, which is payable on demand and is part of the Group's cash management, is presented as a part of cash and cash equivalents in the cash flow statement.

Treasury shares

If Stockmann Plc or its subsidiaries buy back the company's own shares, equity is reduced by an amount equal to the consideration paid, including transaction costs, less tax. If the acquired shares are sold or transferred as consideration, the consideration received, less tax, is recognized in equity.

Dividends payable

The dividend payout proposed by the Board of Directors has not been recognized in the financial statements. Dividends are recognized on the basis of a resolution passed by a general meeting of the shareholders.

Application of new or revised IFRS standards and interpretations

The Group adopts each standard and interpretation as from the date it becomes effective or, if the effective date is not the first day of the financial period, as from the beginning of the next financial period. IASB has published the following new or revised standards and interpretations, which the Group has not yet applied.

Amendment to IAS 1 *Presentation of Financial Statements*. The amendment is effective in financial periods beginning on or after 1 July 2012. The most important change involves a requirement concerning the grouping of items presented in other comprehensive income on the basis of whether they may later be reclassified in profit or loss when certain conditions are met. The amendment will affect the presentation of other comprehensive income in the consolidated financial statements.

Amendment to IAS 19 *Employee Benefits*. The amendment is effective in financial periods beginning on or after 1 January 2013. The amendment requires all actuarial gains and losses to be recognised immediately in other comprehensive income, in other words the so-called 'corridor method' will no longer be used, and the financial expense will be measured at its net value. The amendment is not expected to have a significant effect on the consolidated financial statements.

IFRS 13 *Fair Value Measurement*, effective in financial periods beginning on or after 1 January 2013. The standard combines the requirements for measurement of fair value and presentation of the information related to this measurement in the financial statements, and the new standard also includes a definition of fair value. The standard does not expand the application of fair value, but it does prescribe how fair value is to be measured where its use is permitted or where another standard requires it. IFRS 13 expands the information to be disclosed on the classes of assets not included in the financial assets measured at fair value. The standard is not expected to have a significant effect on the consolidated financial statements.

Improvements to IFRSs (Annual Improvements to IFRSs 2009-2011, May 2012), effective in financial periods beginning on or after 1 January 2013. In the Annual Improvements process, minor and non-urgent amendments to standards are compiled into a single package and applied once a year. These amendments cover a total of five standards. The impacts of the amendments vary by standard, but they are not significant. The amendments have not yet been approved for application in the EU.

Amendments to IFRS 7 *Financial Instruments: Disclosures*, effective in financial periods beginning on or after 1 January 2013. The amendment specifies the disclosure requirements for financial instruments presented as net amounts in the balance sheet and general netting arrangements or corresponding agreements. The disclosures required by the amendments must be presented retroactively. The amendments are not expected to have a significant effect on the consolidated financial statements.

IFRS 10 *Consolidated Financial Statements and amendments made to the standard*, effective in financial periods beginning on or after 1 January 2014. In accordance with existing principles, the standard establishes control as the crucial factor when determining whether an entity should be presented in the consolidated financial statements. The standard also provides additional guidance on the definition of control when it is difficult to assess. The standard is not expected to have a significant effect on the consolidated financial statements.

IFRS 11 *Joint Arrangements and amendments made to the standard*, effective in financial periods beginning on or after 1 January 2014. The standard refers to the accounting treatment of joint arrangements and places emphasis on the rights and obligations arising from joint arrangements rather than on the legal form of such arrangements. There are two types of joint arrangement: joint operations and joint ventures. The standard also requires the use of a single method of accounting for reporting joint ventures, i.e. the equity method, and the previous proportionate consolidation method is no longer permitted. The Stockmann Group has joint ventures that are recognised using proportionate consolidation that will in future be consolidated using the equity method. The consolidation method amendment is not expected to have a significant effect on the consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities and amendments made to the standard*, effective in financial periods beginning on or after 1 January 2014. The standard brings together all the requirements regarding disclosure. These concern various interests in other entities, including associates, joint arrangements, structured units and other off balance sheet entities. The new standard expands the information to be disclosed by the Group on its interests in other entities. The standard is not expected to have a significant effect on the consolidated financial statements.

IAS 28 *Investments in Associates and Joint Ventures*, effective in financial periods beginning on or after 1 January 2014. As a result of the publication of IFRS 11, the revised standard sets out the requirements for

the treatment of associates and joint ventures using the equity method. The revised standard is not expected to have a significant effect on the consolidated financial statements

Amendments to IAS 32 *Financial Instruments: Presentation*, effective in financial periods beginning on or after 1 January 2014. The amendments clarify the requirements regarding regulation of disclosure of the net amounts of financial assets and liabilities in the balance sheet and provide further instructions for application on the same subject. The amended standard must be applied retroactively. The amendments are not expected to have a significant effect on the consolidated financial statements.

IFRS 9 *Financial instruments and amendments made to the standard*, effective in financial periods beginning on or after 1 January 2015. The project, which will initially be implemented in three stages, is intended to replace IAS 39 *Financial instruments: recognition and measurement*, which is currently effective. The first stage of amendments (announced in November 2009) deal with the classification and measurement of financial assets. Financial assets will be divided into two main classifications on the basis of the measurement method: assets measured at amortised acquisition cost and assets measured at fair value. Classification will depend on the entity's business model and the characteristics of contractual cash flows. The amendments announced in October 2010 deal with the classification and measurement of financial liabilities, and the related IAS 39 standards were transferred to the new standard largely unchanged. The parts of IFRS 9 which are still incomplete are related to impairment testing of financial assets and general hedge accounting. The IASB has also suggested certain changes to the financial asset classification and measurement principles. The part related to macro hedge accounting has been decoupled from IFRS 9 and made into a separate project. As the IFRS 9 project is still in progress, it is not yet possible to present an estimate of the impact of the standard on the consolidated financial statements. The standard has not yet been approved for application in the EU.

2. Segment information

Operating segments

The Stockmann Group's reportable segments, the Department Store Division and the Fashion Chain Division, are divisions of the Group that are managed and monitored as separate units selling different products and services. The segment information presented by the Group is derived from the management's internal reporting, in which management's assessment of the profitability of the segments is based on monitoring of the segments' operating profits, and in which the measurement principles for assets and liabilities accord with IFRS regulations.

Department Store Division

Stockmann has 16 department stores in four countries. These department stores offer an extensive and high-quality product range, a good price/quality ratio and excellent customer service expertise in a high-quality international shopping environment. The Department Store Division also includes the Hobby Hall distance retailing business, the Academic Bookstores, the Stockmann Beauty stores, and the online stores of Stockmann, Hobby Hall and the Academic Bookstore in Finland.

Fashion Chain Division

Lindex and Seppälä, the store chains in the Fashion Chain Division, have a total of 689 stores in 16 countries. Lindex's mission is to offer inspiring fashion at the right price. Its range of women's wear, lingerie, children's wear and cosmetics consists of a variety of concepts. Seppälä offers a wide variety of international fashion for women, men and children. Seppälä's mission is to encourage and inspire people to enjoy fashion in a way that suits their own style.

Information concerning geographical regions

In addition to Finland, the Group operates in three geographical regions: Sweden and Norway, the Baltic countries and Central Europe, and Russia and Ukraine.

Segment information, Group

Operating segments, EUR mill.

Revenue	1.1.—31.12.2012	1.1.—31.12.2011
Department Store Division	1 302,7	1 236,9
Fashion Chain Division	814,0	767,9
Segments, total	2 116,7	2 004,8
Unallocated	-0,3	0,5
Group, total	2 116,4	2 005,3

Operating profit	1.1.—31.12.2012	1.1.—31.12.2011
Department Store Division	48,0	35,2
Fashion Chain Division	50,0	42,6
Segments, total	98,0	77,9
Unallocated	-10,6	-7,8
Operating profit, Group, total	87,3	70,1
Financial income	1,8	0,5
Financial expenses	-34,2	-34,9
Profit before taxes, Group total	54,9	35,7

Depreciation and amortisation	1.1.—31.12.2012	1.1.—31.12.2011
Department Store Division	42,0	44,5
Fashion Chain Division	31,2	32,1
Segments, total	73,2	76,6
Unallocated	1,4	1,1
Group, total	74,5	77,7

Investments, gross	1.1.—31.12.2012	1.1.—31.12.2011
Department Store Division	30,4	35,4
Fashion Chain Division	22,0	28,0
Segments, total	52,3	63,4
Unallocated	7,9	2,6
Group, total	60,3	66,0

Assets	1.1.—31.12.2012	1.1.—31.12.2011
Department Store Division	898,8	892,6
Fashion Chain Division	1 149,2	1 139,6
Segments, total	2 048,0	2 032,2
Unallocated	39,1	30,5
Group, total	2 087,1	2 062,7

Information on market areas, EUR mill.

Revenue	1.1.—31.12.2012	1.1.—31.12.2011
Finland 1)	1 048,2	1 026,2
Sweden and Norway 2)	537,9	509,3
Baltic countries and Central Europe 1) *	158,5	141,3
Russia and Ukraine 1)	371,8	328,5
Group, total	2 116,4	2 005,3
Finland, %	49,53	51,17
International operations, %	50,47	48,83

Operating profit	1.1.—31.12.2012	1.1.—31.12.2011
Finland 1)	22,7	37,8
Sweden and Norway 2)	58,4	47,9
Baltic countries and Central Europe 1) *	5,8	3,3
Russia and Ukraine 1)	0,5	-19,0
Group, total	87,3	70,1
Finland, %	25,94	53,92
International operations, %	74,06	46,08

Non-current assets	1.1.—31.12.2012	1.1.—31.12.2011
Finland 1)	475,9	463,8
Sweden and Norway 2)	883,3	851,8
Baltic countries and Central Europe 1) *	43,1	46,8
Russia and Ukraine 1)	235,1	256,1
Group, total	1 637,3	1 618,3
Finland, %	29,07	28,66
International operations, %	70,93	71,34

1) Department Store Division, Fashion Chain Division

2) Fashion Chain Division

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

3. Other operating income

EUR mill.	2012	2011
Gain on sale of property, plant and equipment	0,6	0,2
Total	0,6	0,2

4. Gross margin

EUR mill.	2012	2011
Revenue	2 116,4	2 005,3
Raw material and consumables used	1 081,9	1 050,7
Change in inventories	-12,8	-22,3
Gross margin	1 047,2	976,9
Gross margin, % of revenue	49,5%	48,7%

Finance income associated with loyal customer cards has been reported as revenue as of the beginning of 2012. This income was previously recognized as a reduction in other operating expenses. The income in 2012 was EUR 11.2 million, and in the 2011 financial year EUR 12.2 million. This change improves the income statement gross margin and correspondingly increases other operating expenses in comparison with the previous year's figures.

5. Wages, salaries and other employee benefits expenses

EUR mill.	2012	2011
Wages and salaries	319,4	307,7
Pension expenses, defined contribution plans	41,6	40,3
Pension expenses, defined benefit plans	0,1	0,6
Other employee benefits expenses	42,5	40,3
Expenses for share option benefits	1,6	1,2
Total	405,1	390,0

At most of the subsidiaries abroad, the pension expenses of defined contribution pension plans are included in other employee benefits expenses. Information on management's employee benefits is given in note 28. Related party transactions.

6. Depreciation, amortization and impairment losses

EUR mill.	2012	2011
Intangible assets	7,1	7,8
Buildings and constructions	14,7	16,1
Machinery and equipment	39,9	39,2
Machinery and equipment, finance lease	1,6	1,6
Modification and renovation costs for leased premises	11,1	13,0
Depreciation and amortization, total	74,5	77,7

7. Other operating expenses

EUR mill.	2012	2011
Site expenses	280,5	269,1
Marketing expenses	73,8	69,4
Goods handling expenses	25,2	17,3
Credit losses	1,4	0,6
Voluntary social security	8,6	7,8
Interest income from trade receivables	-0,4	-0,4
Financing income from loyal customer cards		-12,2
Other costs	92,0	87,8
Total	480,9	439,4

Fees to the auditors

EUR mill.	2012	2011
Auditing	0,7	0,7
Certificates and statements	0,0	
Tax advisory	0,3	0,0
Other services	0,2	0,2
Total	1,1	0,9

8. Finance income and expenses

Finance income

EUR mill.	2012	2011
Dividend income on available-for-sale investments	0,2	0,1
Interest income on bank deposits and other investments	0,4	0,3
Gain on sale of available-for-sale investments	0,0	0,1
Change in fair value of financial assets at fair value through profit or loss	0,4	
Foreign exchange differences	0,8	0,0
Total	1,8	0,5

Finance expenses

EUR mill.	2012	2011
Interest expenses on financial liabilities measured at amortized cost	-33,5	-33,8
Loss on disposals of assets available for sale	-0,1	-0,1
Change in fair value of financial assets at fair value through profit or loss	-0,6	-0,9
Foreign exchange differences	0,0	-0,2
Total	-34,2	-34,9

Finance income and expenses, total

EUR mill.	2012	2011
Finance income and expenses, total	-32,4	-34,4

9. Income taxes

EUR mill.	2012	2011
Income taxes for the financial period	-7,0	-4,7
Income taxes from previous financial periods	0,0	0,2
Change in deferred tax liability/assets	5,6	-0,4
Total	-1,4	-4,9

Reconciliation between the income tax expense in the income statement and the Group's tax expense at the Finnish tax rate of 24.5% (26% in 2011)

EUR mill.	2012	2011
Profit before taxes	54,9	35,7
Income taxes at current tax rate	-13,5	-9,3
Income taxes from previous financial periods	0,0	0,2
Tax-exempt income	15,8	10,9
Differing tax rates of foreign subsidiaries	1,3	0,9
Non-deductible expenses	-6,0	-5,1
Unrecognised deferred tax assets from losses in taxation	-4,7	-4,3
Effect of change in the tax base to deferred taxes	5,8	1,7
Income taxes in the income statement	-1,4	-4,9

In Sweden corporate tax base changed in the beginning of year 2013 from 26.3 % to 22 %. The effect of tax base change in Sweden to deferred taxes of the Group was 5.8 million euro in financial year 2012. In Finland corporate tax base changed in the beginning of year 2012 from 26 % to 24.5 %. The effect of tax base change in Finland to deferred taxes of the Group was 1.7 million euro in financial year 2011.

Tax effects relating to components of other comprehensive income

EUR mill.	2012 Before-tax	Tax (expense) benefit	Net-of-tax	2011 Before-tax	Tax (expense) benefit	Net-of-tax
Exchange differences on translating foreign operations	3,8	0,7	4,4	2,1	0,0	2,1
Cash flow hedges	-3,7	1,0	-2,7	3,2	-0,8	2,4
Total	0,1	1,6	1,7	5,3	-0,8	4,4

10. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial period. The outstanding shares do not include treasury shares held by the Group. In calculating earnings per share adjusted for dilution, the dilutive effect resulting from conversion of all share options into shares is taken into account in the average weighted number of shares. Options have a dilutive effect when the subscription price of the options is lower than the share's fair value. The fair value of the share is based on the average price of the shares during the period.

	2012	2011
Profit for the period, EUR	53 558 514,64	30 763 069,76
Share issue-adjusted number of outstanding shares, weighted average, thousands	71 945 425	71 496 038
Earnings per share, EUR	0,74	0,43
Profit for the period, EUR	53 558 514,64	30 763 069,76
Share issue-adjusted number of outstanding shares, weighted average, thousands	71 945 425	71 496 038
Effect of share options		293 264
Share issue-adjusted number of shares, diluted weighted average, thousands	71 945 425	71 789 302
Earnings per share adjusted for effect of dilution	0,74	0,43

11. Intangible assets

Goodwill

EUR mill.	2012	2011
Acquisition cost Jan. 1	788,5	783,8
Translation difference +/-	30,3	4,7
Acquisition cost Dec. 31	818,8	788,5
Carrying amount Jan. 1	788,5	783,8
Carrying amount Dec. 31	818,8	788,5

Trademark

EUR mill.	2012	2011
Acquisition cost Jan. 1	102,6	102,0
Translation difference +/-	3,9	0,6
Acquisition cost Dec. 31	106,5	102,6
Accumulated amortization Jan. 1	-0,3	-0,3
Translation difference +/-	0,0	0,0
Accumulated amortization Dec. 31	-0,3	-0,3
Carrying amount Jan. 1	102,3	101,6
Carrying amount Dec. 31	106,2	102,3

Impairment testing

The Lindex, Department Store Division and Seppälä constitute separate cash-generating units. For the purposes of impairment testing, EUR 729 million of goodwill was allocated to the Lindex, EUR 65 million of goodwill to the Seppälä and EUR 25 million of goodwill to the Department Store Division.

The EUR 106 million trademark is allocated in its entirety to the Lindex. The Lindex brand is deemed to have an indefinite useful life due to high brand awareness. The Lindex brand has existed for over 50 years and the Group will continue to use the brand both in its present markets and when the Lindex product range and business model are introduced into new markets.

In the impairment testing, the cash flow forecasts for Lindex, the Department Store Division and Seppälä are based on market-area forecasts and are approved by management. The cash flow forecasts cover a five-year period and also have effect on the terminal period. Long-term forecasts, which were updated during the financial year, take into account changes in the economy compared with the previous year. Cash flows beyond this management-approved forecast period were extrapolated using a steady 2 per cent growth rate.

Main variables used in the value-in-use calculation:

1. Volume growth, which is based on an estimate of the sales growth at existing and new stores and department stores.
2. Discount rate, which is determined using the weighted average cost of capital (reflects the total cost of equity and debt). The components of the discount rate are
 - market-specific risk-free rate
 - market risk premium
 - business-specific beta, which is a measure of the market's view of the unit's risk premium
 - cost of debt
 - debt-to-equity ratio, which corresponds to the Stockmann Group's optimal capital structure in accordance with the target equity

The discount rate determined is a pre-tax rate. The discount rate of the Lindex is based on the market interest rate and country-specific risk pertaining to Sweden; the discount rate used for the Lindex is 6.8 per cent (6.4% in 2011). The discount rates of the Department Store Division and Seppälä are based on the market interest rate in Finland and country-specific risk pertaining to their countries of operation. The discount rate used for the Department Store Division is 7.8 per cent (7.8% in 2011) and for the Seppälä 7.8 per cent (7.5% in 2011).

In estimating the recoverable amounts of the Lindex, Department Store Division and Seppälä segments, it is management's view that any possible changes in any of the variables used, when reasonably assessed, will not lead to a situation in which the recoverable amounts would be less than the segments' carrying amount.

A sensitivity analysis was carried out on the Lindex, Department Store and Seppälä Division using downside scenarios. The scenarios involved reducing either the sales growth from the level given in the management's estimates, or raising the discount rate used. If the sales growth of Lindex were 54 per cent less than forecast during the forecasting period also reflecting to the value of the terminal period, or if the discount rate were increased by 4 percentage points, the combined total of the carrying amount of the non-current assets and the working capital would exceed the recoverable amount of the unit. If the sales growth of Department Store Division were 60 per cent less than forecast during the forecasting period also reflecting to the value of the terminal period, or if the discount rate were increased by 12 percentage points, the combined total of the carrying amount of the non-current assets and the working capital would exceed the recoverable amount of the unit. If the sales growth of Seppälä were 38 per cent less than forecast during the forecasting period also reflecting to the value of the terminal period, or if the discount rate were increased by 10 percentage points, the combined total of the carrying amount of the non-current assets and the working capital would exceed the recoverable amount of the unit. Based on the impairment testing and the sensitivity analyses carried out, there is no need for impairment entries.

Intangible rights

EUR mill.	2012	2011
Acquisition cost Jan. 1	50,6	43,2
Translation difference +/-	0,8	0,1
Increases Jan. 1–Dec. 31	11,6	5,9
Decreases Jan. 1–Dec. 31	-0,6	-0,5
Transfers between items Jan. 1–Dec. 31	0,5	1,9
Acquisition cost Dec. 31	62,8	50,6
Accumulated amortization Jan. 1	-30,7	-23,5
Translation difference +/-	-0,5	-0,1
Amortization on disposals	0,3	0,1
Amortization for the financial period	-6,6	-7,2
Accumulated amortization Dec. 31	-37,5	30,7
Carrying amount Jan. 1	19,9	19,7
Carrying amount Dec. 31	25,3	19,9

Other intangible assets

EUR mill.	2012	2011
Acquisition cost Jan. 1	7,3	7,3
Translation difference +/-	0,3	0,0
Increases Jan. 1–Dec. 31	0,1	
Acquisition cost Dec. 31	7,7	7,3
Accumulated amortization Jan. 1	-6,9	-6,3
Translation difference +/-	-0,3	0,0
Amortization for the financial period	-0,5	-0,6
Accumulated amortization Dec. 31	-7,7	-6,9
Carrying amount Jan. 1	0,4	1,0
Carrying amount Dec. 31	0,0	0,4

Other intangible assets, finance lease

EUR mill.	2012	2011
Acquisition cost Jan. 1		
Transfers between items Jan. 1–Dec. 31	0,4	
Acquisition cost Dec. 31	0,4	
Depreciation for the financial period	0,0	
Accumulated depreciation Dec. 31	0,0	
Carrying amount Jan. 1		
Carrying amount Dec. 31	0,4	

Advance payments and construction in progress

EUR mill.	2012	2011
Acquisition cost Jan. 1	10,5	
Increases Jan. 1–Dec. 31	15,3	10,5
Transfers between items Jan. 1–Dec. 31	-0,4	
Acquisition cost Dec. 31	25,4	10,5
Carrying amount Jan. 1	10,5	
Carrying amount Dec. 31	25,4	10,5

EUR mill.	2012	2011
Intangible assets, total	976,1	921,5

In 2012, advance payments for intangible assets and construction in progress included the following significant items:

- project to renew the Department Store Division's enterprise resource planning system
- project to renew the Group's financial management system.

In 2011, advance payments for intangible assets and construction in progress included the following significant items:

- project to renew the Department Store Division's enterprise resource planning system
- project to renew the Group's financial management system

- development of the purchasing process related to the project to renew the Department Store Division's enterprise resource planning system

12. Plant, property and equipment

Land and water

EUR mill.	2012	2011
Acquisition cost Jan. 1	42,2	43,8
Translation difference +/-	0,0	0,1
Decreases Jan. 1–Dec. 31	0,0	-1,7
Acquisition cost Dec. 31	42,2	42,2
Carrying amount Jan. 1	42,2	43,8
Carrying amount Dec. 31	42,2	42,2

Buildings and constructions

EUR mill.	2012	2011
Acquisition cost Jan. 1	562,7	562,5
Translation difference +/-	0,0	0,2
Increases Jan. 1–Dec. 31	2,6	2,0
Decreases Jan. 1–Dec. 31	-3,8	-11,4
Transfers between items Jan. 1–Dec. 31	0,3	9,4
Acquisition cost Dec. 31	561,8	562,7
Accumulated depreciation Jan. 1	-92,4	-77,1
Translation difference +/-	0,0	-0,1
Depreciation on disposals	2,2	0,9
Depreciation for the financial period	-14,7	-16,1
Accumulated depreciation Dec. 31	-104,9	-92,4
Carrying amount Jan. 1	470,3	485,4
Carrying amount Dec. 31	456,9	470,3

Machinery and equipment

EUR mill.	2012	2011
Acquisition cost Jan. 1	258,5	217,3
Translation difference +/-	3,5	0,5
Increases Jan. 1–Dec. 31	18,6	23,7
Decreases Jan. 1–Dec. 31	-3,1	-1,2
Transfers between items Jan. 1–Dec. 31	6,5	18,3
Acquisition cost Dec. 31	284,0	258,5
Accumulated depreciation Jan. 1	-137,5	-99,1
Translation difference +/-	-1,6	-0,4
Depreciation on disposals	1,5	1,2
Depreciation for the financial period	-39,9	-39,2
Accumulated depreciation Dec. 31	-177,6	-137,5
Carrying amount Jan. 1	121,0	118,2
Carrying amount Dec. 31	106,4	121,0

Machinery and equipment, finance lease

EUR mill.	2012	2011
Acquisition cost Jan. 1	8,1	8,1
Increases Jan. 1–Dec. 31	3,2	
Acquisition cost Dec. 31	11,3	8,1
Accumulated depreciation Jan. 1	-4,0	-2,4
Depreciation for the financial period	-1,6	-1,6
Accumulated depreciation Dec. 31	-5,6	-4,0
Carrying amount Jan. 1	4,0	5,6
Carrying amount Dec. 31	5,6	4,0
EUR mill.	2012	2011
Machinery and equipment, total	112,1	125,0

Modification and renovation costs of leased premises

EUR mill.	2012	2011
Acquisition cost Jan. 1	124,7	118,2
Translation difference +/-	-0,3	0,0
Increases Jan. 1–Dec. 31	0,5	0,3
Decreases Jan. 1–Dec. 31	-0,3	-2,6
Transfers between items Jan. 1–Dec. 31	3,0	8,8
Acquisition cost Dec. 31	127,6	124,7
Accumulated depreciation Jan. 1	-79,0	-68,4
Translation difference +/-	0,3	0,0
Depreciation on disposals	0,1	2,4
Depreciation for the financial period	-11,1	-13,0
Accumulated depreciation Dec. 31	-89,8	-79,0
Carrying amount Jan. 1	45,7	49,8
Carrying amount Dec. 31	37,8	45,7

Advance payments and construction in progress

EUR mill.	2012	2011
Acquisition cost Jan. 1	8,1	23,2
Translation difference +/-	0,0	0,0
Increases Jan. 1–Dec. 31	8,4	23,7
Decreases Jan. 1–Dec. 31	-0,1	-0,6
Transfers between items Jan. 1–Dec. 31	-10,2	-38,3
Acquisition cost Dec. 31	6,2	8,1
Carrying amount Jan. 1	8,1	23,2
Carrying amount Dec. 31	6,2	8,1

EUR mill.	2012	2011
Property, plant and equipment, total	655,1	691,2

In 2012, advance payments for plant, property and equipment and construction in progress included the following significant items:

- modification and renovation costs for department stores in Finland, Latvia, Estonia and Russia
- modification and renovation costs for leased premises in Russia.

In 2011, advance payments for plant, property and equipment and construction in progress included the following significant items:

- modification and renovation costs for department stores in Finland
- modification and renovation costs for leased premises in Russia
- modification and renovation costs for the department store in Latvia and planning costs for the car park at the department store in Latvia
- modification and renovation costs for the department store in Estonia.

13. Joint ventures

	2012 Shareholding %	2011 Shareholding %
SIA Stockmann Centrs, Riga (real-estate company)	63,0	63,0
Kiinteistö Oy Tapiolan säästötammi Fastighets Ab, Espoo	37,8	37,8

The consolidated financial statements include joint venture's assets and liabilities, income and expenses corresponding to the Group's shareholding.

Assets and liabilities of joint ventures

EUR mill.	2012	2011
Non-current assets	14,0	24,4
Current assets	0,6	0,4
Non-current liabilities	0,2	16,6
Current liabilities	16,0	0,5

Income and expenses of joint ventures

EUR mill.	2012	2011
Income	3,7	3,4
Expenses	2,5	2,4

14. Available-for-sale investments

EUR mill.	2012	2011
Acquisition cost Jan. 1	5,0	5,0
Translation difference +/-	0,0	0,0
Increases Jan. 1–Dec. 31	0,0	
Transfers between items Jan. 1–Dec. 31		0,0
Carrying amount Dec. 31	5,0	5,0

Available-for-sale investments consist of unlisted shares. Unlisted shares are stated at cost because their fair values cannot be determined reliably.

15. Inventories

EUR mill.	2012	2011
Raw material and consumables	281,4	264,7
Advance payments for inventories		
Total	281,4	264,7

The value of inventories has been lowered by EUR 1.0 million for unsalable assets (2011: EUR 0.7 million).

16. Current receivables

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Interest-bearing trade receivables	43,8	43,8	45,6	45,6
Non-interest-bearing trade receivables	23,0	23,0	23,4	23,4
Receivables based on derivative contracts	0,9	0,9	2,6	2,6
Other receivables	14,9	14,9	17,0	17,0
Prepayments and accrued income	33,1	33,1	32,6	32,6
Income tax receivables	0,6	0,6	13,6	13,6
Current receivables, total	116,2	116,2	134,8	134,8

The carrying amount of trade receivables corresponds to their fair value. The maximum amount of the credit risk for trade receivables and other current receivables is their carrying amount.

Interest-bearing trade receivables include EUR 43.8 million in one-time credits on mail-order sales in 2012 (EUR 45.7 million in 2011). Interest income on these receivables are included in the selling price and recognized in revenue instead of interest income

Material items included in Prepayments and accrued income relate to deferred annual discounts, deferred indirect employee costs, prepaid rents and deferred income from loyal customer cards.

17. Cash and cash equivalents

EUR mill.	2012	2011
Cash on hand and at banks	35,4	30,1
Short term deposits	0,7	3,2
Total	36,1	33,2

Cash and cash equivalents in the Statement of Cash Flows

EUR mill.	2012	2011
Cash and cash equivalents	36,1	33,2
Overdraft facilities	-3,9	-0,1
Total	32,2	33,2

18. Equity

The following presents the changes in the numbers of shares and the corresponding changes in equity:

EUR mill.	Entered in trade register	Number of shares	Share capital	Share premium fund	Invested unrestricted equity fund	Total
Dec. 31, 2010		71 146 000	142,3	186,1	244,6	573,0
Subscriptions with loyal customer options 2008	30.6.	682 657	1,4		4,6	6,0
Subscriptions with loyal customer options 2008	26.8.	10 424	0,0		0,1	0,1
Subscriptions with loyal customer options 2008	14.10.	1 748	0,0		0,0	0,0
Share issue costs					-0,1	-0,1
Dec. 31, 2011		71 840 829	143,7	186,1	249,2	578,9
Subscriptions with loyal customer options 2008	29.6.	204 688	0,4		1,3	1,7
Subscriptions with loyal customer options 2008	24.8.	3 166	0,0		0,0	0,0
Share issue costs					-0,1	-0,1
Dec. 31, 2012		72 048 683	144,1	186,1	250,5	580,6

Share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. The minimum number of Series A shares is 18 000 000 and the maximum number is 80 000 000 and the minimum number of Series B shares is 18 000 000 and the maximum number is 100 000 000.

The minimum share capital of Stockmann plc according to the Articles of Association is EUR 75.0 million and the maximum share capital is EUR 300.0 million. The par value of the shares is EUR 2.00 per share. All the shares issued have been fully paid in.

Total amount of registered shares December 31st 2012

pcs	2012	2011
Total	72 048 683	71 840 829
of which Series A shares	30 627 563	30 627 563
of which Series B shares	41 421 120	41 213 266

Voting right differences between Series A and B shares

Each Series A share confers the right to cast ten (10) votes at general meetings and each Series B share one (1) vote.

Conversion of Shares

A Series A Share can be converted to a Series B Share upon the demand of a shareholder provided that the conversion can take place within the limits of the minimum and maximum amounts of the share series. A written demand concerning conversion of the company's shares must be made to the company's Board of Directors in the manner specified in the Articles of Association.

Redemption obligation

A shareholder whose proportion of all the company's shares or the number of votes conferred by the shares either alone or together with other shareholders reaches or exceeds 33 1/3 per cent or 50 per cent is liable, at the demand of the other shareholders, to redeem their shares in the manner specified in the Articles of Association.

Share premium fund

The share premium fund contains cash payments in excess of the nominal value that were received from share subscriptions, less the transaction costs.

Invested unrestricted equity fund

The invested unrestricted equity fund contains other equity-like investments and the share subscription price, less transaction costs, to the extent that this is not entered in share capital under a specific decision.

Translation differences

The translation differences reserve comprises the translation differences on equity that have arisen in consolidating the financial statements of foreign subsidiaries and translation differences arisen in consolidating net investment in foreign currencies.

Other funds

EUR mill.	2012	2011
Reserve fund	0,2	0,2
Hedging reserve	-1,0	1,7
Other funds	43,7	43,7
Total	42,9	45,7

Other funds comprise

- a reserve fund, which contains an amount transferred from unrestricted shareholders' equity on the basis of local regulations.
- a hedging reserve, which contains changes in fair value of derivatives that are used to hedge cash flows, less the deferred tax liability.
- other funds formed from unrestricted shareholders' equity in accordance with a decision by the Annual General Meeting, and which are distributable equity.

Dividends

After the balance sheet date, the Board of Directors proposed on February 12, 2013 to pay out a dividend of EUR 0.60 per share.

Share-based payment

IFRS 2 Share-based payment has been applied to the key employee share option scheme for 2010 and to the Loyal Customer share option scheme for 2012.

Share option programmes

Stockmann has two option programmes on-going; Loyal Customer share option programme 2012 for Loyal Customers and Key employee share option programme 2010 for key employees in the Stockmann Group. Two option programmes ended during 2012; Loyal Customer share option programme 2008, with which a total of 902 683 Series B shares were subscribed for, and Key employee share option programme 2006, with which no shares were subscribed for.

Loyal Customer share options 2012

The Annual General Meeting held on 15 March 2012 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a maximum of 2 500 000 share options will be granted without consideration to Stockmann's Loyal Customers whose purchases in companies belonging to the Stockmann Group together with purchases originating from parallel cards directed to the same account during the time period 1 January 2012 - 31 December 2013 amounts to a total of at least EUR 6 000. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full EUR 500 by which the purchases exceed EUR 6 000, the Loyal Customer will receive two additional share options. The share subscription period for the Loyal Customer share options will be 2 - 31 May 2014 and 2 - 31 May 2015.

Each share option entitles its holder to subscribe for one of Stockmann Series B shares. The subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 - 29 February 2012, or EUR 16.36. The subscription price of each share subscribed for based on the share options will be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription price after the dividend payout proposed by the Board of Directors for the 2012 financial year is EUR 15.26 per share.

Key employee share options 2010

The Annual General Meeting held on 16 March 2010 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. In accordance with the resolution of the Annual General Meeting, a total of 1 500 000 share options can be granted to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 will be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A will be 1 March 2013 - 31 March 2015, for share options 2010B 1 March 2014 - 31 March 2016 and for share options 2010C 1 March 2015 - 31 March 2017.

Each share option entitles its holder to subscribe for one Stockmann Series B share. The share subscription price relating to the share options 2010A shall be the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 28 February 2010 increased by 20 per cent or EUR 26.41, the share options 2010B the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 28 February 2011 increased by 10 per cent or EUR 25.72, and the share options 2010C the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 - 29 February 2012 increased by 10 per cent or EUR 18.00. The subscription price of each share subscribed for based on the share options will be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription prices after the dividend payout proposed by the Board of Directors for the 2012 financial year is EUR 23.77 per share for to the share options 2010A, EUR 23.80 per share for to the share options 2010B and EUR 16.90 per share for the share option 2010C.

Changes in share options during the financial period

	2012 Number of Options	Subscription price as weighted average EUR/share	Turnover weighted share price during subscription period EUR/share	2011 Number of Options	Subscription price as weighted average EUR/share	Turnover weighted share price during subscription period EUR/share
Key employee share options 2006 Series B						
Outstanding at the beginning of the period				187 500		
Expired during the period				187 500		
Outstanding at the end of the period						
Key employee share options 2006 Series C						
Outstanding at the beginning of the period	375 000			375 000		
Options lapsed during the period	375 000					
Outstanding at the end of the period				375 000		
Loyal customer share options 2008						
Outstanding at the beginning of the period	553 910			1 248 739		
Exercised during the period	207 854	8,29	14,54	694 829	8,79	20,77
Expired during the period	346 056					
Outstanding at the end of the period				553 910		
Key employee share options 2010 Series A						
Outstanding at the beginning of the period	484 000			484 000		
Forfeited during the period	18 000					
Outstanding at the end of the period	466 000			484 000		
Key employee share options 2010 Series B						
Outstanding at the beginning of the period	334 000					
Forfeited during the period	4 000					
Granted during the period				334 000		
Outstanding at the end of the period	330 000			334 000		
Key employee share options 2010 Series C						
Outstanding at the beginning of the period						
Options granted during the financial period	348 600					
Outstanding at the end of the period	348 600					
Options, total						
Outstanding at the beginning of the period	1 746 910			2 295 239		
Exercised during the period	207 854			694 829		
Granted during the period	348 600			334 000		
Forfeited during the period	22 000					
Expired during the period	721 056			187 500		

Outstanding at the end of the period

1 144 600

1 746 910

The main terms and conditions of the 2010 share option scheme for key employees and 2012 Loyal Customers option scheme are presented in the following table:

	2010A	2010B	2010C	Loyal Customer Share Options 2012
Period for subscription	1.3.13–31.3.15	1.3.14–31.3.16	1.3.15–31.3.17	2.5.14–31.5.14 2.5.15–31.5.15
Maximum number of share options	500 000	500 000	500 000	2 500 000
Number of options granted at December 31, 2012	466 000	330 000	348 600	2)
Subscription price, EUR 1)	23,77	23,80	16,90	15,26
Vesting period	27.4.10- 28.2.13	4.5.11- 28.2.14	18.5.12- 28.2.15	15.3.12- 31.12.13
Contract vesting conditions	-	-	-	-

1) Subscription price after 2012 dividend payout proposed by the Board of Directors.

2) Loyal Customer share options have not been granted yet

The fair value at the grant date of share options granted has been defined using the Black-Scholes option pricing model. The main conditions of the share option program have been taken into account in the valuation. The fair value is recognized as expense over the vesting period of the option. During the financial period 1 January – 31 December, 2012, share options had an impact on the Group's profit of EUR -2.4 million. The estimated expenses that haven't been booked in the income statement, amount to EUR 2.5 million.

The central assumptions used in the Black-Scholes valuation model are presented in the table below:

	2010A	2010B	2010C	Share Options 2012
Options granted	27.4.2010	4.5.2011	18.5.2012	15.3.2012
Risk-free interest rate, %	2,0%	1,6%	1,0%	0,5%
Volatility, %	29,0%	32,0%	37,1%	35,2%
Expected life of the share options (in years)	4,9	4,9	4,9	3,2
Share price at grant date, EUR	23,66	15,20	14,25	17,91
Fair value of the option determined at the grant date, EUR	6,00	2,10	3,65	4,10

Volatility has been estimated from the historical volatility of the share.

19. Non-current liabilities, interest-bearing

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Bond issues	148,9	149,4		
Loans from financial institutions	351,0	353,4	476,1	478,3
Pension loans			53,2	52,3
Finance leases	2,9	2,9	4,4	4,4
Other liabilities	0,0	0,0	0,2	0,2
Total	502,9	505,7	533,9	535,2

The carrying amount of pension loans, bond issues and loans from financial institutions has been calculated using the effective interest method, and fair value has been defined using the discounted cash flow method by discounting at the market interest rate at the balance sheet date. The fair value of finance leases and other liabilities corresponds to the carrying amount.

20. Current liabilities

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Loans from financial institutions	15,5	15,5	8,9	8,9
Current account with overdraft facility	3,9	3,9	0,1	0,1
Pension loans	53,3	54,3	53,3	52,4
Finance leases	4,7	4,7	2,4	2,4
Other interest-bearing liabilities	268,3	268,6	264,0	264,1
Trade payables	121,7	121,7	107,4	107,4
Other current liabilities	54,4	54,4	54,0	54,0
Accruals and prepaid income	92,7	92,7	87,6	87,6
Derivative contract liabilities	7,3	7,3	10,5	10,5
Income tax liability	2,0	2,0	2,2	2,2
Total	623,8	625,1	590,3	589,5
of which interest-bearing	345,6	346,9	328,6	327,9

The fair value of loans from financial institutions, pension loans and issued commercial papers has been defined using the discounted cash flow method by discounting at the market interest rate at the balance sheet date. The fair value of other current liabilities corresponds to their carrying amount.

Material item in accruals and prepaid income is accrued employee benefits expenses.

Expiration dates of the financial lease liabilities

EUR mill.	2012	2011
The nominal value of the finance lease liabilities		
During one year	4,8	2,6
Over one year and at the most five years from now	3,0	4,6
Total	7,8	7,2
The net present value of the finance lease liabilities		
During one year	4,7	2,4
Over one year and at the most five years from now	2,9	4,4
Total	7,6	6,7
Financial expenses of the lease agreements expiring in the future	0,2	0,5
Financial lease liabilities total	7,8	7,2

Assets are classified as assets leased under finance lease agreement, if the risks and rewards incidental to ownership of the assets substantially remain with the Group.

21. Deferred tax assets and deferred tax liabilities

Changes in deferred taxes during 2012:

Deferred tax assets

EUR mill.	1.1.2012	Recognized in income statement	Recognized in equity	Translation difference	31.12.2012
Confirmed losses	5,5	5,1			10,7
Measurement of derivatives and other financial instruments at fair value	0,0	0,1			0,1
Difference between carrying amounts and tax bases of property, plant and equipment	4,0	-0,5		0,1	3,7
Financial lease	0,1	0,0			0,1
Other temporary differences	1,9	-0,4		0,1	1,6
Total	11,6	4,3		0,2	16,1

Deferred tax liabilities

EUR mill.	1.1.2012	Recognized in income statement	Recognized in equity	Translation difference	31.12.2012
Cumulative depreciation differences	33,4	2,7		0,2	36,4
Difference between carrying amount and tax bases of prop., plant and equip.	8,5	0,0		0,2	8,8
Measurement at fair value of intangible and tangible assets	21,9	-3,8		0,8	18,9
Other temporary differences	4,3	-0,3	-1,6	0,1	2,4
Total	68,1	-1,3	-1,6	1,3	66,4

Confirmed losses on which deferred tax assets have not been recognized amount to EUR 89.5 million (2011 EUR 65.9 million). In accordance with IAS 12 paragraph 52 A, deferred tax liabilities have not been recorded on the profits, EUR 46.2 million (2011 EUR 41.9 million), of the Estonian subsidiary.

Changes in deferred taxes during 2011:**Deferred tax assets**

EUR mill.	1.1.2011	Recognized in income statement	Recognized in equity	Translation difference	31.12.2011
Confirmed losses	5,5	0,0		0,0	5,5
Measurement of derivatives and other financial instruments at fair value	0,0	0,0		0,0	0,0
Difference between carrying amounts and tax bases of property, plant and equipment	1,6	2,5		0,0	4,0
Financial lease	0,1	0,0		0,0	0,1
Other temporary differences	1,6	0,3		0,0	1,9
Total	8,7	2,8		0,0	11,6

Deferred tax liabilities

EUR mill.	1.1.2011	Recognized in income statement	Recognized in equity	Translation difference	31.12.2011
Cumulative depreciation differences	32,1	1,3		0,0	33,4
Difference between carrying amount and tax bases of prop., plant and equip.	6,7	1,9		0,0	8,5
Measurement at fair value of intangible and tangible assets	21,9	-0,1		0,1	21,9
Other temporary differences	3,2	0,2	0,9	0,0	4,3
Total	63,8	3,3	0,9	0,2	68,1

22. Carrying amounts and fair values of financial assets and liabilities classified according to IAS 39

Financial assets**Derivative contracts defined as cash flow hedges or as hedges of a net investment in foreign subsidiary**

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Derivative contracts	0,0	0,0	2,2	2,2

Financial assets at fair value through profit or loss

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Cash and cash equivalents	36,1	36,1	33,2	33,2
Derivative contracts	0,9	0,9	0,4	0,4
Non-current receivables	1,1	1,1	0,5	0,5
Current receivables, interest-bearing	43,8	43,8	45,6	45,6
Current receivables, non-interest-bearing	70,9	70,9	73,0	73,0
Available-for-sale financial assets	5,0	5,0	5,0	5,0
Financial assets, total	157,8	157,8	160,1	160,1

Financial liabilities

Derivative contracts defined as cash flow hedges or as hedges of a net investment in foreign subsidiary

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Derivative contracts	1,3	1,3	0,0	0,0

Financial liabilities at fair value through profit or loss

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Derivative contracts	6,0	6,0	10,5	10,5

Financial liabilities at amortized cost

EUR mill.	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Non-current interest-bearing liabilities	502,9	505,7	533,9	535,2
Current liabilities, interest-bearing	345,6	346,9	328,6	327,9
Current liabilities, non-interest-bearing	268,8	268,8	249,0	249,0
Financial liabilities, total	1 124,6	1 128,7	1 122,1	1 122,6

In the balance sheet, derivative contracts are included in the following categories: Non-current and current receivables, non-interest-bearing and current liabilities, non-interest-bearing.

23. Pension obligations

Defined benefit pension plans

AB Lindex's Norwegian subsidiary Lindex AS has defined benefit pension plans. For the most part, the defined benefit pension plans cover old-age pensions and widows'/widowers' pensions in which the employer bears an obligation to pay a life-long pension which is either a percentage portion of salary or a specified amount. The right to an old-age pension is based on the time in service. The employee must be included in the plan for a specified time in order to earn the right to a full old-age pension. Each year the employee earns an additional pension entitlement, which is reported as the pension earned during the period and as an increase in the pension liability. The pension plan is funded through employer-made payments. The Group forecasts it will not pay for defined-benefit pension plans in 2013.

The defined benefit pension liability recognized in the balance

EUR mill.	2012	2011
Present value of unfunded obligations	0,4	0,6
Deficit/surplus	0,4	0,6
Unrecognized actuarial gains (+) and losses (-)	-0,1	-0,1
Social security contribution		
Recognized net amount of liability	0,3	0,4

The defined benefit pension expense recognized in the income statement

EUR mill.	2012	2011
Interest costs	0,0	0,0
Actuarial gains (-) and losses (+)	0,0	
Social security contribution	0,0	0,0
Other expenses related to the defined benefit liability		0,5
Total	0,1	0,6

Changes in the present value of the defined benefit obligation

EUR mill.	2012	2011
Opening defined benefit obligation	0,6	0,7
Interest costs	0,0	0,0
Actuarial gains (-) and losses (+)	0,0	0,1
Translation differences	0,0	0,0
Benefits paid	-0,2	-0,3
Closing defined benefit obligation	0,4	0,6

Actuarial assumptions applied

	31.12.2012	31.12.2011
Discount rate	3,8 %	3,3 %
Future salary increases	3,5 %	4,0 %
Turnover of personnel	0,5 – 8,0 %	0,5 – 8,0 %
Inflation	2,0 %	2,0 %

Present value of unfunded obligations

EUR mill.	2012	2011
Present value of unfunded obligations	0,4	0,6
Surplus (+) /Deficit (-)	0,4	0,6
Experience adjustments to plan liabilities	0,3	0,1

24. Operating leases

The Group as lessee

Minimum lease payments on the basis of binding lease agreements on commercial premises

EUR mill.	2012	2011
Within one year	186,3	180,1
Within 1-5 years	445,1	443,0
In five years or more	271,1	226,2
Total	902,5	849,3

Lease payments

EUR mill.	2012	2011
Within one year	1,2	7,3
Within 1-5 years	1,1	6,4
Total	2,4	13,7

25. Contingent liabilities

Collaterals given for own liabilities

EUR mill.	2012	2011
Mortgages given	201,7	201,7
Guarantees	7,8	10,5
Total	209,5	212,2

Liabilities, total

EUR mill.	2012	2011
Mortgages	201,7	201,7
Guarantees	7,8	10,5
Total	209,5	212,2

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 favorable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. Further action in this case will depend on the result of the legal process described below concerning the elimination of double taxation between AB Lindex and Lindex GmbH.

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

Investments in real estate

Certain group companies are required to adjust the VAT deductions made on real estate investments completed in 2006–2011 if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2020, and the maximum liability is EUR mill. 28.0.

26. Derivative contracts

Nominal values of derivative contracts

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR mill.	2012	2011
Currency forwards	63,5	57,7
Total	63,5	57,7

Derivative contracts, hedge accounting not applied

EUR mill.	2012	2011
Currency swaps	545,0	438,2
Electricity forwards	2,6	2,2
Total	547,6	440,4

Fair value of derivative contracts in year 2012

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR mill.	Positive	Negative	Net
Currency forwards	0,0	-1,3	-1,3
Total	0,0	-1,3	-1,3

Derivative contracts, hedge accounting not applied

EUR mill.	Positive	Negative	Net
Currency swaps	0,9	-5,8	-4,9
Electricity forwards	0,0	-0,2	-0,2
Total	0,9	-6,0	-5,1

Fair value of derivative contracts in year 2011

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR mill.	Positive	Negative	Net
Currency forwards	2,2	0,0	2,2
Total	2,2	0,0	2,2

Derivative contracts, hedge accounting not applied

EUR mill.	Positive	Negative	Net
Currency swaps	0,4	-10,4	-10,1
Electricity forwards		-0,1	-0,1
Total	0,4	-10,5	-10,2

All the derivatives that are open on the balance sheet date, 31 December 2012, with the exception of electricity derivatives, fall due in one year.

Currency swaps and forwards have been measured at fair value using market prices on the balance sheet date. Changes in the fair values of currency derivatives are recognized either in equity or in the profit and loss depending on whether hedge accounting has been applied to them. Currency derivative contracts did not result in hedge accounting-related ineffectiveness that was to be recorded through profit and loss in 2012. The fair values of electricity derivatives are based on market prices on the balance sheet date. Hedge accounting of electricity derivatives was discontinued during 2011 and the changes in the fair values are recognized in the profit and loss.

27. Hierarchical classification of financial assets and liabilities measured at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value but which are not based on observable market data.

Fair value hierarchy 31 December 2012

EUR mill.	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale investments			5,0	5,0
Financial assets at fair value through profit or loss				
Fund				
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		0,0		0,0
Electricity forwards				
Derivative contracts, hedge accounting not applied				
Currency swaps		0,9		0,9
Currency forwards				
Electricity forwards	0,0			0,0
Total	0,0	0,9	5,0	5,9

EUR mill.	Level 1	Level 2	Level 3	Total
Financial liabilities				
Currency forwards		-1,3		-1,3
Electricity forwards				
Derivative contracts, hedge accounting not applied				
Currency swaps		-5,8		-5,8
Currency forwards				
Electricity forwards	-0,2			-0,2
Total	-0,2	-7,1		-7,3

Fair value hierarchy 31 December 2011

EUR mill.	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale investments			5,0	5,0
Financial assets at fair value through profit or loss				
Fund				
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		2,2		2,2
Electricity forwards				
Derivative contracts, hedge accounting not applied				
Currency swaps		0,4		0,4
Currency forwards				
Electricity forwards				
Total		2,6	5,0	7,6

EUR mill.	Level 1	Level 2	Level 3	Total
Financial liabilities				
Currency forwards		0,0		0,0
Electricity forwards				
Derivative contracts, hedge accounting not applied				
Currency swaps		-10,4		-10,4
Currency forwards				
Electricity forwards	-0,1			-0,1
Total	-0,1	-10,5		-10,6

Available-for-sale investments

EUR mill.	2012	2011
Carrying amount Jan. 1	5,0	5,0
Decrease of value and translation difference	0,0	0,0
Total	5,0	5,0

Available-for-sale investments consist of unlisted shares. Unlisted shares are stated at acquisition cost because their fair values cannot be determined reliably.

During the reporting period ending 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

28. Related party transactions

Members of the Board of Directors and Management Committee belong to the Group's related party, as well as the parent company and subsidiaries and joint ventures.

Following members of the Board of Directors and Management Committee belong to the Group's related party during financial year 2012:

- Christoffer Taxell, Chairman of the Board of Directors
- Erkki Etola, Vice Chairman of the Board of Directors and Member of the Board of Directors until March 15th 2012
- Kaj-Gustaf Bergh, Member of the Board of Directors
- Eva Liljeblom, Member of the Board of Directors
- Kari Niemistö, Member of the Board of Directors
- Charlotta Tallqvist-Cederberg, Member of the Board of Directors
- Carola Teir-Lehtinen, Member of the Board of Directors
- Dag Wallgren, Member of the Board of Directors
- Per Sjödel, Member of the Board of Directors from March 15th 2012 onwards
- Hannu Penttilä, CEO

- Pekka Vähähyppä, Executive vice president and CFO
- Maisa Romanainen, Executive vice president and director for the Department Store Division
- Göran Bille, Managing director, Lindex
- Jukka Naulapää, Director, legal affairs
- Lauri Veijalainen, Development director for the Group's international operations
- Nina Laine-Haaja, managing director, Seppälä

Following members of the Board of Directors and Management Committee belong to the Group's related party during financial year 2011:

- Christoffer Taxell, Chairman of the Board of Directors
- Erkki Etola, Vice Chairman of the Board of Directors
- Kaj-Gustaf Bergh, Member of the Board of Directors
- Eva Liljebloom, Member of the Board of Directors
- Kari Niemistö, Member of the Board of Directors
- Charlotta Tallqvist-Cederberg, Member of the Board of Directors
- Carola Teir-Lehtinen, Member of the Board of Directors
- Dag Wallgren, Member of the Board of Directors from March 22nd 2011 onwards
- Henry Wiklund, Member of the Board of Directors until March 22nd 2011
- Hannu Penttilä, CEO
- Pekka Vähähyppä, Executive vice president and CFO
- Maisa Romanainen, Executive vice president and director for the Department Store Division
- Göran Bille, Managing director, Lindex
- Jukka Naulapää, Director, legal affairs
- Terhi Okkonen, Managing director, Seppälä
- Lauri Veijalainen, Development director for the Group's international operations.

The relationships between the company's parent company and subsidiaries are shown in notes to the parent company's financial statements, under the header "Shares and participation"

The following transactions were carried out with related parties:

Management's employee benefits

Emoluments *

Employee benefits of the Chief Executive Officer and other members of the Management Committee, EUR 2012	Chief Executive Officer	Other members of the Management Committee	Total
Short-term employee benefits	627 200	1 852 271	2 479 471
Post-employment benefits	325 960	379 021	704 981
Other long-term employee benefits			0
Termination benefits			0
Share-based payments	122 082	336 104	458 186
Employee benefits total	1 075 242	2 567 396	3 642 638

Remunerations to the Board of Directors, EUR 2012	Fixed annual remuneration	Remuneration based on participation	Total
Bergh Kaj-Gustaf	38 000	4 000	42 000
Etola Erkki	0	4 500	4 500
Liljeblom Eva	38 000	4 500	42 500
Niemistö Kari	49 000	5 500	54 500
Sjödell Per	38 000	2 500	40 500
Tallqvist-Cederberg Charlotta	38 000	7 500	45 500
Taxell Christoffer	76 000	7 500	83 500
Teir-Lehtinen Carola	38 000	4 500	42 500
Wallgren Dag	38 000	7 500	45 500
Wiklund Henry	0	0	0
Remunerations to the Board of Directors total	353 000	48 000	401 000
Fees and remunerations to key personnel total, EUR			4 043 638

* paid in shares 11 046 pieces in 2012

Employee benefits of the Chief Executive Officer and other members of the Management Committee, EUR 2011	Chief Executive Officer	Other members of the Management Committee	Total
Short-term employee benefits	659 689	1 943 026	2 602 715
Post-employment benefits	160 135	244 271	404 406
Other long-term employee benefits	0	0	0
Termination benefits	0	0	0
Share-based payments	104 691	328 998	433 689
Employee benefits total	924 515	2 516 295	3 440 810
Remunerations to the Board of Directors, EUR 2011	Fixed annual remuneration	Remuneration based on participation	Total
Bergh Kaj-Gustaf	38 000	4 000	42 000
Etola Erkki	49 000	6 000	55 000
Liljeblom Eva	38 000	4 000	42 000
Niemistö Kari	38 000	3 500	41 500
Per Sjödell	0	0	0
Tallqvist-Cederberg Charlotta	38 000	6 000	44 000
Taxell Christoffer	76 000	6 000	82 000
Teir-Lehtinen Carola	38 000	4 000	42 000
Wallgren Dag	38 000	3 000	41 000
Wiklund Henry	0	3 000	3 000
Remunerations to the Board of Directors total	353 000	39 500	392 500
Fees and remunerations to key personel total, EUR			3 833 310

* paid in shares 7 759 pieces in 2011.

Key employee share options 2006 & 2010

On 31 December 2012, the Group's Management Committee had 358,000 granted options, of which 148,000 were exercisable as of March 2013

Management's pension commitments

Under the CEO agreement, Mr. Hannu Penttilä is entitled to retire in April 2013 when he turns 60. Mr. Penttilä will not exercise this entitlement but will continue as CEO from April 2013 onwards. The CEO's pension is determined on the basis of TyEL insurance under the Employees Pensions Act (TyEL), and a separate insurance taken by the company. The accumulated pension is 60 per cent of the salary, which is determined on the basis of the earnings during years 2009 - 2012 and as an average of the two middle years of these. The payout of the separate insurance's accumulated pension to the CEO begins when he retires. The insurance cost was in 2012 EUR 325 960 (EUR 160 135 in year 2011).

The retirement age of the Management Committee members is 60 - 63, depending on the particular executive agreement in question. If retirement is at the age of 63, the pension is determined in accordance with the Finnish employment pension legislation. In the case of earlier retirement, the pension is determined either in the same way as for the CEO or is accrued on a defined contribution basis. Each month, the company then pays an agreed percentage of earnings into a defined contribution pension plan. The costs of both forms of insurance in 2012, for others than the CEO, amounted to EUR 379 021 (EUR 244 271 in year 2011).

Other related party transactions

EUR	2012	2011
Rentals paid to companies controlled by members of the Board of Directors	145 628	876 506

The rentals paid are market rental rates and the lease agreements do not contain other exceptional terms and conditions.

29. Financial risk management

The Group's financing and the management of financial risks are handled on a centralized basis within Stockmann plc's Treasury function in accordance with the policy adopted by the Board of Directors.

The objective of financial risk management is to ensure reasonable financing for the Group in all circumstances and to reduce the effects of market risks on the Group's profit and balance sheet. Group Treasury, which reports to the Chief Executive Officer of Stockmann plc, is responsible for managing and hedging financial exposures at Group level. It also acts as the internal bank of the Stockmann Group. Group Treasury acts in accordance with more detailed guidelines setting out the principles of managing financial risks as well as the management of liquidity and financing. The divisions have separate instructions for hedging their foreign exchange exposure.

The Group's main financial risks are currency risk, interest rate risk, liquidity risk, financing risk and counterparty risk.

The financial risks in the balance sheet and the financial risks connected with commercial cash flows as well as the chosen hedging strategies are reported to the Board of Directors quarterly and to Group Management monthly.

Currency risk

The Group's currency risk consists of sales and purchases made in foreign currency as well as balance sheet items and also foreign-currency-denominated net investments in units abroad.

Transaction risk

Stockmann's transaction risk derives from the currency flows connected with sales and purchases of the Group's business units as well as from loans and receivables denominated in foreign currency. The most important sales currencies are the euro, the Swedish krona, the Russian rouble, the Norwegian krone and the Latvian lat. The primary purchasing currencies are the euro, the United States dollar, the Russian rouble, the Swedish krona, the Latvian lat and the Hong Kong dollar. In 2012, foreign-currency-denominated sales accounted for 47 per cent of the Group's entire sales. Purchases with a transaction risk made up 26 per cent of the Group's purchases. In addition the Group has purchases in foreign currency without a transaction risk, mainly local purchases in Russia, Sweden and Latvia. In 2012 these purchases accounted for 12 per cent of the Group's total purchases.

The business units are responsible for forecasting future net cash flows denominated in foreign currency and for managing the currency risk connected with them. The management of currency risk related to operational cash flows is based on cash flow forecasts for the coming 6 months. The hedging period is generally a maximum of 6 months and the degree of hedging for individual currencies can vary in the range of 0–100%. Contracted cash flows can be hedged for longer periods.

Currency derivatives that are used to hedge forecasted cash flows are classified as cash flow hedges as defined by IAS 39. All outstanding contracts that are classified as cash flow hedges will mature during the first 8 months of 2013. The gain/loss of these hedge instruments will affect the Group's operating profit in the same period during which the forecasted hedged items affect profit, which is approximately 4 months after maturity. Information about the fair value of these hedges is provided in Note 26. The table below shows the distribution of currency for outstanding derivatives hedging cash flows.

Foreign exchange derivatives hedging cash flows

EUR mill	2012	2011
USD	59,1	57,2
HKD	2,8	2,5
SEK	-41,9	-34,6
NOK	-20,1	-18,6
EUR	-1,6	-4,5

Sensitivity Analysis, cash flow hedges, effect on equity after tax

2012, EUR mill	USD	HKD	SEK	NOK
Change + 10 %	-4,2	-0,2	-0,1	1,4
Change - 10 %	5,1	0,2	0,1	-1,7

2011, EUR mill	USD	HKD	SEK	NOK
Change + 10 %	-3,8	-0,2	-0,3	1,2
Change - 10 %	4,7	0,2	0,4	-1,5

The majority of the outstanding derivatives hedging cash flows relate to Lindex. The functional currency of Lindex is the Swedish krona. At year-end, the outstanding cash flow hedges in US dollars covered approximately 66% of the Stockmann Group's estimated net USD flows for the coming 6 months.

Foreign subsidiaries are financed primarily in local currency, whereby the foreign subsidiary does not incur significant transaction risk. Group Treasury is responsible for managing the currency risk of the foreign-currency-denominated receivables and liabilities in Stockmann's balance sheet. The degree of hedging can vary in the range of 0 – 100%.

The following table shows the Group's transaction exposure including foreign-currency-denominated assets and liabilities as well as outstanding derivatives hedging these items. Future forecasted cash flows and derivatives hedging forecasted cash flows are not included. The financial statements of the Russian subsidiaries have been translated into euro according to IAS 21 using euro as functional currency, consequently only monetary items are exposed to currency risk.

The Group's transaction exposure

2012, EUR mill	SEK	LVL	RUB	LTL	NOK	CZK	USD	PLN
Receivables	880,0	7,9	17,7	1,7	19,0	20,4	9,9	5,6
Loans from financial institutions	-330,4	-0,2			-0,1		-0,5	
Trade payables and other current liabilities	-90,3	-5,7	-19,1	0,0	-0,2		-22,7	0,0
Foreign currency exposure in the balance sheet	459,3	2,0	-1,4	1,7	18,7	20,4	-13,3	5,6
Foreign exchange derivatives hedging balance sheet items	-500,8	-4,3			-17,8	-17,1	21,3	-3,2
Foreign currency loans hedging the net investment	97,6							
Net position in the balance sheet	56,1	-2,3	-1,4	1,7	0,9	3,3	8,0	2,4

2011, EUR mill	SEK	LVL	RUB	LTL	NOK	CZK	USD	PLN
Receivables	857,0	8,4	23,2	5,7	23,6	14,4	10,6	3,0
Loans from financial institutions	-431,8							
Trade payables and other current liabilities	-50,5	-6,1	-16,0	-0,8	-0,4		-20,9	
Foreign currency exposure in the balance sheet	374,7	2,3	7,2	4,9	23,2	14,4	-10,3	3,0
Foreign exchange derivatives hedging balance sheet items	-413,9	-4,3			-17,1	-10,5	11,7	
Foreign currency loans hedging the net investment	83,9							
Net position in the balance sheet	44,7	-2,0	7,2	4,9	6,1	3,9	1,4	3,0

A 10 % strengthening or weakening of the euro against other currencies would create the following effect in profit after tax. The sensitivity analysis is based on the exposures in the table above.

Sensitivity Analysis, effect on Profit & Loss account

2012, EUR mill	SEK	LVL	RUB	LTL	NOK	CZK	USD	PLN
Change + 10 %	-3,9	0,2	0,1	-0,1	-0,1	-0,2	-0,5	-0,2
Change - 10 %	4,7	-0,2	-0,1	0,1	0,1	0,3	0,7	0,2

2011, EUR mill	SEK	LVL	RUB	LTL	NOK	CZK	USD	PLN
Change + 10 %	-3,0	0,1	-0,5	-0,3	-0,4	-0,3	-0,1	-0,2

Change - 10 %	3,7	-0,2	0,6	0,4	0,5	0,3	0,1	0,2
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Translation risk

The Stockmann Group incurs translation risk when the financial statements of foreign subsidiaries are translated into euro amounts in the consolidated financial statements.

For foreign-currency-denominated net investments, the effects of changes in foreign exchange rates appear as the translation difference in the Group's equity. Stockmann hedges translation risk for equity selectively by means of loans in foreign currency or with derivatives. Hedging decisions are taken by the Chief Executive Officer of Stockmann plc upon a proposal by Group Treasury, taking into account any effect the hedging measure may have on the Group's earnings, balance sheet and cash flows as well as hedging costs.

The following table shows how a 10% change of the euro against the Group companies' functional currencies would affect the Group's equity. The sensitivity analysis includes effects from the translation of foreign-currency-denominated net investments into euro and from loans and derivatives hedging net investments.

Sensitivity Analysis, effect on equity

2012, EUR mill	SEK	LVL	LTL
Change + 10 %	-6,0	-0,8	0,0
Change - 10 %	7,3	1,0	0,0
2011, EUR mill	SEK	LVL	LTL
Change + 10 %	-5,4	-0,6	-0,1
Change - 10 %	6,6	0,8	0,1

Interest rate risk

Fluctuations in the level of interest rates affect the Group's interest expenses and interest income. The Group has large Swedish Krona-denominated assets originating from the acquisition of Lindex. These assets are financed with Swedish Krona-denominated debt and/or debt swapped to Swedish Krona. Thus, Stockmann is mainly exposed to fluctuations in Swedish interest rates. The objective of the Group's management of interest rate risk is to reduce the uncertainty to which Stockmann's earnings may be subjected due to changes in the level of interest rates. A dual approach is employed in managing interest rate risk. The Group's borrowings and investments are diversified across different maturities and, furthermore, floating rate and fixed-interest instruments are used. The duration of the loan and investment portfolio is a maximum of five years. Interest rate derivatives can be used in managing interest rate risk. At the balance sheet date, 31 December 2012, Stockmann's interest-bearing loans and bank receivables had duration of 15.1 months. Interest rate derivatives were not in use.

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date 31 December 2012:

Interest rate adjustment period, EUR mill	< 1 month	1–12 months	1–3 years	3–5 years	Total
Bond Issues				148,9	148,9
Loans from financial institutions	202,1		164,5		366,5
Pension loans		53,3			53,3
Finance leases			7,6		7,6
Other interest bearing liabilities	57,1	215,1	0,0		272,2
Total	259,2	268,3	172,1	148,9	848,5
Cash and bank receivables	-36,1				-36,1
Total	223,1	268,3	172,1	148,9	812,4

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date December 31, 2011:

Interest rate adjustment period, EUR mill	< 1 month	1–12 months	1–3 years	3–5 years	Total
Bond Issues					
Loans from financial institutions	271,9	55,5		157,6	485,0

Pension loans		53,3	53,2		106,5
Finance leases				6,7	6,7
Other interest bearing liabilities	121,7	142,2	0,2		264,2
Total	393,6	251,1	53,4	164,4	862,5
Cash and bank receivables	-33,2				-33,2
Total	360,4	251,1	53,4	164,4	829,3

A rise of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR -2.8 million (2011: EUR -3.7 million) at the balance sheet date, 31 December 2012.

Correspondingly, a decline of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR +2.8 million (2011: EUR +3,7 million) at the balance sheet date, 31 December 2012. At the balance sheet date there were no items that are recognized directly in equity.

Electricity price risk

Lindex uses electricity derivatives to reduce the price risk affecting its future electricity procurements. In accordance with Lindex's financial policy, the degree of hedging of future electricity prices is a maximum of 100% for the coming three years. At the balance sheet date, 31 December 2012, a change of 10 percentage points in the market price of electricity has no material impact on Stockmann's profit and equity after taxes.

Financing and liquidity risk

Financing risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in finding financing. In order to minimize financing risk, the Group's financing need for the coming years is covered by long-term committed credit facilities. The Group also has to maintain a sufficiently large liquidity reserve. The liquidity reserve must be at least an amount corresponding to an average month's operational cash disbursements. Cash and cash equivalents as well as unused committed and non-committed credit facilities may be included in the liquidity reserve.

At the end of the year Stockmann had credit facilities totaling EUR 1 564 million, of which EUR 849 million was drawn. Committed credit facilities amounted to EUR 947 million. Of these facilities, EUR 577 million were utilized. In November 2012 Stockmann issued a corporate bond of EUR 150 million. The bond matures on 19 March 2018 and carries a fixed coupon interest rate of 3.375 per cent per annum. The bond is listed on NASDAQ OMX Helsinki. The Group also has 5 committed bilateral credit facilities totaling EUR 650 million that fall due in 2015 as well as a committed bilateral credit agreement maturing in 2016. In addition the Group has bilateral committed credit facilities with Finnish pension insurer Varma and with NIB. Furthermore the Group has a domestic commercial paper program of EUR 600 million. Borrowing within the commercial paper program amounted to EUR 268 million at year-end.

Stockmann's borrowing is mostly unsecured. However, the pension loans from the Finnish pension insurer Varma are statutory secured by a mortgage. The committed bilateral bank facilities include a financial covenant, related to the Group's equity ratio. The conditions in the loan agreements have been met during the year.

Cash and bank receivables as well as unused committed credit facilities

EUR mill	2012	2011
Cash and bank receivables	36,1	33,2
Credit facility, due in 2013	0,5	0,1
Credit facility, due in 2014		
Credit facility, due in 2015	369,6	318,9
Credit facility, due in 2016 + Overdraft facilities	1,4	12,8
Total	407,6	365,0

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2012:

EUR mill	Carrying amount	2013	2014	2015	2016	2017+	Total
Bond Issues	148,9	-1,7	-5,1	-5,1	-5,1	-160,1	-177,1
Loans from financial institutions	366,5	-25,4	-18,0	-293,0	-58,5		-394,9
Pension loans	53,3	-54,6					-54,6
Finance leases	7,6	-4,8	-2,5	-0,4	-0,1		-7,8
Other interest-bearing liabilities	272,2	-274,1					-274,1
Trade payables and other current liabilities	268,8	-268,8					-268,8
Total	1 117,3	-629,4	-25,6	-298,5	-63,7	-160,1	-1 177,3

Derivatives			
FX Derivatives	7,1		
Assets		513,6	513,6
Liabilities		-521,7	-521,7
Electricity Derivatives	0,2		
Net cash flow		-0,2	-0,2
Total	7,3	-8,3	-8,3

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2011:

EUR mill	Carrying amount	2012	2013	2014	2015	2016+	Total
Loans from financial institutions	485,0	-24,7	-90,9	-22,2	-350,3	-56,8	-544,9
Pension loans	106,5	-56,3	-54,6				-110,9
Finance leases	6,7	-2,6	-2,7	-1,4	-0,4	-0,1	-7,2
Other interest-bearing liabilities	264,3	-266,1	-0,2	0,0			-266,3
Trade payables and other current liabilities	249,0	-249,0					-249,0
Total	1 111,5	-598,7	-148,4	-23,6	-350,7	-56,8	-1 178,3
Derivatives							
FX Derivatives	10,5						
Assets		412,3					412,3
Liabilities		-423,9					-423,9
Electricity Derivatives	0,1						
Net cash flow			-0,1				-0,1
Total	10,6	-11,5	-0,1				-11,6

Credit and counterparty risk

Trade receivables as well as receivables based on investments and derivative contracts expose the Group to credit risk. The counterparty risk associated with investments and derivative contracts is managed by means of counterparty limits approved by the Board of Directors. Derivative contracts are entered into only with counterparties that are judged to be highly creditworthy and financially solid. Cash assets are invested in financial instruments that are judged to be liquid and to have a low risk. At the balance sheet date, 31 December 2012, the Group's liquid assets consisted mainly of deposits in banks, with a very short maturity. The Group does not incur major credit risk relating to commercial trade receivables because its outstanding receivables consist of a large amount of small receivables, and customers are primarily private individuals whose creditworthiness has been checked.

Ageing of trade receivables

EUR mill.	2012	2011
Trade receivables not due	56,3	57,1
Trade receivables fallen due in 1–30 days	6,6	8,1
Trade receivables fallen due in 31–120 days	0,9	1,3
Trade receivables fallen due in over 120 days	2,9	2,6
Total	66,8	69,0

The carrying amount of trade receivables corresponds to the maximum amount of the credit risk for them. EUR 1.4 million of impairment losses were recognized on trade receivables in 2012 (2011: EUR 0.6 million), the impairment charge being mainly made for trade receivables fallen due in over 120 days. Based on experience, Stockmann estimates that there is no need to recognize an impairment loss on trade receivables that have not fallen due.

Management of the capital structure

The Group's objective in managing the capital structure is an efficient capital structure that ensures the Group's operating fundamentals in the capital markets in all conditions irrespective of volatility in the sector. Although the Group does not have a public credit rating issued by a credit rating agency, the objective is to maintain the same type of capital structure as do other retailers who have a good credit rating. The Group monitors the trend in its capital structure by measuring the proportion of equity to total capital (equity ratio). As a result of the acquisition of Lindex the Group has Swedish Krona-denominated assets which are hedged by Swedish Krona-denominated external loans and/or forwards. The fluctuations of the Swedish Krona have impact on the total assets and liabilities equally. The strategic goal is to have an equity ratio amounting to at least 40 per cent. The ratio of equity to total capital at December 31, 2012 was 42.8 per cent (at December 31, 2011 it was 42.2 per cent).

30. Events after the balance sheet

Stockmann plc and INDITEX, S.A., the owner of the Zara store concept, have agreed to end the franchising co-operation in Finland as of 1 March 2013.

Stockmann is currently operating four Zara franchising stores in Finland. The stores will be transferred to Inditex through a sale of Stockmann's subsidiary Z-Fashion Finland Oy that is responsible for the franchising business.

The divestment does not have a substantial effect on the Stockmann Group's revenue or earnings. Revenue of Z-Fashion Finland totaled EUR 22 million in 2012.

The company's management is not aware of other materially important events after the balance sheet date, which might have affected the preparation of the financial statements.

Stockmann plc
Income Statement, FAS

	Ref.	1.1.-31.12.2012 EUR	% of Rev.	1.1.-31.12.2011 EUR	% of Rev.
REVENUE		866 555 081,45	100,0	856 790 544,05	100,0
Other operating income	2	17 988 203,18	2,1	15 653 551,07	1,8
Materials and services					
Materials and consumables:					
Purchases during the financial year		522 859 006,89		500 643 672,38	
Change in inventories, increase (-), decrease (+)		-16 587 891,49		-261 645,45	
Materials and services, total		506 271 115,40	58,4	500 382 026,93	58,4
Wages, salaries and employee benefits expenses	3	174 493 118,38	20,1	170 443 230,63	19,9
Depreciation, amortisation and reduction in value	4	18 829 649,78	2,2	18 906 462,34	2,2
Other operating expenses	5	161 680 018,41	18,7	147 482 526,74	17,2
		861 273 901,97	99,4	837 214 246,64	97,7
OPERATING PROFIT		23 269 382,66	2,7	35 229 848,48	4,1
Financial income and expenses	6	56 423 120,43	6,5	39 432 661,60	4,6
PROFIT BEFORE EXTRAORDINARY ITEMS		79 692 503,09	9,2	74 662 510,08	8,7
Extraordinary items	7				
Extraordinary income		6 650 000,00		8 687 000,00	
Extraordinary expenses		-45 900 000,00		-38 405 000,00	
Extraordinary items, total		-39 250 000,00	-4,5	-29 718 000,00	-3,5
PROFIT BEFORE APPROPRIATIONS AND TAXES		40 442 503,09	4,7	44 944 510,08	5,2
Appropriations	8	-10 022 030,88	-1,2	-11 647 912,88	-1,4
Income taxes					
For the financial year		116 962,38		115 532,43	
For previous financial years		65 634,90		-77 072,63	
Income taxes, total		182 597,28	0,0	38 459,80	0,0
PROFIT FOR THE PERIOD		30 237 874,93	3,5	33 258 137,40	3,9

ASSETS	Ref.	31.12.2012 EUR	31.12.2011 EUR
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		16 684 190,91	11 558 364,98
Goodwill		1 078 175,11	1 509 445,16
Advance payments and projects in progress		22 122 402,79	8 088 967,68
Intangible assets, total		39 884 768,81	21 156 777,82
Property, plant, equipment	10		
Land and water		12 492 158,96	12 492 158,96
Buildings and constructions		312 101 155,64	318 700 397,53
Machinery and equipment		12 373 129,61	12 457 214,46
Modification and renovation expenses for leased premises		3 944 730,45	4 855 687,56
Other tangible assets		55 055,76	55 055,76
Advance payments and construction in progress		3 725 419,80	2 407 909,26
Property, plant, equipment, total		344 691 650,22	350 968 423,53
Investments	11		
Holdings in Group undertakings		252 302 665,69	216 278 966,28
Other shares and participations		10 456 939,61	10 456 939,61
Investments, total		262 759 605,30	226 735 905,89
NON-CURRENT ASSETS, TOTAL		647 336 024,33	598 861 107,24
CURRENT ASSETS			
Inventories			
Materials and consumables		111 289 209,22	94 701 317,73
Inventories, total		111 289 209,22	94 701 317,73
Non-current receivables			
Loans owed by Group undertakings		1 062 987 861,30	1 084 837 665,41
Non-current receivables, total		1 062 987 861,30	1 084 837 665,41
Current receivables	12		
Trade receivables		58 390 731,82	60 895 232,52
Amounts owed by Group undertakings		61 309 522,62	59 440 772,57
Other receivables		4 140 468,65	3 764 058,78
Prepayments and accrued income		8 595 164,28	11 417 193,63
Current receivables, total		132 435 887,37	135 517 257,50
Receivables, total		1 195 423 748,67	1 220 354 922,91
Cash and cash equivalents	13		
		7 704 445,15	9 942 760,48
CURRENT ASSETS, TOTAL		1 314 417 403,04	1 324 999 001,12
ASSETS, TOTAL		1 961 753 427,37	1 923 860 108,36

EQUITY AND LIABILITIES

	Ref.	31.12.2012 EUR	31.12.2011 EUR
EQUITY	14-15		
Share capital		144 097 366,00	143 681 658,00
Premium fund		186 346 445,72	186 346 445,72
Reserve for invested unrestricted equity		255 735 789,28	254 428 387,62
Other funds		43 728 921,17	43 728 921,17
Retained earnings		92 413 882,09	95 028 303,56
Net profit for the financial year		30 237 874,93	33 258 137,40
EQUITY, TOTAL		752 560 279,19	756 471 853,47
ACCUMULATED APPROPRIATIONS	16	116 095 192,94	106 073 162,06
LIABILITIES			
Non-current liabilities			
Bonds		150 000 000,00	
Loans from credit institutions		352 625 391,68	462 881 588,08
Pension loans			48 166 666,64
Amounts owed to Group undertakings		127 736 336,95	86 626 447,14
Non-current liabilities, total		630 361 728,63	597 674 701,86
Current liabilities	17-18		
Loans from credit institutions			8 888 888,88
Pension loans		48 166 666,64	48 166 666,68
Other interest bearing loan		271 089 075,09	267 839 585,74
Trade payables		67 517 145,64	60 356 062,04
Amounts owed to Group undertakings		3 835 860,22	2 458 391,97
Other payables		30 987 352,72	31 893 433,60
Accrued expenses and prepaid income		41 140 126,30	44 037 362,06
Current liabilities, total		462 736 226,61	463 640 390,97
LIABILITIES, TOTAL		1 093 097 955,24	1 061 315 092,83
EQUITY AND LIABILITIES, TOTAL		1 961 753 427,37	1 923 860 108,36

Stockmann plc
Cash flow statement

	2012 EUR	2011 EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	30 237 874,93	33 258 137,40
Adjustments:		
Depreciation	18 829 649,78	18 906 462,34
Other adjustments	39 368 391,70	30 885 722,52
Financial income and expenses	-56 423 120,43	-39 432 661,60
Appropriations	10 022 030,88	11 647 912,88
Income taxes	182 597,28	38 459,80
Changes in working capital:		
Change in trade and other receivables	-2 295 505,06	-1 873 356,29
Change in inventories	-16 587 891,49	-261 645,45
Change in trade payables and other liabilities	-4 337 843,04	-22 672 247,68
Interest and other financial expenses paid	-34 574 068,71	-32 064 791,83
Interest received	52 774 639,30	46 671 572,98
Income taxes paid	2 261 174,97	5 935 962,12
NET CASH FROM OPERATING ACTIVITIES	39 457 930,11	51 039 527,19
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	-28 186 925,12	-15 882 817,01
Additions to holdings in Group undertakings	-41 424 000,01	-23 000 000,00
Proceeds from disposal of other investments	2 290 776,30	4 900 000,00
Proceeds from repayments of loans	14 580 762,21	13 969 262,77
Dividends received	34 421 768,37	20 063 963,41
NET CASH FROM INVESTING ACTIVITIES	-18 317 618,25	50 409,17
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (+)/repayment of (-) loan receivables	37 596 529,12	-31 517 350,55
Proceeds from issue of share capital	1 723 109,66	6 107 546,91
Proceeds from (+)/repayment of (-) short-term loans	-5 489 268,91	-23 796 368,19
Repayments of long-term loans	-290 222 876,27	-29 282 865,65
Proceeds from long-term loans	304 052 293,71	112 737 579,88
Dividends paid	-35 920 414,50	-58 339 720,00
Proceeds from (+)/ payment of (-) extraordinary items	-35 118 000,00	-25 910 000,00
NET CASH FROM FINANCING ACTIVITIES	-23 378 627,19	-50 001 177,60
Change in cash and cash equivalents	-2 238 315,33	1 088 758,76
Cash and cash equivalents at start of the financial year	9 942 760,48	8 854 001,72
Cash and cash equivalents at end of the financial year	7 704 445,15	9 942 760,48

1. LAATIMISPERIAATTEET

Stockmann Oyj Abp:n tilinpäätös on laadittu Suomen kirjanpitolainsäädännön mukaisesti.

Ulkomaanrahan määräiset tapahtumat

Ulkomaanrahan määräiset tapahtumat kirjataan tapahtumapäivän kurssiin.

Tilinpäätöshetkellä taseessa olevat ulkomaanrahan määräiset saatavat ja velat on arvostettu tilinpäätöspäivän kurssiin. Rahoituksen kurssivoitot ja kurssitappiot on kirjattu nettomääräisinä muihin rahoitustuottoihin tai muihin rahoituskuluihin.

Liikevaihto

Liikevaihtoa laskettaessa myyntituotoista on vähennetty välilliset verot, myönnettyt alennukset ja valuuttakurssierot. Liikevaihtoon on sisällytetty luottokorttiyhteistyöstä saadut tuotot ja vertailutietoa on oikaistu vastaavasti

Liiketoiminnan muut tuotot

Liiketoiminnan muina tuottoina esitetään liiketoimintaan liittyvien pysyvien vastaavien myyntivoitot, liiketoimintojen myynnistä saadut korvaukset sekä ulkomaisille tytäryhtiöille toimitettujen palvelujen veloitukset.

Satunnaiset tuotot ja kulut

Satunnaisina tuottoina ja kuluina esitetään saadut ja annetut konserniavustukset.

Tuloverot

Tuloslaskelmaan on välittöminä veroina kirjattu tilikauden tulosta vastaavat verot sekä aikaisemmilta tilikausilta maksuunpannut tai palautetut verot. Laskennallisia veroja ei sisällytetä emoyhtiön tuloslaskelmaan ja taseeseen.

Aineelliset ja aineettomat hyödykkeet

Aineelliset ja aineettomat hyödykkeet on arvostettu alkuperäiseen hankintameno, josta on vähennetty suunnitelman mukaiset poistot. Tasearvoihin sisältyy lisäksi maa-alueiden ja rakennusten arvonorotuksia. Arvonkorotukset on tehty vuosien 1950 ja 1984 välisenä aikana, ja ne perustuvat kiinteistöarvioijien silloisiin arvioihin. Arvonkorotuksista ei tehdä poistoja.

Suunnitelman mukaiset poistot perustuvat aineettomien ja aineellisten hyödykkeiden alkuperäiseen hankintameno ja arvioituun taloudelliseen käyttöaikaan seuraavasti:

- Aineettomat hyödykkeet	5 - 10 vuotta
- Liikearvo	5 vuotta
- Vuokratilojen muutos- ja perusparannusmenot	5 - 10 vuotta
- Rakennukset	20 - 50 vuotta
- Koneet ja kalusto	4 - 10 vuotta
- Autot ja ATK-laitteet	3 - 5 vuotta

Vaihto-omaisuus

Vaihto-omaisuuden arvostuksessa on käytetty alimman arvon periaatetta eli varasto on merkitty taseeseen hankintamenon tai sitä alemman jälleenhankintahinnan tai todennäköisen luovutushinnan mukaiseen alimpaan arvoon. Vaihto-omaisuuden arvo on määritetty FIFO-menetelmää, painotetun keskihankintahinnan menetelmää tai vähittäishintamenetelmää käyttäen ja se sisältää kaikki hankinnasta aiheutuneet muuttuvat menot.

Rahoitusvälineet

Pysyvien vastaavien sijoitukset on arvostettu hankintahintaan tai, mikäli niiden käypä arvo on pysyvästi alentunut, tähän alempaan arvoon.

Muut rahavarat on arvostettu hankintahintaan tai sitä alempaan markkina-arvoon.

Valuuttariskin suojaamiseksi tehtyihin johdannaissovimuksiin liittyvät kurssi- ja korkoerot on jaksotettu suoriteperiaatteen mukaisesti rahoitustuotoiksi ja -kuluiksi.

2. Other operating income		61
EUR	2012	2011
Compensation for services to Group companies	13 744 127,13	11 356 134,98
Rental income from subsidiaries	3 713 141,64	3 645 870,63
Other operating income	530 934,41	651 545,46
Total	17 988 203,18	15 653 551,07

3. Wages, salaries and employee benefits expenses

EUR	2012	2011
Salaries and emoluments paid to the CEO and his alternate	627 200,00	659 689,00
Salaries and emoluments paid to the Board of Directors	401 000,00	392 500,00
Other wages and salaries	136 209 201,33	133 146 770,87
Wages during sick leave	4 455 787,48	4 608 564,61
Pension expenses	24 739 086,26	23 870 819,78
Other staff expenses	8 060 843,31	7 764 886,37
Total	174 493 118,38	170 443 230,63

Staff, average 5 408 5 509

Management pension liabilities

Under the agreement, Mr. Hannu Penttilä is entitled to retire in April 2013 when he turns 60. Mr. Penttilä will not exercise this entitlement but will continue as CEO from April 2013 onwards. The CEO's pension is determined on the basis of TyEL insurance under the Pensions Act (TyEL), and a separate insurance taken by the company.

4. Depreciation and reduction in value

EUR	2012	2011
Intangible rights	4 025 529,51	3 354 270,72
Goodwill	431 270,05	431 270,04
Modification and renovation expenses for leased premises	1 284 541,93	1 346 354,63
Buildings and constructions	9 162 718,41	10 258 016,71
Machinery and equipment	3 925 589,88	3 516 550,24
Total	18 829 649,78	18 906 462,34

5. Other operating expenses

EUR	2012	2011
Site expenses	77 572 958,85	75 456 451,46
Marketing expenses	29 451 767,36	24 850 072,15
Goods handling expenses	16 984 277,19	13 114 311,86
Voluntary indirect employee expenses	3 527 610,75	3 319 297,85
Credit losses	1 468 269,44	711 471,76
Other expenses	32 675 134,82	30 030 921,66
Total	161 680 018,41	147 482 526,74

Auditors' fees

EUR	2012	2011
Audit fees	175 100,00	176 100,00
Tax consulting	244 169,00	19 298,00
Certificates and advice	8 640,00	8 150,00
Other services	105 200,00	6 800,00
Total	533 109,00	210 348,00

6. Financial income and expenses

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EUR	2012	2011
Interim dividend from Group undertakings	33 069 214,64	34 189 856,37
Other dividend income	231 912,00	132 002,00
Interest income from Group undertakings	52 362 377,10	46 654 358,99
Interest income from parties outside the Group	526 339,80	542 650,63
Interest expenses to Group undertakings	-1 851 514,84	-443 290,77
Interest expenses to parties outside the Group	-32 450 661,41	-32 712 370,68
Impairment of investments within non-current assets	-2 119 989,79	-1 200 000,00
Other financial expenses to parties outside the Group	-82 914,62	-192 379,08
Foreign exchange losses and gains (net)	6 738 357,55	-7 538 165,86
Total	56 423 120,43	39 432 661,60

7. Extraordinary items

EUR	2012	2011
Group contributions from Group companies	6 650 000,00	8 687 000,00
Group contributions to Group companies	-45 900 000,00	-38 405 000,00
Total	-39 250 000,00	-29 718 000,00

8. Appropriations

EUR	2012	2011
Change in depreciation reserve		
Intangible rights	-801 563,70	-284 489,58
Modification and renovation expenses for leased premises	26 807,49	210 795,06
Buildings and constructions	-8 958 607,67	-11 118 135,29
Machinery and equipment	-288 667,00	-456 083,07
Total	-10 022 030,88	-11 647 912,88

9. Intangible assets

Intangible rights

EUR	2012	2011
Acquisition cost Jan. 1	17 583 277,18	15 939 095,78
Increases	1 136 596,86	1 662 410,83
Transfers between items	8 014 758,58	1 760 283,79
Decreases	-987 647,10	-1 778 513,22
Acquisition cost Dec. 31	25 746 985,52	17 583 277,18
Accumulated depreciation Jan. 1	6 024 912,20	4 449 154,70
Depreciation on reductions	-987 647,10	-1 778 513,22
Depreciation for the financial year	4 025 529,51	3 354 270,72
Accumulated depreciation Dec. 31	9 062 794,61	6 024 912,20
Book value Dec. 31	16 684 190,91	11 558 364,98

Goodwill

EUR mill.	2012	2011
Acquisition cost Jan.1 and Dec. 31	2 156 350,22	2 156 350,22
Accumulated depreciation Jan. 1	646 905,06	215 635,02
Depreciation for the financial year	431 270,05	431 270,04
Accumulated depreciation Dec. 31	1 078 175,11	646 905,06
Book value Dec. 31	1 078 175,11	1 509 445,16

Advance payments and projects in progress 63

EUR	2012	2011
Acquisition cost Jan. 1	8 088 967,68	895 936,97
Increases	22 121 408,28	8 953 314,50
Transfers between items	-8 087 973,17	-1 760 283,79
Book value Dec. 31	22 122 402,79	8 088 967,68

Intangible assets, total 39 884 768,81 21 156 777,82

10. Tangible assets

Land and water

EUR	2012	2011
Acquisition cost Jan.1 and Dec. 31	6 593 808,38	6 593 808,38
Revaluations Jan. 1 and Dec. 31	5 898 350,58	5 898 350,58
Book value Dec. 31	12 492 158,96	12 492 158,96

Buildings and constructions

EUR	2012	2011
Acquisition cost Jan. 1	353 455 230,26	351 864 925,48
Increases	84 826,84	1 176 026,23
Transfers between items	2 497 734,08	2 518 954,92
Decreases	-147 514,42	-2 104 676,37
Acquisition cost Dec. 31	355 890 276,76	353 455 230,26
Accumulated depreciation Jan. 1	61 285 542,33	53 132 201,99
Depreciation on reductions	-128 430,02	-2 104 676,37
Depreciation for the financial year	9 162 718,41	10 258 016,71
Accumulated depreciation Dec. 31	70 319 830,72	61 285 542,33
Revaluations Jan. 1 and Dec. 31	26 530 709,60	26 530 709,60
Book value Dec. 31	312 101 155,64	318 700 397,53

Machinery and equipment

EUR	2012	2011
Acquisition cost Jan. 1	20 560 332,21	19 988 020,21
Increases	1 183 971,11	556 692,16
Transfers between items	2 661 370,51	3 257 493,08
Decreases	-3 094 286,47	-3 241 873,24
Acquisition cost Dec. 31	21 311 387,36	20 560 332,21
Accumulated depreciation Jan. 1	8 103 117,75	7 828 610,81
Depreciation on reductions	-3 090 449,88	-3 241 873,24
Depreciation for the financial year	3 925 589,88	3 516 380,18
Accumulated depreciation Dec. 31	8 938 257,75	8 103 117,75
Book value Dec. 31	12 373 129,61	12 457 214,46

Modification and renovation expenses for leased premises

EUR	2012	2011
Acquisition cost Jan. 1	12 504 504,37	14 394 384,78
Increases	162 926,91	154 134,41
Transfers between items	209 087,77	90 764,46
Decreases	-149 721,95	-2 134 779,28
Acquisition cost Dec. 31	12 726 797,10	12 504 504,37
Accumulated depreciation Jan. 1	7 648 816,81	7 902 403,88
Depreciation on reductions	-151 292,09	-1 599 941,70
Depreciation for the financial year	1 284 541,93	1 346 354,63
Accumulated depreciation Dec. 31	8 782 066,65	7 648 816,81
Book value Dec. 31	3 944 730,45	4 855 687,56

Other tangible assets		64
EUR	2012	2011
Acquisition cost Jan. 1	55 055,76	55 173,49
Decreases		-117,73
Book value Dec. 31	55 055,76	55 055,76

Advance payments and construction in progress

EUR	2012	2011
Acquisition cost Jan. 1	2 407 909,26	5 567 903,84
Increases	6 612 488,31	2 707 217,88
Transfers between items	-5 294 977,77	-5 867 212,46
Book value Dec. 31	3 725 419,80	2 407 909,26

Tangible assets, total	344 691 650,22	350 968 423,53
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Revaluations included in balance sheet values

EUR	2012	2011
Land and water	5 898 350,58	5 898 350,58
Buildings	26 530 709,60	26 530 709,60
Total	32 429 060,18	32 429 060,18

Revaluations of real-estate properties have been made during the period from 1950 to 1984 and are based on then estimates of real-estate values.

11. Investments

Holdings in Group undertakings

EUR	2012	2011
Acquisition cost Jan. 1	216 278 966,28	194 478 966,28
Increases	41 424 000,01	23 000 000,00
Decreases	-3 280 310,81	
Impairments	-2 119 989,79	-1 200 000,00
Book value Dec. 31	252 302 665,69	216 278 966,28

Other shares and participations

EUR	2012	2011
Acquisition cost Jan. 1	10 456 939,61	15 989 824,55
Decreases		-5 532 884,94
Book value Dec. 31	10 456 939,61	10 456 939,61

Investments, total	262 759 605,30	226 735 905,89
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12. Current receivables

Trade receivables

EUR	2012	2011
Interest-bearing trade receivables	43 823 612,77	45 693 642,39
Non-interest bearing trade receivables	14 567 119,05	15 201 590,13
Trade receivables, total	58 390 731,82	60 895 232,52

Amounts owed by Group undertakings

65

EUR	2012	2011
Dividend receivables	33 069 214,64	34 189 856,37
Account receivables	19 686 244,08	14 528 349,20
Group contribution receivables	6 650 000,00	8 687 000,00
Trade receivables	1 894 739,93	1 914 038,89
Prepayments and accrued income	9 323,97	121 528,11
Total	61 309 522,62	59 440 772,57

Essential items in prepayments and accrued income

EUR	2012	2011
Receivable from credit card co-operation	3 071 268,17	3 670 046,42
Indirect employee expenses	1 704 924,00	2 647 681,00
Income taxes		2 333 311,06
IT expenses	1 387 922,72	777 335,91
Periodized financial income	755 824,40	14 201,24
Discounts	477 205,61	743 251,13
Other prepayments and accrued income	1 198 019,38	1 231 366,87
Total	8 595 164,28	11 417 193,63

13. Cash and cash equivalents

Cash and cash equivalents comprise bank deposits and cash in hand.

Their book value is equivalent to their market value.

14. Changes in equity

EUR	2012	2011
Share capital		
Series A shares Jan. 1 and Dec. 31	61 255 126,00	61 255 126,00
Series B shares Jan. 1	82 426 532,00	81 036 874,00
Share issue	415 708,00	1 389 658,00
Series B shares Dec. 31	82 842 240,00	82 426 532,00
Share capital, total	144 097 366,00	143 681 658,00
Premium fund Jan. 1 and Dec. 31	186 346 445,72	186 346 445,72
Reserve for invested unrestricted equity Jan. 1	254 428 387,62	249 710 498,71
Share issue	1 307 401,66	4 717 888,91
Reserve for invested unrestricted equity Dec. 31	255 735 789,28	254 428 387,62
Other funds Jan. 1 and Dec. 31	43 728 921,17	43 728 921,17
Retained earnings Jan. 1	128 286 440,96	153 323 171,63
Dividends	-35 920 414,50	-58 339 720,00
Dividends which haven't been drawn	47 855,63	44 851,93
Retained earnings Dec. 31	92 413 882,09	95 028 303,56
Net profit for the financial year	30 237 874,93	33 258 137,40
Equity, total	752 560 279,19	756 471 853,47

Breakdown of distributable funds Dec. 31

EUR	2012	2011
Other funds	299 464 710,45	298 157 308,79
Retained earnings	92 413 882,09	95 028 303,56
Net profit for the financial year	30 237 874,93	33 258 137,40
Total	422 116 467,47	426 443 749,75

15. The parent company's shares

Par value EUR 2.00	shares	shares
Series A shares (10 votes each)	30 627 563	30 627 563
Series B shares (1 vote each)	41 421 120	41 213 266
Total	72 048 683	71 840 829

16. Accumulated appropriations

The accumulated appropriations comprise accumulated depreciation difference.

17. Current liabilities

EUR	2012	2011
Interest-bearing liabilities	319 255 741,73	324 895 141,30
Non-interest-bearing liabilities	143 480 484,88	138 745 249,67
Total	462 736 226,61	463 640 390,97

Amounts owed to Group undertakings

EUR	2012	2011
Trade payables, non-interest-bearing	661 602,82	658 718,41
Group contributions payable	2 400 000,00	305 000,00
Other current liabilities, non-interest-bearing	467 685,00	1 494 673,56
Other current liabilities, interest-bearing	306 572,40	
Total	3 835 860,22	2 458 391,97

18. Essential items in accruals and prepaid income

EUR	2012	2011
Staff expenses	28 837 468,28	29 577 174,50
Derivative payables	5 535 025,64	10 263 089,32
Interest and other financial expenses	2 323 966,84	2 160 664,30
Reserve for returns	866 009,25	805 221,10
Income taxes	110 461,19	
Other accrued expenses and prepaid income	3 467 195,10	1 231 212,84
Total	41 140 126,30	44 037 362,06

19. Security pledged

67

EUR	2012		2011	
	Loan	Security value	Loan	Security value
Security pledged on behalf of the company				
Mortgages given for long-term pension loans	33 333 333,33	200 000 000,00	66 666 666,66	200 000 000,00
Other mortgages given		1 681 879,26		1 681 879,26
Security pledged on behalf of the company, total		201 681 879,26		201 681 879,26
	2012		2011	
Security pledged on behalf of Group undertakings				
Rent guarantees		34 657 972,64		40 483 484,07
Other guarantees		19 810 907,89		25 936 661,63
Total		54 468 880,53		66 420 145,70
	2012		2011	
Security pledged, total				
Mortgages		201 681 879,26		201 681 879,26
Guarantees		54 468 880,53		66 420 145,70
Total		256 150 759,79		268 102 024,96

20. Other commitments

EUR	2012	2011
Leasing commitments		
Payable during one year	4 670 541,01	6 691 381,38
Payable during more than one year	2 656 271,02	5 545 979,93
Total	7 326 812,03	12 237 361,31

Investments in real estate

The company is required to adjust the VAT deductions made on real estate investments completed in 2006-2012, if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2021, and the maximum liability is EUR 28 206 101. In 2011 the maximum liability was EUR 34 951 148.

Pension liabilities

The pension liabilities of the parent company are insured with outside pension insurance companies. The pension liabilities are fully covered.

Shares and participations

Group undertakings

Parent company holdings	Shareholding		Voting rights		Cur- rency	Book value	Shareholders' equity
	Number	%	%	%			
Seppälä Oy, Helsinki	30 000	100	100	100	EUR	5 046 000,00	13 802 944,08
Stockmann AS, Tallinn	16 200	100	100	100	EEK	1 022 193,07	32 501 848,47
SIA Stockmann, Riga	1 615 500	100	100	100	LVL	4 830 564,93	4 780 896,66
SIA Stockmann Centrs, Riga	31 500	63	63	63	LVL	115 577,78	4 526 074,28
Oy Stockmann Russia Holding Ab, Helsinki	4 000	100	100	100	EUR	180 305 011,59	1 472 934,52
Z-Fashion Finland Oy, Helsinki	50	100	100	100	EUR	8 483,18	519 217,57
Oy Suomen Pääomarahoitus- Finlands Kapitalfinans Ab, Helsinki	1 000	100	100	100	EUR	1 682 000,00	2 307 075,31
UAB Stockmann, Vilnius	52 000	100	100	100	LTL	9 497 539,88	104 254,78
Stockmann Sverige AB, Stockholm	100 000	100	100	100	SEK	48 843 170,23	97 555 818,03
Kiinteistö Oy Friisinkeskus II, Espoo	1 948	97	97	97	EUR	612 348,47	737 524,79
Oy Hullut Päivät-Galna Dagar Ab, Helsinki	40	100	100	100	EUR	339 776,55	339 776,56
Parent company holdings, total						252 302 665,68	158 648 365,05

Holdings of subsidiaries	Shareholding		Voting rights		Cur- rency	Book value	Shareholders' equity
	Number	%	%	%			
ZAO Stockmann, Moscow	2 000	100	100	100	RUB	587 082,46	-1 151 933,62
Oy Stockmann Russia Finance Ab, Helsinki	40 000	100	100	100	EUR	783 594,10	5 906 789,07
Stockmann Stp Centre Ltd, St Petersburg	5	100	100	100	RUB	13 037 388,43	59 663 765,14
TOV Stockmann, Kiev	1	100	100	100	EUR		96 253,00
AB Lindex, Gothenburg	68 750 000	100	100	100	SEK	934 824 262,54	163 124 715,33
AB Lindex holdings of subsidiaries							
Lindex Sverige AB, Gothenburg	36 000	100	100	100	SEK		
Lindex AS, Oslo	200 000	100	100	100	NOK		
Lindex Oy, Helsinki	13 000	100	100	100	EUR		
Lindex Oü, Tallinn		100	100	100	EEK		
Lindex SIA, Riga		100	100	100	LVL		
Lindex UAB, Vilnius		100	100	100	LTL		
Lindex s.r.o, Prague	200	100	100	100	CZK		
AB Espevik, Alingsås	1 000	100	100	100	SEK		
Espevik i Sverige AB, Gothenburg	400 000	100	100	100	SEK		
Lindex H.K. Ltd, Hong Kong	9 900	99	99	99	HKD		
Shanghai Lindex Consulting Company Ltd, Shanghai		100	100	100	CNY		
Lindex Financial Services AB, Gothenburg	13 230	100	100	100	SEK		
Lindex India Private Ltd, New Delhi	10 000	100	100	100	INR		
It will be fit AB, Gothenburg	1 000	100	100	100	SEK		
Lindex Slovak		100	100	100	SEK		
Lindex Poland		100	100	100	SEK		
Group undertakings owned by subsidiaries, total						949 232 327,53	227 639 588,92
Group undertakings, total						1 201 534 993,21	386 287 953,97

Joint ventures	Shareholding		Cur- rency	Book value
	Number	%		
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37,8	EUR	5 097 626,26
Joint ventures, total				5 097 626,26

The shares of joint ventures are presented in consolidated accounts so that instead of shares assets and liabilities of joint ventures are consolidated in proportion to the Group's interest in the companies.

Other undertakings

Parent company holdings	Shareholding		Cur- rency	Book value
	Number	%		
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37,8	EUR	6 241 944,22
Tuko Logistics Oy, Kerava	600	10,0	EUR	3 763 117,75
Others				451 877,64
Other parent company holdings, total				10 456 939,61

BOARD PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

The parent company's distributable funds according to the balance sheet at December 31, 2012, were EUR 422.1 million.

According to the Parent Company Balance Sheet at December 31, 2012, the following amounts are at disposal of the Annual General Meeting:

-	Retained earnings, including the Contingency fund and the Reserve for invested unrestricted equity	391 878 592.54
-	Net profit for the financial year	<u>30 237 874.93</u>
		422 116 467.47

The Board of Directors proposes that this amount be distributed as follows:

-	on the 72 048 683 shares owned by external parties be paid a dividend of EUR 0.60 per share for the financial year 2012	43 229 209.80
-	to be carried forward to the Contingency fund, Reserve for invested unrestricted equity and Retained earnings	<u>378 887 257.67</u>
		422 116 467.47

No material changes have taken place in the company's financial position after the close of the financial year. The company's liquidity is good, and in the view of the Board of Directors, the proposed dividend payout will not jeopardize the company's ability to meet its payment obligations.

Helsinki, February 12, 2013

Signatures of the Board of Directors and the CEO to the Board report on operations and the financial statements.

BOARD OF DIRECTORS

Christoffer Taxell

Kaj-Gustaf Bergh

Eva Liljebom

Kari Niemistö

Per Sjödel

Charlotta Tallqvist-Cederberg

Carola Teir-Lehtinen

Dag Wallgren

CEO

Hannu Penttilä

Our auditor's report has been issued today.

Helsinki, February 18, 2013

Jari Härmälä
Authorized Public Accountant

Henrik Holmbom
Authorized Public Accountant



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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the Annual General Meeting of Stockmann plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stockmann plc for the year ended December 31, 2012. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki February 18, 2013

(signed)
Jari Härmälä
Authorized Public Accountant

(signed)
Henrik Holmbom
Authorized Public Accountant